

Annexure II

Action for Non – Compliance:

1. Non/Late-Submission of half yearly Network

Clearing Members are requested to ensure that they submit network certificate along with computation of network based on unaudited financial statement as on **September 30, 2026** in the prescribed formats, as applicable, **on or before November 30, 2026** in order to avoid any penalty for late / non-submission. Further, non-submission of any of the documents or submission of documents in other than the prescribed format would be construed as non-submission.

a) The following actions will be taken for non-submission of net worth certificate:

1. Charges of Rs. 200/- per day for 1st month after the due date.
2. Charges of Rs. 500/- per day for 2nd month after the due date till the date of submission or disablement.
3. 2 weeks' notice shall be given to the member after 2nd month from the due date, subsequent to which the member shall be disabled (suspended square off mode) in respective segments by the Exchange/Clearing Corporation.

The disablement notice issued to the Member shall be shared with all the Exchanges/Clearing Corporations for information.

2. Penalty for not meeting Network requirements

In case the Network is below the prescribed minimum network (i.e. higher of the Base Network or Variable Network), the Clearing Corporation would initiate appropriate disciplinary action including the following:

Category	For Clearing Members ((i.e. TCM/ STCM and PCM)
	* Effective Deposit to be blocked.
Network shortfall less than or equal to 10% of the prescribed minimum	10% of Effective Deposit (cash and collateral)
Network shortfall less than or equal to 25% of the prescribed minimum.	25% of Effective Deposit (cash and collateral)
Network shortfall less than or equal to 50% of the prescribed minimum.	50% of Effective Deposit (cash and collateral)
Network shortfall less than or equal to 90% of the prescribed minimum.	90% of Effective Deposit (cash and collateral)
Network shortfall greater than 90% and Network is negative	Trading Terminal/s shall be disabled (suspended square off mode) with immediate effect.

*Effective Deposits referred here is Base Capital (BC) plus Additional Base Capital (ABC) minus Minimum Liquid Net worth (MLN).

Note:

1. In case of STCMs/ PCMs, if network falls below prescribed limit (i.e. higher of the Base Network or Variable Network), other than blocking of Effective Deposit , STCMs /PCMs will be allowed 3 months' time to increase their net worth (under intimation to the TCMs and TMs associated with such STCMs/ PCMs) - failing which, they will not be allowed to clear trades of TCMs and TMs affiliated to them. TCMs and TMs associated with such STCMs/ PCMs will make alternative clearing arrangements during this three months period. Further, such STCMs/ PCMs shall not be entitled to affiliate any new TCMs and TMs.
2. It may be further noted that, incorrect method of calculation of network will be treated as non-submission of network certificate and applicable action/penalties will be levied to the clearing member.
3. Further, to the above mentioned penalty / disciplinary action, in case Member having trading rights (i.e. TCM and STCM) fails to submit the revised Network certificate meeting the Network requirement by next submission cycle, appropriate disciplinary action shall be initiated.