

NSE Clearing Limited

Circular

DEPARTMENT: COMPLIANCE

Download Ref No.: NCL/CMPL/62227

Date: May 29, 2024

Circular Ref. No: 18/2024

To All Members

Sub: Penalty Structure related to the Ongoing Membership Compliances

This is with reference to NCL circular on Membership Compliance – Revision/Updates to the Ongoing Membership Compliances issued vide Circular No. NCL/CMPL/61314 dated March 26, 2024.

In this regard, NCL has formulated a penalty structure for any non-compliance of the provisions of the aforementioned circular. The penalty structure is enclosed as Annexure and which shall be applicable w.e.f. **June 01, 2024**.

All members are advised to take note of the above and strictly comply.

**For and on behalf of
NSE Clearing Limited**

Jinal Shah
Associate Vice President

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NCL PENALTY STRUCTURE FOR MEMBERSHIP

Penalties /disciplinary action(s) for non-adherence to membership requirements			
Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of repeat violation/contravention
1.	Change in Control	Monetary penalty of Rs. 2,00,000	In case of a repeat instance by the Member; Member shall be disabled in all segments till registration of new promoter group with SEBI.
2.	Change in shareholding (with no change in control) without Clearing Corporation approval	Levy of Monetary penalty of Rs. 10,000 per day per instance.	<p>In case of a repeat instance by the Member; the monetary penalty shall be levied along with escalation of 50%.</p> <p>In case of post facto approval on more than 3 occasions in last 12 months or more than 5 occasions in last 36 months, Member shall be disabled in all segments for one day or till the approval of the CC, whichever is later.</p>
3.	Change in designated directors without Clearing Corporation approval	<p>A. Post facto intimation - Rs. 20,000 per day from the date of appointment, till the date of intimation to the Clearing Corporation.</p> <p>B. In case of changes beyond the control of the member:</p> <p>B.1. In case of any changes in Designated Directors due to death/resignation etc., member's are required to intimate clearing corporation within 10 working days of such change.</p> <p>B.2. If not intimated within 10 working days: Monetary penalty of Rs. 5,000 per day till the date of intimation to the clearing corporation.</p> <p>B.3. CM to appoint the requisite number of DDs within three months of the resignation/death etc. of the outgoing DD and confirm the same to the clearing corporation. In case of failure to appoint the DD within three months, member shall be levied a monetary penalty of Rs. 10,000/- per day and debarred from taking new clients till the date of appointment.</p> <p>B.4.</p>	<p>The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance:</p> <ol style="list-style-type: none"> 1) Levy of applicable monetary penalties along with an escalation of 50%. 2) In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking new Trading members/CP Codes. 3) In case of more than 5 occasions in last 12 months, Member shall be disabled in all segments for one day or till the approval of the CC, whichever is later.

		In case of failure to appoint the DD within 4 months in non-compliance to the clearing corporation directive, trading rights shall be withdrawn till the appointment/intimation of the DD to the clearing corporation.	
4.	Change in non-designated directors without Clearing Corporation approval	<p><u>In case of any planned changes</u> Rs. 10,000 per day per director for any post facto changes.</p> <p><u>In case of changes beyond the control of the member:</u> In case of any changes in NDD due to death/resignation etc., member's are required to intimate Clearing Corporation within 10 working days of such change.</p> <p><u>If not intimated within 10 working days:</u> Monetary penalty of Rs. 5,000 per day till the date of intimation to the Clearing Corporation. In case of post facto appointment of NDD-Rs. 10,000/- per day per Director</p>	<p>In case of a repeat instance by the Member, the applicable monetary penalties shall be levied along with escalation of 50%.</p> <p>In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking Trading Members/CP Codes.</p> <p>In case of more than 5 occasions in last 12 months, Member shall be disabled in all segments for one day or till the approval of the CC, whichever is later.</p>
5.	Transfer of membership /business/ Merger without prior approval of the Clearing Corporation (with no change in control)	Monetary penalty of Rs. 1,00,000/- for each instance	<p>In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%.</p> <p>Additionally, Member shall be disabled in all segments for one day or till the approval of the CC, whichever is late.</p>
6.	Non-appointment/ intimation of Compliance officer	<p>Post facto intimation - Rs. 20,000 per day from the date of appointment, till the date of intimation to the Clearing Corporation.</p> <p>In circumstances beyond the control of the member such as resignation /death</p> <p>In case of any changes in Compliance Officer due to death/resignation etc., member's are required to intimate Clearing Corporation within 10 working days of such change.</p> <p><u>If not intimated within 10 working days:</u> Monetary penalty of Rs. 5,000 per day till the date of intimation to the Clearing Corporation.</p> <p>Member to appoint the compliance officer within three months of the resignation/death of the compliance</p>	<p>The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance:</p> <p>1) Levy of applicable monetary penalties along with an escalation of 50%.</p>

		<p>officer and confirm the same to the Clearing Corporation. In case of failure to appoint the Compliance officer within three months, member shall be levied a monetary penalty of Rs. 10,000/- per day and debarred from taking new clients till the date of appointment.</p> <p>In case of failure to appoint the Compliance Officer within 4 months in non compliance to the Clearing Corporation directive, trading rights shall be withdrawn till the appointment/intimation of the Compliance Officer to the Clearing Corporation.</p> <p>If appointment of new compliance officer is observed during inspection and the details are not reported to Exchange:</p> <p>Rs. 1 lac in addition to penalty of Rs.20,000/- per day from the date of appointment.</p>	
7.	Change in status & constitution without prior approval of the Clearing Corporation	Monetary penalty of Rs. 20,000/-per day from the date of change till the date of approval	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, Member shall be disabled in all segments for one day or till the approval of the CC, whichever is late.
8.	Failure to furnish "Annual Returns" within the due date	<p>Levy of Monetary penalty of :</p> <p>1) Rs. 5,000 per day for the first 15 days after due date</p> <p>2) Rs. 10,000 per day for the next 15 days</p> <p>In case of non-submission within 30 days from the due date of submission, CM shall be debarred from taking new TMs/CP codes till the date of submission.</p> <p>If member fails to submit within 60 days from the due date of submission, member shall be disabled in all segments for one day or till the approval of the CC, whichever is late.</p>	<p>In case of a repeat instance by the member, the monetary penalty shall be levied along with an escalation of 50%.</p> <p>In case of non-submission within 30 days from the due date of submission, CM shall be debarred from taking new TMs/CP codes till the date of submission.</p> <p>If member fails to submit within 60 days from the due date of submission, member shall be disabled in all segments for one day or till the approval of the CC, whichever is late.</p>