



**CIRCULAR**

SEBI/HO/MRD/DRMNP/CIR/P/2019/60

April 26, 2019

All recognized Clearing Corporations in International Financial Services Centre (IFSC)

Dear Sir / Madam

**Net worth Requirements for Clearing Corporations in International Financial Services Centre (IFSC)**

Clause 5 of SEBI (IFSC) Guidelines, 2015 prescribes net worth requirements for, inter alia, Clearing Corporations operating in IFSC.

2. Subsequent to the notification of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations, 2018), wherein it is prescribed, *inter alia*, that every recognized Clearing Corporation shall maintain, at all times, a minimum net worth of one hundred crore rupees or capital as determined under Regulation 14(3)(a) and 14(3)(b), whichever is higher, SEBI issued a circular SEBI/HO/MRD/DRMNP/CIR/P/2019/55 captioned 'Risk-based capital and net worth requirements for Clearing Corporations under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018' on April 10, 2019.
3. The aforementioned circular lays down the methodology for determining the minimum capital/net worth requirements for clearing corporations.
4. In view of the above, Clause 5(2) of SEBI (IFSC) Guidelines, 2015 is being amended and shall now read as under:

*“(2) (a) Every applicant seeking recognition as a clearing corporation shall have, in the form of liquid assets, a minimum net worth equivalent of fifty crore rupees.*

*b) Every recognized clearing corporation, on commencement of operations, shall have at all times, in the form of liquid assets, a minimum net worth equivalent of fifty crore rupees or capital as determined in accordance with the aforementioned SEBI circular dated April 10, 2019 as amended from time to time.*

- c) *Further, every recognized clearing corporation shall enhance, over a period of three years from commencement of operations, its net worth, to be maintained in the form of liquid assets, to a minimum equivalent of one hundred crore rupees or capital as determined in accordance with aforementioned SEBI circular dated April 10, 2019 as amended from time to time.”*
5. The Clearing Corporations shall regularly review their net worth requirement and ensure that the net worth does not fall below the prescribed threshold. A certificate to this effect, as signed by the Managing Director of the Clearing Corporation, shall be submitted to SEBI within 15 days from the end of every quarter. The first such submission shall be made applicable for the April - June, 2019 quarter.
6. In exceptional cases where the net worth of Clearing Corporation falls below the prescribed threshold, it shall forthwith inform SEBI *inter alia* mentioning the reason(s) behind the same and the measure(s) it intends to adopt in order to re-attain the prescribed net worth.
7. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

Yours faithfully

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