
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Clearing Members of the Clearing Corporation

Circular No. : NCCL/MEMBERSHIP-002/2022

Date : April 20, 2022

Subject : Submission of Half Yearly Net worth Certificate as on March 31, 2022

Reference is drawn to Circular no. NCCL/ MEMBERSHIP-005/2021 dated October 26, 2021, notifying the Clearing Members to submit half yearly net worth certificate. In this regard, Clearing Members are requested to submit their half yearly net worth certificate as on March 31, 2022 latest by May 31, 2022.

Clearing Members may note that, the half yearly net worth certificate is to be submitted along with Statement of Computation of Net worth as on March 31, 2022 based on unaudited financial statement. The Computation of Net Worth should be as per L. C. Gupta Method only. The above details are required to be uploaded within the specified timelines in NCFE portal and no physical copies / scan copies will be accepted by NCCL

Clearing Members may further note that, format for submission of net worth Certificate and computation thereof is given in **Annexure I**. Failure to comply with the prescribed norms will be treated as non-compliance and action will be taken against the Clearing Members as given in **Annexure II**.

In this regard, Trading Cum Clearing Members (TCM) & Strategic Trading Cum Clearing Members (STCM) are requested to refer to NCDEX circular no. NCDEX/MEMBERSHIP- 015/2022 dated April 11, 2022 on "Submission of Half Yearly Net Worth Certificate as on March 31, 2022."

Members are requested to take note and ensure compliance with the above regulatory requirements.

Encl: Annexure I & Annexure II

For and on behalf of
National Commodity Clearing Limited.

Sylvia Fernandez
Compliance Officer

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
 2. Customer Service Group by e-mail to : contactus@ncl.co.in
-

Annexure I - Format for submission of Net worth certificate and Computation

Net worth Certificate (Annexure C-1)

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

Certificate dated _____ submitted by (T M I D / C M I D) _____ to NCCL

CERTIFICATE

This is to certify that the Net worth of M/s./Mr./Ms. _____ as on _____ as per the statement of computation of even date annexed to this report is Rs. _____ Only (Rupees (in words) _____) calculated as per L.C. Gupta method of Annexure C - 1A.

We further certify that:

- The computation of net worth 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 net worth is in accordance with method of computation prescribed by Dr. L. C. Gupta method committee report.
- We hereby confirm that we are not the related party to the aforesaid entity.

Place:

For (Name of Chartered Accountant Firm)

Date :

Name of the Partner/Proprietor
Chartered Accountant
CA Stamp and Membership Number
UDIN

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

Statement of Computation of Net worth (Annexure C - 1A)

Computation of Networth as on..... prescribed by Dr. L.C. Gupta Committee is as follows:

A.	Capital	
B.	Frees Reserves	
C.	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) Doubtful Debts and Advances*	
	(g) Prepaid expenses, losses	
	(h) Intangible Assets	
	(i) 30% of Marketable securities	
D.	Total Net Worth(A+B+C)	

*Explanation:

Includes debts/advances overdue for more than three months or given to associates

For (Name of Chartered Accountant Firm)

Place:

Name of Partner/Proprietor

Chartered Accountant

Date:

CA stamp and Membership Number

UDIN

Annexure II

Action for Non – Compliance:

- 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 in all segments.

The disablement notice issued to Professional Clearing Members (PCM) shall be shared with all the Exchanges / Clearing Corporations for information. Further, non-submission of any of the documents or submission of documents in other than the prescribed format would be construed as non-submission.

- b) Professional Clearing Members (PCMs) are required to maintain a Minimum Network requirement of Rs. 10 Crores at all point of time as prescribed by NCCL. In case the Net worth is below the prescribed minimum net worth, appropriate disciplinary action including the following may be initiated :

Matrix for blocking Base capital/Additional Base Capital:

Category	For Clearing Members (i.e. PCM)
	* Effective Deposit to be blocked.
Networth shortfall less than or equal to 10% of the prescribed minimum	10% of Effective Deposit (cash and collateral)
Networth shortfall less than or equal to 25% of the prescribed minimum.	25% of Effective Deposit (cash and collateral)
Networth shortfall less than or equal to 50% of the prescribed minimum.	50% of Effective Deposit (cash and collateral)
Networth shortfall less than or equal to 90% of the prescribed minimum.	90% of Effective Deposit (cash and collateral)
Networth shortfall greater than 90% and Networth is negative	Clearing Terminal 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. Other than blocking of as mentioned above, PCMs will be allowed 3 months' time to increase their net worth (under intimation to the TCMs and TMs associated with such PCM) - failing which, they will not be allowed to clear trades of TCMs and TMs affiliated to them. TCMs and TMs associated with such PCMs will make alternative clearing arrangements during this 3 months period. NCCL will also not allow any new TCMs and TMs to affiliate with such PCMs.
2. It may be further noted that, incorrect method of calculation of net worth will be treated as non-submission of net worth certificate and appropriate action will be levied on the Clearing Member.
3. Clearing Members may further note that, submission of Networth Certificate and Computation without correct UDIN (Unique Document Identification Number) will be treated as non – submission of Networth Certificate and Computation and applicable charges /penalties/action will be levied.