

INFORMATION CHARTER
&
APPLICATION FORM

FOR
DEPOSIT - BASED TRADING MEMBERSHIP
(DTM)

Price: Rs.2,000/- only

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About us

Delhi Stock Exchange Limited (DSE) was incorporated on 25th June, 1947 as a limited company under the Indian Companies Act, 1913.

The Securities Contracts (Regulation) Act, 1956 was made applicable to the Union Territory of Delhi with effect from 9th December, 1957 and simultaneous recognition was granted to the Delhi Stock Exchange under Section 4 of the Securities Contracts (Regulation) Act, 1956. The Central Government vide its Notification dated the 1st March, 1982 granted Permanent Recognition to DSE. DSE started its Online Screen-based Trading System in 1995.

DSE made tremendous progress in its activities and emerged as one of the leading and major Stock Exchange in the country. This has been achieved on account of:

- Continuous upgradation of processes
- Incorporation of State-of-the-Art Technology
- New generation integrated trading platform
- Innovative approach
- Responsive Management
- Integrity and Transparency of Operations.

DSE is the second largest Exchange in the country in terms of number of listed companies. It has Headquarter in the heart of the Capital of India at Asaf Ali Road, Delhi and is led by a dedicated and sincere team of professionals with deep domain knowledge of the Capital Market.

DSE is a Demutualised Exchange and is in the process of launching online trading, clearing & settlement operations across the country i.e. Central Order Book which matches the trades on a pre-defined matching concept and confirms the execution of trades to the trading member's counter on an online real-time basis. The DSE's Trading Members would be connected to the Central System through VSAT, Leased-line, internet or any other mode of communication.

DSE follows and adhere to all the Corporate Governance Standards as specified by SEBI / RBI and other regulatory authorities from time to time and is committed to ensure establishment of a free and fair Corporate Governance mechanism. Governing Board of DSE consists of professional and experienced persons from diversified sectors of economy.

DSE has also empowered investors by setting up "Investor Service & Education Centre" and ensuring faster redressal of Investor's Grievances.

DSE is committed for revolutionizing the Indian Capital Markets & shall focus its efforts towards establishing nationally as well as globally acceptable industry norms.

DSE stands committed to serve the Investors and to serve the Nation.

ELIGIBILITY CRITERIA

The followings are eligible to become Trading Member of DSE as per Bye-laws of the Exchange subject to regulatory norms and provisions of SEBI:-

1. Individuals &

2. Corporates (Corporations, Bodies Corporate, Companies or Institutions set up for providing financial services).

Individual

An Individual shall be eligible to be admitted as a Trading Member of the Exchange provided:

- i. He/she undertakes to comply with such other financial requirements and norms as may be specified by the Securities and Exchange Board of India for the registration of such entity under sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992 (16 of 1992);
- ii. He/she is not disqualified for being Members of any of the recognised Stock Exchange under clause (1) of rule 8 [except sub-clauses (b) and (f) thereof] or clause (3) of rule 8 [except sub-clauses (a) and (f) thereof] of the Securities Contracts (Regulation) Rules, 1957; and
- iii. He/she had not held the office(s) with/in any firm/company which is/had been a Member of any of the recognised Stock Exchange and had been declared defaulter or expelled by that Stock Exchange.

Age	Minimum 21 Years
Status	Citizen of India
Education	Graduate or equivalent qualification
Networth	Rs. 20,00,000/- (Rupees Twenty Lakhs only).
Experience	<p>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, authorized agent or authorized clerk or authorized representative or remisier or apprentice to a member of Recognised stock exchange, dealer, jobber, market maker or in any other manner in dealing in securities or clearing and settlement thereof.</p> <p>The above requirements stands waived for Chartered Accountants, Company Secretaries, ICWA, CFA, MBA and Members of other Stock Exchange(s).</p>

Corporate

A Company, as defined in the Companies Act, 1956, shall be eligible to be admitted as a Trading Member of the Exchange provided:

- i. it undertakes to comply with such other 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;
- ii. the directors of such company are not disqualified for being members of a stock exchange under clause (1) of rule 8 [except sub-clauses (b) and (f) thereof] or clause (3) of rule 8 [except sub-clauses (a) and (f) thereof] of the Securities Contracts (Regulation) Rules, 1957; and
- iii. the directors of the company had not held the offices of the directors in any company which is/had been a member of any of the recognised Stock Exchange and had been declared defaulter or expelled by that Stock Exchange.

Age of Designated Directors	Minimum 21 Years
Status	Company registered under the Indian Companies Act, 1956
Minimum Paid up Capital	Rs.20,00,000/- (Rupees Twenty Lakhs only).
Net worth	Rs. 20,00,000/- (Rupees Twenty Lakhs only)
Designated Directors	At least Two directors shall be Designated Directors who would be managing the day-to-day trading operations.
Education	Each of the Designated Director should have at least Graduate standard or equivalent qualification.
Experience of Designated Directors	<p>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 recognised stock exchange, dealer, jobber, market maker, or in any other manner in dealing in securities or clearing and settlement thereof.</p> <p>The above requirements stands waived for Chartered Accountants, Company Secretaries, ICWA, CFA, MBA and Members of other Stock Exchange(s).</p>
Dominant Promoter Group	Dominant promoter group should be identified as per norms of the Exchange and/or SEBI, the regulatory body.

Who cannot become a member?

Further to the capital and networth requirements, no entity shall be admitted as a member if –

Individual

- a) He/she has been adjudged bankrupt or a receiving order in bankruptcy has been made against him/her or he/she has been proved to be insolvent even though he/she has obtained his/her final discharge;
- b) He/she has compounded with his/her creditors for less than full discharge of debts;
- c) He/she has been convicted of an offence involving fraud or dishonesty;
- d) He/she is engaged as principal or employee in any business other than that of securities except as a broker or agent not involving any personal financial liability or for providing merchant banking, underwriting or corporate or investment advisory services, unless he/she undertakes to sever his/her connection with such business on admission;
- e) He/she has been at any time expelled or declared a defaulter by any other stock exchange;
- f) He/she has for the time being been debarred from trading in securities by Regulatory Authorities like SEBI, RBI, etc. however, decision of the Governing Board in this regard will be final;
- g) He/she has been previously refused admission to trading membership unless a period of one year has elapsed since the date of such refusal/rejection;
- h) No Disciplinary action / conviction is pending in any Exchange against the applicant;
- i) He/she incurs such disqualification under the provisions of the Securities Contract (Regulations) Act, 1956 or Rules made thereunder so as to disentitle such persons from seeking membership of a stock exchange;

Provided further that the eligibility conditions and/or disabilities and/or liabilities in relation to Individual trading members would apply to the authorised representative(s) of the Individual trading members as nominated/appointed to act, engage and deal on the Exchange on behalf of the Individual trading members.

Corporates

- a) It has compounded with its creditors for less than full discharge of debts;
- b) It is engaged in any business other than that of securities except as a broker or agent not involving any financial liability or for providing merchant banking, underwriting or corporate or investment advisory services, unless it undertakes through its authorized representative to sever its connection with such business on admission;
- c) It has been at any time expelled or declared a defaulter by any other stock exchange;
- d) It has for the time being been debarred from trading in securities by any Regulatory Authorities like SEBI, RBI, etc. however, the decision of the Governing Board in this regard will be final;
- e) It has been previously refused admission to trading membership unless a period of one year has elapsed since the date of such refusal/rejection;
- f) No Disciplinary action / conviction is pending in any Exchange;
- g) It incurs such disqualification under the provisions of the Securities Contract (Regulations) Act, 1956 or Rules made there-under so as to disentitle from seeking membership of a stock exchange;
- h) The applicant fails to furnish its Memorandum and Articles of Association and/or constitution and/or Rules & Regulations and Bye-laws, if any, along with Board Resolution(s) electing to be a Corporate Deposit-based Trading Member and appointing named Director(s) / authorised representative(s) to act, engage and deal on behalf of such DTM on the Exchange, and also to furnish the specimen signature of such Director(s) / authorised representative(s).

- i) It has committed an act of insolvency, or an act for which such Body Corporate is liable to be wound up under the provisions of law nor has a Provisional Liquidator or Receiver or Official Liquidator been appointed against such Body Corporate. If the afore-mentioned events happen, the Governing Board of DSE shall suspend the right of the corporate DTM to trade on the Exchange either directly or indirectly or through the named authorised representative(s)/Director(s).
- j) The eligibility conditions and/or disabilities and/or liabilities in relation to Corporate Trading Members would also apply to the Director(s)/authorised representative(s) of the Body Corporate as nominated/appointed to act, engage and deal on the Exchange on behalf of the Corporate Trading Member.
- k) Directors/Designated directors/ Compliance Officer of the applicant company have disqualification(s) as mentioned above for Individuals.

OTHER TERMS AND CONDITIONS

The applicant must note and adhere to the following terms and conditions:

1. The Trading Member has only Trading Right and there will be no shareholders/ ownership right of DSE.
2. The DTM is non-transferrable and can only be surrendered to DSE.
3. The applications should be in the prescribed formats and complete in all respects.
4. On admission of membership of the Exchange the applicant will have to sever connection with business, if any, other than that of securities.
5. The Information Charter-cum-Application Form as well as the other material (including the Terms and Conditions and salient features of the Trading Membership) can be obtained against a payment of Rs.2,000/- (Rupees two thousand only) from the Membership Department of the Exchange or through post by sending a self addressed stamped envelope to Membership Services Department, Delhi Stock Exchange Limited, DSE House, Asaf Ali road, New Delhi-110 002.
6. The application form in the prescribed format, complete in all respects should be accompanied by a Demand Draft/Pay Order/Cheque for Rs. 1,00,000/- (Rupees One Lakh only) drawn in favor of "Delhi Stock Exchange Limited" payable at Delhi towards earnest money deposit on which no interest will be payable by DSE, shall be submitted and it cannot be withdrawn by the Applicant.
7. Applications can be made by individuals and corporates who are eligible to become a Trading Member of DSE in accordance with the Bye-Laws of DSE and Rules & Regulations of SEBI, and as per terms and conditions as decided by the Governing Board of DSE from time to time.
8. The successful applicants whose offers are accepted by DSE will be required to pay the balance amount of Deposit, Admission Fee, Annual Fee & SEBI Fee along with the required documents for SEBI Registration within fifteen days from the date of receipt of the 'Letter of Acceptance of Offer' by applicant for DTM of DSE.
9. DSE will be entitled, at its sole discretion, to forfeit the Earnest Money Deposit, if the successful Applicant fails to pay the balance amount of Deposit, Admission Fee, Annual Fee & SEBI Fee or to complete the necessary formalities for SEBI Registration to the satisfaction of DSE within the stipulated period of 15 days.
10. The deposit of the Trading Members will be subject to a lock-in-period of Two years. Any Trading Member desirous to withdraw / surrender his Deposit-based Trading Membership after such lock in period of Two years or at any point thereafter, will have to give a six months prior notice to that effect to DSE.

The Deposit amount, BMC and any other amount (payable/receivable) will be refunded without any interest to the said member within 3 months from receipt of NOC from SEBI.

11. The successful applicant will have to pay the following amounts/deposits to DSE [including the Earnest Money of Rs. 1,00,000/- (Rupees One Lakh only) already paid] :

Sr. No.	DESCRIPTION	Amount
1	Base Minimum Capital (Refundable)	Rs.7,00,000/-
2	Deposit Amount (Interest free & refundable)	Rs.5,00,000/-
3	Admission Fees (non-refundable)	Rs.1,00,000/-*
4	Initial Contribution towards TGF (non-refundable)	Rs.10,000 /-*
5	Annual Fee	Rs.2,000 /-*
6	SEBI Registration Fee (Initial)	Rs.5,000/-
7	Margin Money as per DSE/SEBI Rules	

* Plus Service Tax (As applicable)

12. The condition for educational qualification may be relaxed for the suitable candidates at sole discretion of Governing Board of DSE.
13. DSE will be entitled to accept the applications for Deposit Based Membership on such parameters and criteria as may be decided by DSE from time to time.
14. DSE reserves the right to Reject any application without assigning any reason.
15. No change in shareholders, directors, designated directors, authorized representatives, registered office, etc. of corporate DTM will be made without prior written permission from DSE. Subsequently, complete set of papers/documents must be submitted to DSE.
16. The Trading Rights would be awarded only on completion of all stipulated procedures & formalities as specified by DSE & SEBI.
17. The decision of DSE will be final and binding in all respects.

Selection & Admission Process

The applications will be scrutinised by the Membership Selection Committee (MSC) of DSE. MSC will shortlist the name of applicant(s) whose application(s) is/are complete in all respect & will conduct interview of the shortlisted applicants with prior notice thereof. The successful candidates will be issued Letter of Acceptance.

The successful candidates will be required to pay balance amount of Deposit, Annual Fee, Admission Fee, SEBI Registration Fees and complete other formalities for SEBI Registration within the stipulated period of 15 days.

SEBI Registration Process

After scrutiny of the documents submitted by candidate for SEBI Registration, the same will be sent to SEBI for Registration of candidate as DTM alongwith the recommendation of DSE.

Permission for Trading by DSE

The SEBI Registered Trading Member will be allowed for trading on DSE Online Trading Platform

after completing the following formalities:

- i. Deposit of Base Minimum Capital
- ii. Deposit the Initial Contribution to TGF
- iii. Submission of declaration for installation of Infrastructure as desired for Trading.

Payments / Deposits

The details of Payments/Deposits are as under:

1. Earnest Money

An applicant is required to pay Earnest Money of Rs.1,00,000/- (Rupees One Lakh only) alongwith the Application Form through cheque/pay order/demand draft favouring 'Delhi Stock Exchange Ltd.' towards interest free deposit. Earnest money is to be adjusted against the Deposit Amount of Rs. 5,00,000/- (Rupees Five Lacs only).

DSE will be entitled, at its sole discretion, to forfeit the Earnest Money Deposit, if the successful applicant fails to pay the balance amount of Deposit, Admission Fee, Annual Fee & SEBI Fee alongwith the required documents for SEBI Registration within 15 days from the date of receipt of the 'Letter of Acceptance of Offer' by applicant for DTM of DSE.

2. Admission fees

The Successful Candidate will be required to deposit Admission Fee of Rs.1,00,000/- (Rupees One lakh only) through cheque/pay order/demand draft favouring 'Delhi Stock Exchange Ltd. within 15 days from the date of receipt of the 'Letter of Acceptance of Offer' by applicant for DTM of DSE.

3. Deposit

The Successful Candidate will also be required to pay the amount of deposit of Rs.5,00,000/- (Rupees Five Lakhs only) out of which Rs. 1,00,000/- (Rupees one Lakh only) as Earnest Money with application and Rs.4,00,000/- (Rupees Four Lakhs only) within 15 days from the date of receipt of the 'Letter of Acceptance of Offer' by applicant for DTM of DSE through cheque/pay order/demand draft favouring 'Delhi Stock Exchange Ltd'.

4. Base Minimum Capital (BMC)

The Trading Member is required to deposit Base Minimum Capital (BMC) of Rs.7,00,000/- (Rupees Seven Lakhs only) with the Exchange to fulfill the capital adequacy norms as specified by SEBI for Trading Members of DSE. The Trading Member is always required to maintain BMC of Rs. 7,00,000/- (Rupees Seven Lakhs only) with DSE. BMC may comprise of:

Title	Percentage contribution	Amount
Cash	Minimum 25%	Rs.1,75,000/-
Fixed Deposit	Minimum 25%	Rs.1,75,000/-
Fixed Deposit or Bank Guarantee or Eligible Securities (with 30% margin/haircut)	50%	Rs.3,50,000/-
TOTAL	100%	Rs.7,00,000/-

BMC will be deposited with DSE after receipt of SEBI Registration Certificate.

5. Trade Guarantee Fund (TGF)

The Trading Member will be required to deposit Rs.10,000/- (Rupees Ten Thousand only) + Service Tax (as applicable) as initial contribution towards TGF to trade on Platform of DSE after receipt of SEBI Registration Certificate. This amount is non-refundable.

6. Annual Fee

The successful candidate will be required to pay Rs.2,000/- (Rupees Two thousand only) + Service tax (Tax as applicable) towards Annual Fee of DSE within 15 days from the date of receipt of the letter of acceptance of offer by applicant.

7. SEBI Registration Fees

The successful candidate will be required to submit Rs.5,000/- (Rupees Five thousand only) towards SEBI Registration Fees through demand draft favouring 'SEBI' payable at Mumbai alongwith the SEBI Registration documents.

The SEBI Fees will be payable in future as per Schedule IIIA of SEBI (Stock Brokers & Sub-Brokers) Regulations, 1992 on the basis of Turnover of a Trading Member.

Investment Cost

The Investment to be made by the Deposit-based Trading Member is as under :

Sr. No.	Description	Amount (Rs.)	Remarks
1	Deposit (Interest free & refundable)	5,00,000	a. Rs. 1.00 Lakh as Earnest Money with Application b. Rs. 4.00 Lakhs (within 15 days from date of receipt of letter of acceptance)
2	Admission Fees (Non-refundable)	1,00,000*	At the time of Admission (within 15 days from date of receipt of letter of acceptance)
3	SEBI Fees	5,000	
4	Annual subscription/Fees	2,000*	
5	Base Minimum Capital (Refundable)	7,00,000	After receipt of SEBI Registration.
6	Initial Contribution to Trade Guarantee Fund (Non-refundable)	10,000*	
	Total	13,17,000	

***Plus Service Tax (As Applicable)**

Cost of Trading

The Transaction Charges for trading on DSE will be applicable as decided by the Governing Board from time to time. All other levies like Stamp Duty, SEBI Turnover Fee, Service Tax etc. shall be extra.

Membership Application

[On the Letterhead of the Applicant]

(To be signed by Proprietor in case of Individual & by at least two
Designated Directors in case of Corporate)

To,

The Executive Director,
Delhi Stock Exchange Limited
DSE House, 3/1, Asaf Ali Road,
New Delhi- 110 002.

Subject: Application for Deposit-based Trading Membership.

Dear Sir,

I am /We are desirous to become the Member of the Delhi Stock Exchange Limited. I/We hereby apply for the said membership, and undertake to conform to and to abide by the Memorandum & Articles of Association and the Rules, Bye-Laws, Regulations, Business-Rules, Circulars, Notifications and Office Orders, issued by the Exchange or SEBI from time to time. I/We shall be liable for all contracts and transactions in the Exchange entered by us or by our authorized representatives and I/We shall comply with all requirements of the Exchange relating to settlement thereof. I/We also undertake to abide by all decisions of the Exchange with respect to the operations of the Exchange and would perform accordingly in meeting my/our financial, regulatory and operational responsibility as decided by the Exchange from time to time.

Thanking You,

Yours sincerely,

Signature with Stamp

Place:

Date: _____

DELHI STOCK EXCHANGE LIMITED

DSE HOUSE, 3/1, Asaf Ali Road, New Delhi – 110 002

APPLICATION FORM FOR ADMISSION AS DEPOSIT-BASED TRADING MEMBER

1. Name of Applicant (In **BLOCK** Letters) :
2. Constitution : Individual/Corporate
3. Date of Birth/Incorporation/Registration :
4. Permanent Account No :
5. Brief Description of principal activity of the applicant :
6. Office Address / Registered Office Address :

Flat/Door/Block no.	
Name of Premise/ Building	
Road/Street/Lane/Post Office	
Area/Locality/Taluka	
City	
District	
State/Union Territory	
Pincode	
STD Code	
Telephone No.	
Mobile No.	
Fax No.	
E-mail ID	
Website	

7. Correspondence/Mailing address :

Flat/Door/Block no.	
Name of Premise/ Building	
Road/Street/Lane/Post Office	
Area/Locality/Taluka	
City	
District	
State/Union Territory	
Pin code	
STD Code	
Telephone No.	
Mobile No.	
Fax No.	
E-mail ID	
Website	

8. Details of the Chief Executive Officer/Director/ Proprietor :

Name	
Designation	
Tel. No.	
Fax No.	
Mobile No.	
Address	
E-mail ID	
PAN	

9. Net worth of the Applicant is Rs._____ Lakhs as on _____.
(The Networth certificate duly certified by Chartered Accountant is enclosed as per Annexure-1)
10. Details of other stock exchange memberships held by the applicant entity, holding company, subsidiary company, promoters & directors - As per Annexure-2
11. Details of compliance officer :

Name	
Mobile No.	
Address	
Email	
PAN	

12. Name and address of the Bankers and the facilities availed from such bankers.

13. Please give the following details of the applicant (Yes/No- In case answers to any of the below questions is Yes, then please provide complete details)

S.No.	Particulars (from 1.4.2002 onwards)	Yes / No
a)	Have you been declared/rendered incompetent to enter into Contract under any law in force in India?	
b)	Have you ever been declared a defaulter by any Association or Exchange recognized by the Government under any law?	
c)	Have you ever been pronounced guilty of a criminal offence involving moral turpitude?	
d)	Whether any of the applicant/directors is/are involved in any financial fraud?	
e)	Whether any disciplinary action has been taken by any stock exchange against the applicant or directors of the applicant?	

f)	Whether the applicant / directors have ever been adjudged bankrupt or have been proved to be insolvent at any time?	
g)	Whether the applicant/directors ever been at any time convicted of an offence involving fraud or dishonesty?	
h)	Whether the applicant/directors have ever been associated with member of any other stock exchange as Sub-broker/ Remisier/ Authorized Assistant?	
i)	Have you ever been denied/rejected membership of any stock exchange?	
j)	Have you ever been suspended/expelled/declared defaulter on any other stock exchange or have been debarred from trading in securities by any Regulatory Authorities like SEBI, RBI, etc?	
k)	Have you committed any act which may render you liable to be woundup? (applicable for Corporate Applicant)	
l)	Have you had a provisional liquidator or receiver or official liquidator appointed to it by a competent court? (applicable for Corporate Applicant)	
m)	Have you compounded with his creditors for less than full discharge of debts?	

14. Name of the Proprietor/Designated Director appearing for the interview:

Name :	
Contact Nos.:	

15. Details of Earnest Money paid in favour of DSE.

Payment in the form of Demand Draft / Pay order / Cheque	
Instrument no.	
Issuing Bank	
Amount	
Instrument date	

UNDERTAKING

I/We hereby state that the above mentioned particulars are correct and complete to the best of my/our knowledge and information. I/We also state that no relevant material fact has been suppressed.

I/We undertake that any misstatement or misrepresentation or suppression of facts in connection with this application for trading membership or breach of any undertaking or conditions of admission to trading membership entails Rejection of application of Trading Membership.

I/We shall pay the required fee and deposits to the Exchange and submit the necessary documents as required by the Exchange for my/our seeking the trading membership of the Exchange. I/We also agree to provide the Exchange with all such documents as may be called for and be required by Exchange from time to time. I/We hereby undertake that I/we will immediately notify the DSE of any change in information provided in the application.

I/We hereby undertake to inform DSE about any change in the above mentioned facts within 15 days of the change taking place/coming to our knowledge, whichever is earlier.

Signatory/Signatories (With name in Block Letter)

- 1.
- 2.

Stamp

Date:

Place:

Photograph(s) of Signatory/Signatories

Affix photo and sign
across the photo

Affix photo and sign
across the photo

NETWORTH CERTIFICATE

This is to certify that the Networth of M/s./Mr./Ms. _____ (PAN No. _____) having office at _____ as on _____ as per the statement of computation of even date annexed to this Report is Rs. _____ (Rupees _____ only).

We further certify that:

- M/s./Mr./Ms. _____ is not engaged in any fund-based activities or business other than that of Securities. 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 account, records and documents is correct to the best of my / our knowledge and as per information provided to my / our satisfaction.

For (Name of Accounting Firm)

Place:

Name of Partner/Proprietor

Date:

Chartered Accountant

Membership Number

Computation of Networth of a Trading Member as part of Membership Requirements of DSE

The trading member is required to provide the Networth Certificate as per the format provided in Annexure – 1

Method of Computation of Networth:

By valuation of their assets on the following basis:

- A. Listed (Quoted) investments in the name of the applicant (at market value)
(Detailed list to be enclosed)
- B. Margin of 30% on market value of listed (quoted) Investments
- C. Net value of listed Investments (A) – (B)
- D. Investments in unlisted (unquoted) companies (as per Note No. 3)
- E. Margin of 50% on (D)
- F. Net value of unlisted Investments (D) – (E)
- G. Other Investments (at cost) like PPF, NSC at current value, Statutory deposits with the Exchange, Deposits with registered NBFCs, Bank FDs
- H. Total Net Investments (C) + (F) + (G)
- I. Market Value of Land & Building component of the Fixed Assets (Full details of such assets like survey number, location, address, extent of land & building to be furnished)
- J. Margin on I at 50%
- K. Net value of such fixed assets (I – J).
- L. Debtors not exceeding 3 months + Cash & Bank balance
- M. Current Liabilities
- N. Long term liabilities
- O. Networth $(H + K + L) - (M + N)$

Notes :-

1. For computation of loans and advances as a component of current assets, all advances / loans other than those arising out of securities dealing have to be excluded. Only such loans and advances arising due to the securities dealings are to be included as current assets for the purpose of Networth computation.
2. Valuation of fixed assets for the consideration of Networth would have to be certified by government approved valuers and the value would hold good for 3 years unless a fresh valuation is submitted. Only those items of land & building that are in the name of the trading member as well as in the possession of the trading member shall be included under the head (I) - Land & Building component of the Fixed Assets. Those properties that are leased out by the trading member or taken on lease shall not be included for computation of Networth. Fixed Assets other than Land & Building shall not be included for the purpose of computation of Networth.
3. Valuation of unlisted investments would be at “fair value” of the said investment, i.e. the average of the “earning value” and the “break up value”. For this purpose: -

- a) The “break up value” means the equity capital and reserves as reduced by intangible assets and revaluation reserves, divided by the number of equity shares of the investee company.
- b) The “earning value” means the value of an equity share computed by taking the average of profits after tax as reduced by the preference dividend and adjusted for extra-ordinary and non-recurring items, for the immediately preceding three years and further divided by the number of equity shares of the investee company and capitalised at the following rate :-
 - i. In case of predominantly manufacturing company, eight percent;
 - ii. In case of predominantly trading company, ten percent;
 - iii. In case of any other company, including an NBFC, twelve percent; and
 - iv. If, an investee company is a loss making company, the earning value will be taken at zero.

(For e.g. EV for an NBFC with capitalisation rate of 12%, is earning per share multiplied by 100/12)
4. Details of items comprising investments, current assets, current liabilities and long term liabilities should be given separately.
5. Current assets should exclude loans to related entities, bad and doubtful debts and debts outstanding for more than 3 months, advance against capital assets, pledged securities / assets, prepaid expenses, bad deliveries and also intangible assets.
6. Debtors should be distinguished as debtors arising from securities operations and others.
7. Value of membership card / Deposits with any other Stock Exchange is to be excluded for the purpose of computation of Networth.
8. Advance / Investment with or debts due from persons notified under Special Court (Trial of Offences Relating to Transactions in securities) Act, 1992 are to be excluded for the purpose of computation of Networth.

Annexure: 2

Name of Applicant Trading Member: _____

Details of other stock exchange memberships held by the applicant entity, holding company, subsidiary company, promoters & directors as on _____

S. No.	Name	Relation	Exchange	Since (specify the date)	Members hip No.	SEBI Regn. No. & Date	Mode of acquisition
1							
2							
3							
4							
5							

Proprietor / Authorized Signatory/Director (s)

Date:

Place:

#: For each of these memberships, give details of disciplinary action in last 5 years, if any, taken by the Stock Exchange or any other regulatory authority in respect of these memberships with dates, providing details such as Expulsion/Suspension/Declared Defaulter/any other disciplinary action against the member

Name of Member : _____
DETAILS OF DIRECTORS/ AS ON _____

Sr. No.	Full Name\$	Father's Name	Designation @	Date of Birth	Education	PAN Number	Residential Address & Tel. Nos.	Designated directors Yes/No	Share holding *			Directorships /controlling shareholding in other cos.
									No.	Amt	% of Total	
1												
2												
3												
4												
5												

Authorized Signatory/Director (s)

Date:

Place:

CERTIFICATE (for corporate only)

This is to certify that the shareholding in _____ as given above, 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.

For (Name of Accounting Firm)

Place:

Date:

NOTES :

- @ Please clearly state whether the Director is a Managing Director or Wholetime Director or Executive Director or Non-Executive Chairman or Non-Executive Chairman
- # **Identify atleast two designated directors** (A designated director/partner is one who is a graduate by qualification (or CA, ICWA or CS) and possesses atleast 2 years of experience pertaining to securities market. They, essentially, look after the stock market operations of a trading member entity. Every corporate trading member should have atleast 2 such directors, who meet the aforesaid norms.)
- \$ All initials to be expanded
- * Not applicable to trading members who are individuals

Name of Partner/Proprietor
Chartered Accountant
Membership Number

Annexure: 4 (For Corporate)

SHARE HOLDING PATTERN of _____ as on _____

EQUITY / PREFERENCE (Please indicate and use separate sheets for equity/preference shares)

Sr No.	Full Name	Number of shares held	Face value per share	Amt Paid up (Rs. In lakh)	% of total
1					
2					
3					
4					
5					
6					
7					
8					
Others					
TOTAL					100%

\$ All initials to be expanded

Date:

Place:

Authorised Signatory/Director (s)

CERTIFICATE

This is to certify that the shareholding in _____ as given above, 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.

Place:

For (Name of Accounting Firm)

Date:

Name of Partner/Proprietor
Chartered Accountant
Membership Number

NOTES :

- In case of bodies corporate holding 2% or more of the paid up capital in the trading member entity, the details of their shareholding shall also be furnished in the same format as given above.
- HUF give names of Karta and co-parceners.
- Persons holding 2% or more of the paid up capital should be shown separately and not clubbed in Others.

Annexure : 5 for (corporate)

Name of Member: _____

DETAILS OF DOMINANT GROUP as on _____

Sr. No	Name of dominant shareholder	Person (s) supporting dominant shareholder	Relation	No. of shares held	Total Amt paid up	% of Total @		% of Total
						Self	Relatives	
1	A							
		A1						
		A2						
2	B							
		B1						
		B2						
3	C							
TOTAL								

\$ Please specify relation of person supporting dominant shareholder

Date:

Place:

Authorised Signatory/Director(s)**CERTIFICATE**

This is to certify that the shareholding _____ as given above, 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.

Place:

Date:

For (Name of Accounting Firm)

Name of Partner/Proprietor

Chartered Accountant

Membership Number

@ : For arriving at the shareholding of persons constituting the dominant group, the shareholding of close relatives, namely parents, spouse, children and their descendants, brothers and sisters only may also be counted provided these relatives have given an irrevocable, unconditional support in writing in the prescribed format to the Exchange.

Annexure-6 (for corporate)

Format for Non-Defaulter Undertaking

UNDERTAKING

(To be given on the letterhead of the applicant company)

We, M/s. _____, hereby declare that we have neither been declared defaulters by any Exchange in India/ by SEBI nor are associated with any other entity/person that have been declared defaulters by any Stock Exchange in India/SEBI.

We, M/s. _____ further declare that none of the directors of our company have been declared as defaulters by any Stock Exchange in India/SEBI or are related or associated with any other entity/person who have been declared defaulters by any Stock Exchange in India/SEBI.

We, declare that we have not been convicted on Investigation conducted by any Stock Exchange/ SEBI/RBI.

(To be Stamped & Signed by authorised signatories)

Date:

Annexure-6A (for Individual)

Format for Non-Defaulter Undertaking

UNDERTAKING

(To be given on the letterhead of the individual applicant)

I, Mr./Ms. _____ further declare that I have not been declared as defaulter by any Stock Exchange in India/SEBI & not related or associated with any other entity/person who have been declared defaulter by any Stock Exchange in India/SEBI.

I declare that I have not been convicted on Investigation conducted by any Stock Exchange/SEBI/ RBI.

(To be Stamped & Signed by Applicant)

Date:

Annexure-7 (for corporate)

PART-I

UNDERTAKING WITH RESPECT TO DESIGNATED DIRECTORS

TO WHOMSOEVER IT MAY CONCERN

(To be certified by a practicing chartered accountant/ practicing company secretary)

This is with reference to the application of M/s _____ (applicant company) for seeking provisional membership of the DSE and subsequent application for registration of Applicant with SEBI in Equity Segment.

Based on the information, explanation and documents given to us, we state that the designated directors Mr./Ms. _____ and Mr./Ms. _____ (*names of designated directors*) meet the eligibility requirements as prescribed in Securities Contracts (Regulation) Rules, 1957 (Rule 8(4A) and other relevant provisions) and SEBI (Stock Brokers & Sub-brokers) Regulations, 1992.

This confirmation has been issued on the request of the applicant company for submitting to DSE/ SEBI.

For M/s

Chartered Accountant/

Practicing Company Secretary

Stamp and Signature

Membership No.

Place :

Date :

Annexure-8 (for corporate)

PART II

UNDERTAKING WITH RESPECT TO DESIGNATED DIRECTORS

TO WHOMSOEVER IT MAY CONCERN

(To be stamped and signed by authorised signatories/company secretary of applicant corporate)

We, M/s _____ hereby confirm that our designated directors Mr./Ms. _____ and Mr/Ms. _____ meet the eligibility requirements as prescribed in Securities Contracts (Regulation) Rules, 1957 (Rule 8(4A) and other relevant provisions) and SEBI (Stock Brokers & Sub-brokers) Regulations, 1992.

We undertake to ensure that the above individuals or whosoever is identified by the corporate as designated directors, in future, till the time corporate is registered as a member of the Exchange will continue to meet the eligibility requirements as per Securities Contracts (Regulation) Rules, 1957 and SEBI (Stock Brokers & Sub-brokers) Regulations, 1992.

For M/s. *(name of applicant company)*

Stamp and Signature

Place :

Date :

Annexure-9

UNDERTAKING REGARDING ASSOCIATION / NON-ASSOCIATION

I / We / M/s. _____, hereby confirm that the proprietor / designated directors is / are not associated with any of the members / sub-brokers / authorized persons of the Delhi Stock Exchange.

OR

I / We / M/s. _____ hereby confirm that the proprietor/ following designated directors are associated with the following members / sub-brokers / authorized persons of DSE in the respective capacity stated below:

Sr. No.	Name of Proprietor / Director / Dominant Promoter Group	Capacity	Name of members / sub-brokers / authorized persons with whom associated

I / We / M/s _____ further confirm that the proprietor / designated directors stated above will disassociate with the above mentioned members / sub-brokers / authorized persons of the Exchange prior to our enablement.

For M/s. *(name of proprietor/ firm/ company)*

Stamp and Signature

Place :

Date :

NOTE:

'Associate' in relation to a stock broker, individual, body corporate or firm, shall include a person:

- who, directly or indirectly, by himself, or in combination with other persons, exercises control over the stock broker, whether individual, body corporate or firm or holds substantial share of not less than 15% in the capital of such entities, or
- in respect of whom the stock broker, individual or body corporate or firm, directly or indirectly, by itself or in combination with other persons, exercises control, or
- whose director or partner is also a director or partner of the stock broker, body corporate or the firm, as the case may be.

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

CHECKLIST FOR SUBMITTING APPLICATION

Sr. No.	Details	Attached (Yes/No)
1.	Complete Application form duly dated, stamped, and signed by proprietor / authorized signatories.	
2.	Demand draft/ pay order/ Cheque amounting to Rs 1,00,000/- (Rupees One lakh only) in favour of Delhi Stock Exchange Limited towards Earnest Money.	
3.	Certificate of net worth by a Chartered Accountant (in duplicate).	
4.	(i) Details of Directors (at least 2 of them being Designated Directors) regarding their designation, qualification and experience in securities market, (In case of corporate membership). (ii) Certified copies of proof of age, educational qualifications, PAN Card, Passport/driving License/ Voter id and Experience certificate for 2 years in activity related to securities market. (For Individuals and designated directors).	
5.	Certificate of incorporation and Memorandum & Articles of Association.	
6.	Latest Status Report from the relevant exchange & Details of other stock exchange membership.	
7.	Latest shareholding pattern (in triplicate). (Paid up capital should be 20 lakhs.)	
8.	Details of dominant promoters.	
9.	Bankers reference letters giving details of Account No., Type of Account and date of opening the account.	
10.	Certified copies of complete set of Annual Accounts. (in triplicate).	
11.	Three sets of Undertaking of Designated Directors.	
12.	Non-defaulter Undertaking (in triplicate).	
13.	Undertaking regarding Association / Non-association	