

Original Article

Metropolitan Stock Exchange of India Limited (MSE)

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Manuscript ID:

JRD -2025-170918

ISSN: 2230-9578

Volume 17

Issue 9 |

Pp. 96-99

September 2025

Submitted: 18 Aug. 2025

Revised: 29 Aug. 2025

Accepted: 17 Sept. 2025

Published: 30 Sept. 2025

Abstract:

The metropolitan Stock Exchange (MSE) is a platform of trading options that governed by the finance ministry of India and it recognized by Securities and Exchange Board of India (SEBI). MSE acts like a modern assistant in the stock market. It ensure trades happen smoothly and safely, handling different types of financial products like Equity, currency Derivatives, Corporate Bonds and ETFs. The ownership of MSE is diversified between corporate, banks and individuals. As on 31/03/2002, there was 558 members for its currency derivatives segment, 346 members for the equity cash segment and 334 members functioning in equity futures & Options segment on MSE Platform.

Keywords:- Accessible, Enhancing, Vital, Recognized, Robust.

Introduction

Securities and Exchange Board of India has recognized to Metropolitan Stock Exchange of India Limited (MSE) Under Section 4 of Securities Contracts (Regulation) Act, 1956. The Ministry of Corporation affairs, Government of India has provided as a "Recognized Stock Exchange", Under Section 2(39) of the companies Act, 1956 on December 21, 2012. MSE provides hitech, electronic and transparent platform for trading Futures & Options, Currency Derivative and Debt Segments in Capital Market, MSE provides fully automated screen based trading platform for index futures, index options, stock futures and stock options. The MSE levels of liquidity are least liquid while National Stock Exchange (NSE) being the most liquid. SEBI has provide approval on October 7, 2008 to exchange for operationalizing SME trading platform.

The MSEI Ltd has established on August 14, 2008 and started operation on September 16, 2008. It commenced operation on October 7, 2008 in Currency Derivatives (CD) Segment under Reserve Bank of India and SEBI regulatory framework . MSE has launched capital market segment, Futures and options segment and flagship index bSX40b on February 9, 2013, BSX40b is a free float based index consisting of 40 large cap, liquid stock representing diverse sectors of the economy. The Debt Market segment was introduced on June 7, 2013. The MSE aims to make trading accessible and understandable for everyone, enhancing the trading experience. It has focuses on fairness, efficiency and transparency in trading. It well managed the need of both retail and institutional investors. MSE also conducts large scale investor education and awareness programmes, averaging at least one programme per working day, in the country. The shareholding pattern on 31/03/20 was as Multi Commodity Exchange hold 33,17,77,008 shares and Siddharth Balachandran hold 23,84,09,950 shares, Radhakishan S Damani hold 11,93,63,496 shares, Bank of Baroda hold 9,37,57,564 shares, State Bank of India hold 9,74,00,000 shares and others hold 3,92,95,09,015 shares of the MSE. Product & Trading:- The product of MSE are equity, equity Derivatives, Currency Derivatives and Interest Rate Derivatives, They are traded on MSE platform where Exchange has an online screen based order matching system which is hosted on a fully Fault Tolerant (FT) Stratus Server. This server provide continuous availability features by its continuous processing.



Quick Response Code:



Website:

<https://jrdrv.org/>

DOI:

[10.5281/zenodo.17383678](https://doi.org/10.5281/zenodo.17383678)



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How to cite this article:

Singh, P. L. (2025). Metropolitan Stock Exchange of India Limited (MSE). *Journal of Research and Development*, 17(9), 96–99. <https://doi.org/10.5281/zenodo.17383678>

The MSI has trading system in an order driven system. When order entered into the trading system are subject to various validation requirement then it check if any order not meet the validation then system not accept. Thereafter, not match order to stored as pending order in the order Book or till such time the order has been cancelled or at End of Day. The order which are matched and order has get best price priority and time priory means which who entered first based in the system. Thus it ensure that the earlier orders get priority over the orders that come in later.

Membership:-

Only the registered members can execute all transaction on the MSE platform. Other non member participants can participate as clients of member of the MSE. Who wants to become member of MSE they should be follows three simple steps:- first submit application form (which get from MSE) alongwith admission and processing fees. Thereafter being scrutiny of application then inverview. Next steps will be processing in this, step submit balance document if any, then membership department complete review of documents and then committee provide admission and also it forward application to SEBI for membership registration and take receipt to SEBI Registration certificate as member of MSE. In last steps member should be submit activation documents, Deposit/connectivity payment/other charge, then it get Trading rights on MES platform.

Membership Categories:- MSEI offered following categories members:-

Trading Member (TM):- It have rights to trade on its own account as well as on account of its clients, but has no rights to clear and settle such trade itself. Thus it is only member of MSEI that execute trading on its platform. Others performs function of clearing & settlement also.

Self Clearing Member (SCM):- It can trade and clear the transactions on its own account or on account of its clients only and not for any other Trading Members or their clients.

Trading cum Clearing Member (TCM):- A TCM can trade on its Own account along with its clients account. It can also clear and settle the trades for self and other member through metropolitan clearing corporation of India Ltd. (MCCIL).

Professional Clearing Member (PCM):- It is entitled to clear and Settle trades executed by other members of the Exchange. It have no right to trade on its own account. The corporate entities or banks are eligible to apply for PCM.

Membership Criteria:- Membership of MSE can be taken by an Individual, Registered Partnership Firm, Corporation or Bank. But when a Corporate apply for membership then its paid up capital should 30 Lakhs.

1. Eligibility criteria for at least 2 Directors:

- Minimum age should be 21 years
- He should be educational qualification at least HSC
- Minimum 2 years relevant experience.
- 2. After provisional admission to membership of the Exchange, he should be registered with SEBI.
- 3. The application has to ensure that at least to of their users should be successfully certified for the relevant module pertaining to the respective segments wherein membership of the Exchange has been sought.
- 4. Who apply for membership to the Exchange should be submit filled membership Application Form along with the required documents and fees/deposits:-

Fees Structure (Period from Jan.2017)

(Membership of Equity Capital Market/Equity Derivatives/Currency Derivatives/Debt Segment)

Segment (ECM, EDS, CDS, Debt)	Admission Fees (Rs.in lakh)	Processing Fees (Rs.in.Lakhs)
Any one segment	2.50	0.10
Any Two segment	3.50	
Any Three segment	4.50	
All segment	5.00	

- Admission and processing fee are one time charge paid towards initiating membership of the Exchange. The fees shall not be considered towards Base Minimum Capital and/or margin.
- Service Tax at applicable rates will be payable on Admission and Processing fee.

Trading Membership Requirement Net Worth and Deposit Structure:(Rs. In Lakh)

Segment	Membership Typo	NetWorth Requirement	Membership Deposit
Capital Market	TM-SCM	30	10 #
Future & Options	TM	30	10 #
Currency Derivatives	TM	100	10 #
Debt Segment	TM	50	Nil

- Membership deposit of Rs 10 Lakhs per segment will be collected in Cash only.
#Payable by Member on Activation of trading.
- The Net Worth revised refer to circular No. MSE/MEM/11566/2022 dated March 10, 2022

Additional Requirement for Clearing Membership in Segment (Rs in Lakh)

Segment	Membership Type	Net worth	Depost Structure <u>MCCIL</u>	
			Cash	Non Cash
Future & Options	SCM/TCM/PCM	100/300/300	25/25/25	25/25/25
Currency Derivatives	SCM/TCM/PCM	500/1000/1000	25/25/25	25/25/25
Debt Segment	SCM/TCM/PCM	100/300/300	1/1/1	--

- PCM should be pay adimtion fees Rs 2.5 Lakhs for each segment.
- Service Tax at Applicable Rates will be payable on Admission fees only.
- Corporate membership may be transferred as provided in the Rules of the Exchange after 3 years.
- Membership can be surrendered only after 3 years.
- Prospective members may apply for membership of MSE based on the information provided in the application form.
- Members will be liable to pay Annual Subscription fees as applicable and notified from time to time.
- The terms and conditions of Membership, fees and deposits are a decided by the Exchange and are liable to change from time to time.

Investor Service Centers :- The MSE Provide counseling to invests with the view to cater to need of service centers at Chennai, Delhi, Kolkata, Mumbai, Ahmedabad, Indore, Kanpur & Hyderabad.

Investor Rights and obligations:

Investor should be get copy of KYC and other document copy that submitted and get unique client code that allotted by MSE. All agreement copy that done with Broker. Investor should be receive various SMS, email to the broker regarding trade confirmations. Investor should be received statement of account from stock broker at least once in a quarter and also settlement of account as per terms of agreement. They should be get information of business done by the stock broker. Investor can file arbitration against stock broker for disputes and can challenge the arbitration award before court of law. Understand to right given to stock broker and read risk disclosure document carefully. Understand the voluntary condition being agreed with the stock broker before signing the account opening form. Investor should be understand the product and operational framework and trading, clearing and settlement processes. Review contract notes and statement of account at time to time. The investor should be always keep attention on the trade that traded by stock broker for them and receipt for collaterals deposited with the member towards margins.

Investor awareness and education:-

MSEI provide different type assistance to investors by organizing awareness program about investment and its benefits. The MSE provide knowledge about introduction to securities Markets KYC procedure (Opening to Trading and Demat Account), How to invest in Initial Public offer and in Rights issue, Corporate Action. Dividends, Bonus, splits, How to buy and sell share in Stock Exchange, Depository Services, Introduction to Mutual Funds Investing, Investor Grievance Redressal Machanism- SEBI Score, NSE, BSE, NSDL, CDSL and Introduction to REITS and Invits. There are a knowledge centre namely National Institute of Securities Markets that conduct many certification Examinations like Currency Derivatives Certification Examination, Registrars to an issue and share transfer Agents- Corporate and Mutual Fund Certificate Examination, Securities Intermediaries Compliance certification Examination, Issuers Compliance Certificate Examination, Interest Rate Derivatives Certification Examination and others related likes Mutual Fund Distribution, foundation and Depository Operation, Securities Operations and risk Management, Equity Derivatives, Merchant Banking Investment Adviser (Level- 1 &2), equity Sales, Securities market Foundation, Internal Auditors for stock Brokers, Research Analyst and Retirement Adviser Certification Examination.

Conclusion:-

Thus, it find out that Metropolitan Stock Exchange of India Limited has vital position in the financial market because its provide advanced and updated technology for trading capital market, Futures and options, currency Derivatives and Debt Market. MSE is providing for investor attraction toward investing in capital market awareness and educational program in different part of country. The Regulatory also started a body, that are conducting many certification examination those boost financial market in India.



Journal of Research and Development

Peer Reviewed International, Open Access Journal.

ISSN : 2230-9578 | Website: <https://jrdrv.org> Volume-17, Issue-9| September 2025

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