



**भांडागारण विकास और विनियामक प्राधिकरण
भारत सरकार**

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हौज़ खास, नईदिल्ली - 110016, दूरभाष - :49536496, 49092978

**Warehousing Development and Regulatory Authority
Government of India**

NCUI Building, 4th Floor, 3, Siri Institutional Area, August Kranti Marg,
Hauz Khas, New Delhi - 110016, Tel. No. 49536496, 49092978

F.No T-23/3/2020-Technical-Part(1)/686

Dated: 27-06-2023

Subject: Inviting comments from Stakeholders on proposed Rationalization of Dynamic Security Deposit to be submitted by the Registered Warehouseman as per Warehousing (Development and Regulation) Registration of warehouses Rules,2017.

WDRA has notified latest Security Deposit (SD) guidelines vide notification dated 04.12.2020. Recently WDRA conducted meetings with registered warehouseman and associations of warehousing industry. Various representations were made to the Authority to reduce requirement of Dynamic Security Deposit (DSD) citing direct bearing on their cost of capital.

2. Further, Commodity derivative market regulator SEBI vide its notification SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated 16-04-2021 reduced required FSD from 3% to 2% (of value of goods stored upto 250 Crores.) and there has been no instance thus far where Dynamic Security Deposit had to be invoked for any acts of omission or commission on the part of the WHM. Accordingly, WDRA started consultations with different stakeholders to further rationalize the security deposit requirement.

3. Requests of warehouseman and representations from association/s were examined and decided to initiate the consultation meetings to rationalize the requirement of DSD for Agri warehouses.

4. Suggestions/comments from the stakeholders including Public warehouseman like CWC/ SWC, private warehouses, commercial banks including general public are invited on the proposed security deposit guidelines. The comments may be sent to Deputy Director (AF&C), WDRA on e-mail navneet.sandhu@gov.in or may also be sent by post to the Deputy Director (AF&C), WDRA, 4th Floor, NCUI Bhawan, 3, Siri Institutional Area, August Kranti Marg, Hauz Khas, New Delhi-110016

5. The comments may kindly be sent latest by 07-07-2023 (Friday). It is requested that the name, telephone/ mobile number and address of the sender should be indicated at the time of sending the suggestions/ comments.

Navneet Sandhu
27/06/23

Navneet Sandhu

Deputy Director (AF&C)

DA: Proposed guidelines as above

Subject: Stakeholders' consultation on proposed Rationalization of Dynamic Security Deposit to be submitted by the Registered Warehouseman under clause 4 of Requirement of Security Deposit for registration of warehouse (s) with the Warehousing Development and Regulatory Authority.

1. The new rules for registration of warehouses with Warehousing Development and Regulatory Authority (WDRA) developed after extensive consultation with Indian Bank's Association (IBA) and other stakeholders have been finally approved by the Government and notified in the official gazette on February 23,2017. The new rules provide simplified registration process with well-defined timelines and also due verification of various infrastructural, qualitative and regulatory compliances to derive greater trust of banks and other concerned stakeholders.

2. The Warehousing (Development and Regulation) Registration of Warehouse Rules, 2017 provide that the Authority, in consultation with all the stakeholders, shall, by notification in the official gazette, specify the amount and manner of the security deposit to be furnished by the applicant or the warehouseman.

3. (i) After further discussions with Warehousing Advisory Committee (WAC) in the meeting held on 22-03-2017 and deliberation with other stakeholders, the Authority vide notification dated 06.07.2017 had notified the Security Deposit requirements for registration of warehouses with the Authority.

(ii) Further, vide notification dated 22.01.2019, the Security deposit was fixed to a flat rate of Rs. 50,000/- per warehouse for FPOs/ Cooperatives to encourage registration of warehouses of these entities.

(iii) DFPD later advised to revise the security deposit norms, to enable smaller warehouses to register themselves with WDRA. Accordingly, two separate slabs were created, one slab for warehouses upto 2000MT and another slab for warehouses of capacity greater than 2000MT. The revised norms were notified vide notification dated 04.12.2020 .

4. The Security Deposit required to be furnished by the warehouseman (WHM) as per notification dated 04.12.2020 is summarized as follows

i. A. For warehouseman with total capacity of all warehouses upto 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 50,000/- per warehouse (as detailed in the column A below for registration of warehouses), whereas, the dynamic **Security Deposit is 3% (three percent)** of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively in all the registered warehouses of the

in column B of Table 1 below.

The total security deposit of a sum of A and B for warehouseman having total warehouse capacity of all warehouses registered with WDRA up to 2000 MT, will be limited to total security deposit as detailed in column C, as given in Table I below:-

Table-I

Total registered Warehouse capacity (in MT) for warehousemen	Fixed Security Deposit	Dynamic Security Deposit	To Security Deposit Limited to the amount
	A	B	C
Upto 100 MT	Rs. 50,000/- per warehouse	NIL	Total Limited to Rs. 50,000/-
101-500 MT	Rs. 50,000/- per warehouse	3% of T	Total Limited to Rs. 2.50 Lakh
501-1000 MT	Rs. 50,000/- per warehouse	3 % of T	Total Limited to Rs. 5.00 lakh
1001-1500 MT	Rs. 50,000/- per warehouse	3 % of T	Total Limited to Rs. 7.50 lakh
1501 – 2000 MT	Rs. 50,000/- per warehouse	3% of T	Total Limited to Rs. 10.00 lakh

B. For warehouseman with total capacity of all warehouses above 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 1 lakh per warehouse (detailed in the column Z in the Table II below for registration of warehouses), whereas, the dynamic Security Deposit is a percentage of the maximum value of negotiable and non- negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively, in all the registered warehouses of the warehouseman on any day **during the preceding month**, referred as T in the table below. The specified percentage of the consolidated value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form) is in slabs (detailed in the column X&Y in the Table II below). X is the required Security Deposit in the previous slab whereas Y is Security Deposit required in the referred slab for the dynamic Security Deposit. The cumulative value of fixed (Column Z) and dynamic (Column X&Y) Security Deposit shall be maintained with WDRA as in the Table-II below:

Table-II

Slab	Dynamic Security	Fixed Security Deposit

	X	Y	Z
T is less than or equal to Rs.25 crore	0	3% of T	Rs. 1 lakh per warehouse
T is above Rs.25 crore and up to 250 crore	Rs. 75 lakh	1.5% of excess of T over Rs. 25 crore	Rs. 1 lakh per warehouse
T is above Rs.250 crore and up to 2,500 crore	Rs. 4.125 crore	1% of excess of T over Rs. 250 crore	Rs. 1 lakh per warehouse
T is above Rs.2,500 crore	Rs. 26.625 crore	0.5% of excess of T over Rs. 2500 crore	Rs. 1 lakh per warehouse

ii. The fixed Security Deposit shall be maintained for a period of six months beyond the registration period whereas the dynamic Security Deposit shall be updated at the end of **each month** and submitted to the Authority which shall be duly acknowledged. The validity of dynamic Security Deposit can be kept for a period of minimum six months so as to take care of any changes in the requirement of Security Deposit during this period.

iii. The Authority may, at its discretion, adjust the Security Deposit already furnished by the warehouseman against the amount required to be furnished as Security Deposit.

iv. Where the applicant/ warehouseman is a Farmer Producer Organization or a PACCS, the total Security Deposit would be Rs. 50,000 (total) per warehouse covering both the dynamic and fixed Security Deposit.

v. The Security Deposit shall be in the form of Bank Fixed Deposits or in form of Bank Guarantee, favouring WDRA as per the format given in First Schedule for a period of six months beyond the expiry of Registration.

vi. The Authority may allow any entity created under an Act of Parliament or of State legislature to provide, an Indemnity Bond for the amount required as Security Deposit, as per format given in the Second Schedule.

vii. An entity allowed by the Authority to submit an Indemnity Bond shall submit, along with its application for registration, a resolution from its Board of Directors authorizing to furnish such Indemnity Bond.

viii. The Security Deposit shall not be released until six months after expiry, cancellation or surrender of the registration of the warehouse or until after satisfaction of every claim against the Security Deposit, whichever is later

ix. The Authority shall refund the security deposit in respect of a warehouse, if-

a. an application for renewal of registration of the warehouse has been rejected and if the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules;

b. a warehouseman surrenders his certificate of registration, and the Authority

- c. the certificate of registration of a warehouse is cancelled, and the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules.
- x. Notwithstanding such revision of the Security Deposit as specified at (i) & (ii) above, if any, the warehouseman shall not increase the charges payable by the depositors within the period of validity of negotiable warehouse receipts issued to them

5. Further, Commodity derivative market regulator SEBI vide its notification SEBI/HO/CDMRD/DMP/P/CIR/2021/551 dated 16-04-2021 reduced required FSD from 3%

to 2% (of value of goods stored upto 250 Crores.) and there has been no instance so far where Dynamic security Deposit had to be invoked for any acts of omission or commission on the part of the WHM. Accordingly, WDRA started consultations with different stakeholders to further rationalize the security deposit requirement.

6. WDRA then conducted meetings with registered warehouseman and associations of warehousing industry. Various representations were made to the Authority to reduce requirement Dynamic Security Deposit (DSD) citing direct bearing on their cost of capital. Requests of warehouseman and representations from association/s was examined and decided to initiate the consultation meetings to rationalize the requirement of DSD for agri warehouses for the warehouseman.

7. Accordingly, WDRA had consulted various stakeholders like WAC, IBA, etc. to rationalize the DSD requirement as shown below. Later, WDRA sent this proposal to DFPD. However, the proposed changes were not notified by DFPD.

WDRA conducted industry consultations in the month of December, 2022 and January, 2023. In which, several warehouseman and associations requested to further reduce the DSD requirements in view of what they said was the thin margins in the industry and capital constraints. One such representation was also received through DFPD to reduce DSD to 1%.

8. WDRA vide its 54th Authority meeting held on 21-06-2023, approved this consultation note on rationalization of Security Deposit to seek comments from the stakeholders.

I. Notification on Security Deposit:

i. The warehouseman shall maintain a Security Deposit to be held by the Authority during period of registration. The Security Deposit has two components, i.e. fixed and dynamic Security Deposit. The fixed Security Deposit amount is per warehouse belonging to the warehouseman registered with WDRA, whereas, the dynamic Security Deposit is a percentage of the maximum value of negotiable warehouse receipts outstanding consolidatively in all the registered warehouses of the warehouseman on any day during the preceding month.

(a) For warehouseman with total capacity of all warehouses upto 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 50,000/- per warehouse (as detailed in the column A below for registration of warehouses), whereas, the dynamic Security Deposit is 1% (One percent) of the maximum value of negotiable warehouse receipts outstanding

referred as T* as mentioned in column B of Table I below.

The total security deposit of a sum of A and B for warehouseman having total warehouse capacity of all warehouses registered with WDRA up to 2000 MT, will be limited to total security deposit as detailed in column C, as given in Table I below:-

Table-I

Total registered Warehouse Capacity (in MT) for warehousemen	Fixed Security Deposit	Dynamic Security De po	Total Security Deposit Limited to the amount.
	A	B	C
Upto 100 MT	Rs. 50,000/- per warehouse	NIL	Total Limited to Rs.50,000/-
101 – 500 MT	Rs. 50,000/- per warehouse	1 % of T	Total Limited to Rs.1.50 lakh
501 – 1000 MT	Rs. 50,000/- per warehouse	1% of T	Total Limited to Rs. 2.50 lakh
1001 – 1500 MT	Rs. 50,000/- per warehouse	1% of T	Total Limited to Rs. 3.50 lakh
1501 – 2000 MT	Rs. 50,000/- per warehouse	1% of T	Total Limited to Rs. 4.50 lakh

Note : T is the maximum value of negotiable warehouse receipts in all the registered warehouses of the warehouseman on any day during the preceding month.

(b) For warehouseman with total capacity of all warehouses above 2000 MT belonging to the warehouseman registered with WDRA, the fixed Security Deposit is Rs. 1 lakh per warehouse (detailed in the column Z in the Table II below for registration of warehouses), whereas, the Dynamic Security Deposit is a percentage of the maximum value of negotiable warehouse receipts outstanding, in all the registered warehouses of the warehouseman on any day during the preceding month, referred as T* in the table below. X is the required Dynamic Security Deposit in the previous slab whereas Y is Security Deposit required in the referred slab for the dynamic Security Deposit. The cumulative value of fixed (Column Z) and dynamic (Column X & Y) Security Deposit shall be maintained with WDRA as in the Table-II below:

Table-II

Slab	Dynamic Security Deposit		Fixed Security Deposit
	X	Y	Z

T is less than or equal to Rs. 25 Crores	0	1% of T	Rs. 1 lakh per warehouse
T is above Rs. 25 Crores and up to Rs. 250 crore	Rs. 25 Lakhs	0.75% of T	Rs. 1 lakh per warehouse
T is above Rs. 250 Crores and up to Rs. 2,500 crore	Rs. 1.937 Crores	0.50% of T	Rs. 1 lakh per warehouse
T is above Rs.2,500 crore	Rs. 13.187 Crores	0.25% of T	Rs. 1 lakh per warehouse

Note : T is the maximum value of negotiable warehouse receipts, in all the registered warehouses of the warehouseman on any day during the preceding month.

* In the present notification DSD is to be submitted against a percentage of the maximum value of negotiable and non-negotiable warehouse receipts (whether in electronic or physical form put together) outstanding consolidatively, in all the registered warehouses of the warehouseman on any day during the preceding month. As per W (D&R) Act, 2007 penal provisions in the chapter X are provided against offences related Negotiable Warehouses Receipts only. Rule 35 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017 is providing for forfeiting of security deposit in the event of nonpayment by the warehouses for the cost incurred while enforcing the said Rule. Copy of Rule 35 is enclosed. Hence the proposed security deposit is limited to only Negotiable Warehouse Receipts only.

ii. The Fixed Security Deposit shall be maintained for a period of six months beyond the registration period whereas the Dynamic Security Deposit shall be updated at the end of each month and submitted to the Authority which shall be duly acknowledged. The validity of

dynamic Security Deposit can be kept for a period of minimum six months so as to take care of any changes in the requirement of Security Deposit during this period.

iii. The Authority may, at its discretion, adjust the Security Deposit already furnished by the warehouseman against the amount required to be furnished as Security Deposit.

iv. Where the applicant/ warehouseman is a Farmer Producer Organization or a PACCS or a SHG, the total Security Deposit would be Rs. 50,000 (total) per warehouse covering both the dynamic and fixed Security Deposit.

v. The Security Deposit shall be in the form of Bank Fixed Deposits or in form of Bank Guarantee (as per the format given in First Schedule), Surety Insurance policies/contracts or any other instrument decided by the Authority favouring WDRA.

vi. The Authority may allow any entity created under an Act of Parliament or of State legislature to provide, an Indemnity Bond for the amount required as Security Deposit, as per format given in the Second Schedule.

its application for registration, a resolution from its Board of Directors authorizing to furnish such Indemnity Bond.

viii. The Security Deposit shall be released as per guidelines issued by the Authority from time to time.

ix. The Authority shall refund the security deposit in respect of a warehouse, if–

a. an application for renewal of registration of the warehouse has been rejected and if the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules;

b. a warehouseman surrenders his certificate of registration, and the Authority accepts such Surrender; or

c. the certificate of registration of a warehouse is cancelled, and the Authority is satisfied that the warehouseman has discharged his obligations as per the requirements of the rules.

x. Notwithstanding such revision of the Security Deposit as specified at (i) & (ii) above, if any, the warehouseman shall not increase the charges payable by the depositors within the period of validity of negotiable warehouse receipts issued to them.

II. Surety Insurance:

IRDAI Constituted a Working Group (WG) vide order dated 02-12-2022 with a mandate to submit report in eight weeks' time from the date of the order on extension of Surety Insurance for Warehouses registered with the WDRA under the chairmanship of Sh. Thomas Devasia, Member (Non Life), IRDAI. The working group recommended extension of surety Insurance contracts for warehouseman registered with WDRA.

In brief the report highlighted that the surety policies are one of the allowed instruments as FSD or DSD, a warehouseman may submit any of the allowed instruments by WDRA and Insurers are expected to fix the cost/premium at reasonable prices to make the option competitive yet operationally comparable with the traditional Bank Guarantees / Fixed Deposits.

IRDAI vide email dated 04-05-2023 communicated to Non-Life Insurers and General Insurance Council regarding Surety Insurance policies for warehouseman registered with WDRA and informed that “Insurers are encouraged to provide insurance solutions to cater the needs of warehouses regulated by WDRA, by developing new products and contribute for further insurance penetration.” A copy of the Working Group report was also shared with them.

WDRA under Rule 19 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017, is proposing to include Surety Insurance policies/contracts issued by the IRDAI registered Insurers, as one of the allowed instrument towards security deposit.

III. Revolving Fund:

As per the Rule 35 of the Warehousing (Development and Regulation) Registration of Warehouses Rules, 2017, (hereafter 'Rules') *“If the Authority determines that a warehouseman is not likely to make adequate efforts or has communicated his inability to preserve the quantity and quality of goods against which negotiable warehouse receipts have been issued by either relinquishing custody or control of deposited goods, or in any other manner, and such act or omission is likely to cause loss to the quantity and quality of goods against which negotiable warehouse receipts have been issued, the Authority may, for the purpose of preserving the quantity and quality of such goods, immediately take control of and manage, or take control of and liquidate the goods, as it may deem fit”* While acting under this Rule, the Authority may recover the costs from the warehouseman of any action taken under the rule, and in the event of nonpayment the security deposit of the warehouseman may be forfeited.

Considering the downside reduction of the Dynamic Security Deposit from existing 3% (first slab) to 1 % (first slab), and to protect the interest of the depositors and for the betterment of the warehousing sector, WDRA is proposing for a revolving fund of Rs. 10 Crores from GoI. This revolving fund would be utilized in the event where the security deposit of warehouseman forfeited is not sufficient to recover the costs for the actions done by WDRA under Rule 35 of the Rules. Till the time the modalities of the revolving fund are finalized and approval of GoI is received, It is proposed to use grants received from DFPD to offset the costs incurred, if any.

Enclosure:

- (i) Excerpts of SEBI Notification 16- 04-2021.

Rule 35 of the Rules

Rule 35 provides for “ 35. Power of Authority in the event of potential loss to negotiable warehouse receipt holders.-

(1) If the Authority determines that a warehouseman is not likely to make adequate efforts or has communicated his inability to preserve the quantity and quality of goods against which negotiable warehouse receipts have been issued by either relinquishing custody or control of deposited goods, or in any other manner, and such act or omission is likely to cause loss to the quantity and quality of goods against which negotiable warehouse receipts have been issued, the Authority may, for the purpose of preserving the quantity and quality of such goods, immediately take control of and manage, or take control of and liquidate the goods, as it may deem fit.

(2) The Authority may act under sub-rule (1) only after the registration of the warehouse, -

(a) has been suspended; or

(b) has been cancelled; or

(c) has not been renewed; or

(d) has been, or is sought to be, surrendered.

(3) While acting under sub-rule (1) the Authority may, —

(a) immediately inform all negotiable warehouse receipt holders of such warehouses, and provide sufficient time for taking delivery of goods;

(b) appoint an external person for taking control, management and liquidation of the goods; and

(c) recover from the warehouseman the costs of any action taken under this rule, and in the event of nonpayment the security deposit of the warehouseman may be forfeited”



- v. The Clearing Corporation shall ensure that the WSPs submit the following documents to them:
- the unaudited quarterly financial statements for all the quarters of a financial year, within 45 calendar days.
 - unaudited net worth certificate duly certified by the statutory auditor of the WSP, on half yearly basis i.e. at the end of every March and September, within 45 calendar days.
 - the audited Annual Financial Statements along with audited net worth certificate to the Clearing Corporation within six months of the end of Financial Year.

12.4.3. Security Deposit (SD)

- i. The Clearing Corporation shall ensure that the accredited WSP has furnished a refundable security deposit wherein:
- Such security deposit shall be a minimum amount of INR50 lakhs.
 - Such security deposit shall be in the form of Cash / Bank Fixed Deposits / Bank Guarantee.
- ii. Security deposit shall not be released until six months after cancellation or surrender of the accreditation of the WSP or until after satisfaction of every claim against the deposit, whichever is later.

12.4.4. Financial Security Deposits (FSD)

- i. The WSP shall furnish refundable FSD for all goods on incremental basis in addition to the security deposit as under: -

Type of Goods	Value of Goods stored	Minimum FSD
Agricultural/Agri-processed	Up to ₹250 crores	2% of the aggregate value of stored commodities
	Between ₹250 crores and ₹500 crores	₹5 crores + 3% of aggregate value of stored commodities exceeding ₹250 crores
	Above ₹500 crores	₹12.5 crores + 4% of the aggregate value of stored commodities exceeding ₹500 crores
Base / Industrial Metals	NA	0.5% of the aggregate value of stored commodities



- ii. The Clearing Corporation, based on its risk assessment, can decide on restricting the amount of FSD to ₹100 Crores from each WSP.
- iii. The FSD shall be in the form of liquid assets with applicable haircuts and concentration limits as listed below: -

Type	Minimum haircut	Limits
Cash	0	No limit but minimum 10%
Bank Fixed Deposit	0	
Bank Guarantees	0	Remaining 90% FSD can be in any combination of the four types of options provided for furnishing the FSD
Securities of the Central Government	10%	

- iv. A daily monitoring of the FSD vis-à-vis the value of the goods stored shall be done marked to market on replacement value on ongoing basis to ensure that the minimum stipulated FSD are always maintained with the Clearing Corporation. Based on the risk assessment, the Clearing Corporation may seek additional FSD over and above the requirement stipulated in Para 12.4.4, if necessary.
- v. In circumstances where there is shortfall in the minimum required FSD due to sudden deposit of commodities in large quantity towards the end of the day, the Clearing Corporations can allow the WSPs to replenish the FSD within three trading days.

12.4.5. Exposure norms for FSD/SD

- i. The Clearing Corporations shall lay down exposure limits (for Bank Fixed Deposit and Bank Guarantees) either in rupee terms or as percentage of the total assets to be received (with respect to SD/FSD) that can be exposed to a single bank directly or indirectly.
- ii. Further, CCs shall ensure that no SD/FSD shall be accepted from a Bank which has a net worth of less than INR 1000 crores and/or is not rated P1 (or P1+) or equivalent, by a recognized credit rating agency or by a reputed foreign credit rating agency.



12.4.6. **Coordination between Clearing Corporation and WDRA in respect of SD / FSD maintained by the WSPs¹²²**

- i. The Clearing Corporations shall immediately after accreditation of WSPs, provide the details of WDRA registered warehouses with full details of warehouseman registration, warehouse registration, WSP, address etc. to WDRA. WDRA will in turn, share the details of security deposit received from these accredited warehouses/WSPs to the respective Clearing Corporations as per the format enclosed **in Annexure S on Formats for providing details of Security Deposit.** Clearing Corporations shall inform the changes, if any, with respect to accreditation status of these warehouses, to enable WDRA to provide the required information as above. WDRA shall also inform Clearing Corporations of any changes, if any, in the security deposit placed by such warehouses/WSPs with WDRA.
- ii. Clearing Corporations shall continue to compute FSD requirement as mentioned in this chapter. The deposits placed by WSPs with WDRA for Exchange/Clearing Corporation specific outstanding eNWRs shall be considered by the Clearing Corporation in the calculation of available FSD for the WSP.
- iii. The Clearing Corporation shall compensate the aggrieved clients, in accordance with its rules, regulations etc., by debiting the FSD of WSP held with it, in the following situations:
 - a) for any such losses that have been appropriately established against the WSP.
 - b) in case of loss arising from any action or inaction of its WSP or on the part of its warehouses that prevents the buyer or seller from exercising, in whole or in part, their rights.
- iv. In case the FSD available with Clearing Corporation is not sufficient to compensate for the loss the FSD and the SD maintained by such WSP with WDRA shall be made available to Clearing Corporation within 7

¹²² Substituted SEBI Circular no. [SEBI/HO/CDMRD/DMP/P/CIR/2021/551](#) Dated April 16, 2021. Prior to substitution, the norms were given vide SEBI Circular No. [SEBI/HO/CDMRD/DNPMP/CIR/P/2019/29](#) dated February 11, 2019.



days of the release request from Clearing Corporation to WDRA, for settlement of the remaining claims.

- v. The settlement of security deposit by WDRA originates only after the goods stored, if any, are disposed of/ withdrawn by the holder.
- vi. The discrepancy noted / claim received by any agency (Clearing Corporation or WDRA) shall be brought to the notice of other agency irrespective of invoking the security deposit.

12.5. *Fit and Proper Criteria*

12.5.1. The Clearing Corporation shall ensure that:

- i. the WSP, assayers, Promoters of WSP / assayers, Key Management Personnel (KMPs) of WSPs / assayers responsible for business operation relating to the exchanges / Clearing Corporations shall always be 'fit and proper' to carry out business of warehousing.
- ii. such persons have adequate knowledge of, and experience in generally accepted warehousing and handling practices for the goods concerned, and are competent and willing to operate such a warehouse for which the WSP has a valid license/expertise under the appropriate state warehousing laws in respect of the warehouses concerned.

12.6. *Corporate Governance norms for WSP*

12.6.1. **Management and Employees:**

- i. The Clearing Corporation shall ensure that the accredited WSP has a professional management team to oversee its functioning and operations.
- ii. The Clearing Corporation shall ensure that the Key Management Personnel (KMPs) of WSP taking care of business operations and warehousing in general have adequate knowledge of, and experience in generally accepted warehousing and handling practices for goods for which they are accredited. The Clearing Corporation shall also ensure that the KMP of WSP are competent and willing to operate such a storage facility and do not have any conflict of interest in discharge of their functions.