

## 6.2. ADMISSION CRITERIA

6.2.1. The applicant(s) shall be eligible to become Participant(s) in the Depository, provided they meet the minimum criteria laid down under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, and the eligibility criteria specified below :-

i. the applicant shall be required to furnish information and details of its business history including the background and experience of directors and promoters of the applicant.

ii. the applicant should not have been convicted in any of the five years immediately preceding the filing of the application in any matter involving misappropriation of funds and securities, theft, embezzlement of funds, fraudulent conversion or forgery;

iii. the applicant should not have been expelled, barred or suspended by the Securities and Exchange Board of India, self regulatory organisation, or any recognised stock exchange; provided however that, if a period of three years or more has elapsed since such punishment was imposed, the Depository may, in its discretion consider such application;

iv. the Participant (both prospective and existing) in the category of stock broker has a minimum networth of rupees three crore. The Stock Broker with networth lower than Rupees Three crores but higher than Rupees One crore can become a Limited Participant of the Depository with the restrictions on business and/or for limited period as decided by Depository. Provided further that in case of non- banking finance company (NBFC) and a registrar to an issue or share transfer agent, minimum networth as specified in the SEBI Regulations will apply.

Provided, however, that if the Participant is already acting as a Participant on March 14, 2008, it will be required to fulfill this requirement by March 31, 2010.

Explanation: for the purpose of determining whether the applicant has adequate networth, the applicant shall submit a networth certificate (including the computation thereof) based on the audited books of account (in the format which may be specified by the Depository in the Business Rules) duly certified by a chartered accountant and submitted to the Depository;

v. the applicant shall be required to furnish details of its Board of Directors/ authorised officials, who shall be responsible for acting on behalf of the Participant;

vi. the Depository may conduct entrance examinations and / or interviews, to examine the knowledge of the Participant (and its staff) related to the operational, functional and technical aspects of the Depository. The Depository may also make it mandatory for the Participant to appoint a compliance officer, who shall interact with the Depository on behalf of the Participant for compliance with the Bye Laws and Business Rules, resolving, redressal of investors'/ clients' grievances;

vii. the applicant should have adequate office space exclusively for Depository operations. The applicant should also furnish details of his main office, address, fax, and phone number(s). The Depository shall have the sole discretion to decide whether in its opinion, the applicant has adequate infrastructure facilities at the time of granting admission;

viii. the applicant has made adequate arrangements for conducting effective and safe Depository operations including security measures, software and hardware requirements, risk containment and insurance requirements, as specified by the Depository;

ix. for the purpose of satisfying itself regarding the eligibility of the applicant to become a Participant, the Depository may carry out an inspection of the office and facilities of the applicants;

x. the applicant shall be eligible to become a Participant with effect from the date on which it is registered with the Securities and Exchange Board of India under The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.