

**ELIGIBILITY REQUIREMENT FOR ACQUIRING OR HOLDING SHARES OF
NATIONAL COMMODITY CLEARING LIMITED [‘RECOGNISED CLEARING CORPORATION’]**

Shareholding in a recognised clearing corporation:

- The capital structure in a recognized clearing corporation shall be such that at least 51 % of its paid up equity share capital shall always be held by one or more recognized stock exchange(s). Provided that no recognised stock exchange shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than 15% of the paid up equity share capital in more than one recognised clearing corporation.
- No person resident in India, except a recognised stock exchange as permitted above, shall at any time, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than 5% of the paid up equity share capital in a recognised clearing corporation. Provided that: (a) a depository; (b) a banking company; (c) an insurance company; and (d) a public financial institution, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto 15% of the paid up equity share capital of a recognised clearing corporation.
- No person resident outside India shall, directly or indirectly, either individually or together with persons acting in concert, acquire or hold more than 5% of the paid up equity share capital in a recognised clearing corporation. Provided that: (a) a foreign stock exchange; (b) a foreign depository; (c) a foreign banking company; (d) a foreign insurance company; (e) a foreign commodity derivatives exchange; and (f) a bilateral or multilateral financial institution approved by the Central Government, may acquire or hold, either directly or indirectly, either individually or together with persons acting in concert, upto 15% of the paid up equity share capital of a recognized clearing corporation.
- The combined holding of all persons resident outside India in the paid up equity share capital of a recognised clearing corporation shall not exceed, at any time, 49% of its total paid up equity share capital.

Eligibility for acquiring or holding shares in a recognised clearing corporation:

- No person shall, directly or indirectly, acquire or hold any equity shares or voting rights of a recognised clearing corporation unless he is a fit and proper person. Provided that the onus shall be on the recognised clearing corporation to ensure that all its shareholders are fit and proper persons.
- A person eligible to acquire or hold more than 5% of the paid up equity share capital may acquire or hold more than 5% of the paid up equity share capital of a recognised clearing corporation only if he has obtained prior approval of SEBI.
- The application for seeking approval shall be made to SEBI in the manner specified below, through the concerned clearing corporation:

A shareholder seeking approval of SEBI for holding equity shares in a recognised clearing corporation shall submit the following particulars:

- Name
 - Address
 - Details of employment/ business, if any
 - SEBI registration number, if any
 - Details of registration with other statutory authorities
 - Declaration regarding the fulfillment of requirements of regulation 20 of these Regulations
 - Details of action /penalties taken/imposed against/upon him/it by any statutory authority in India or abroad
 - Details of activities that may, in the opinion of the shareholder, lead to his/its disqualification.
 - Association with trading members/clearing members of stock exchanges/clearing corporations.
 - Cases pending before any Court, Tribunal or any other statutory authority in India or abroad, if any
 - Prior approvals from the Board as fit and proper, if any.
- The clearing corporation shall verify the declarations/ undertakings given by the shareholders and forward the application along with its recommendation for approval to SEBI.
 - Any person holding 2% or more of the paid up equity share capital in a recognised clearing corporation, shall file a declaration within 15 days from the end of every financial year to the recognised clearing corporation, that he complies with the fit and proper criteria.
 - Disclosure of association with Trading member / Clearing member, if any.

Criteria of 'Fit and Proper Person':

We are a 'Fit & Proper Person' as specified in Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

We further, in particular, declare that:

(a) We have general reputation and record of fairness and integrity, including but not limited to –

- (i) financial integrity;
- (ii) good reputation and character; and
- (iii) honesty

(b) We have not incurred any of the following disqualifications:

- (i) convicted by a court for any economic offence or an offence of the securities laws;
- (ii) an order for winding up has been passed against me;
- (iii) have been declared insolvent and have not been discharged;
- (iv) an order, restraining, prohibiting or debarring me from dealing in securities or from accessing the securities market, has been passed by SEBI and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- (v) any other order against me which has a bearing on the securities market, has been passed by SEBI and a period of three years from the date of the order has not elapsed;
- (vi) recovery proceedings has been initiated by SEBI under the Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 against me and are pending;
- (vii) has been found to be of unsound mind by a court of competent jurisdiction and have been declared a fugitive economic offender;
- (viii) have been convicted of an offence involving moral turpitude;
- (ix) an order has been passed against me by any other regulatory authority;
- (x) is financially not sound or has been categorized as a willful defaulter; and
- (xi) any other disqualification as may be specified by SEBI from time to time.

Further, we shall inform National Commodity Clearing Limited immediately upon any change in the circumstances which may affect our status as a 'Fit & Proper Person'.