



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/AUDIT/DP/POLCY/2025/105

February 12, 2025

AMENDMENTS TO DP OPERATING INSTRUCTIONS ANNEXURE 11.1

Depository Participants (DPs) are advised to take note of the amendments mentioned below, which have been incorporated in CDSL's DP Operating Instructions Annexure 11.1 – Penalty Structure for DPs by addition of new penalty heads for non-compliance related to System Audit, Cyber Security Audit, Incident Reporting and VAPT.

Operating Instructions - Annexure 11.1		
PENALTY STRUCTURE FOR DPs		
III	Non-compliance with respect to System Audit, Cyber Security Audit, Incident Reporting and VAPT	
(I) Penalties / Disciplinary Actions for Annual System Audit Report		
Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action
A	Non-submission of following reports within the stipulated time i) Annual system audit report ii) Action Taken Report as recommended by the auditor	<ol style="list-style-type: none">Rs. 1,500/- per day from the due date till the first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 2250/- per day.Rs. 2,500/- per day from the 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 3750 /- per day.In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIs for information.If delay in submission is observed for three consecutive years, the matter would be referred to the Member Committee.



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Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action								
B	Non-closure of observations made in annual system audit report within prescribed timeline in the Action Taken Report (ATR).	<table border="1"><thead><tr><th>Risk categorization of observations</th><th>Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)</th></tr></thead><tbody><tr><td>High Risk</td><td>Rs. 15,000/-</td></tr><tr><td>Medium Risk</td><td>Rs. 7,500/-</td></tr><tr><td>Low Risk</td><td>Rs. 2,500/-</td></tr></tbody></table> <p>In case observations are not closed by the Participant within three weeks from the due date for submission of Action Taken Report (ATR), opening of new demat accounts of Participant shall be restrained and action taken shall be shared with all MIIs for information.</p>	Risk categorization of observations	Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)	High Risk	Rs. 15,000/-	Medium Risk	Rs. 7,500/-	Low Risk	Rs. 2,500/-
Risk categorization of observations	Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)									
High Risk	Rs. 15,000/-									
Medium Risk	Rs. 7,500/-									
Low Risk	Rs. 2,500/-									
(II) Penalties / Disciplinary Actions for Cyber Security Audit Report										
Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action								
A	Non-submission of the following reports within stipulated timelines: i. Cyber Security Audit Report ii. Action Taken Report as recommended by the auditor	<p>1. Rs. 1,500/- per day from the due date till the first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 2250/- per day.</p> <p>2. Rs. 2,500/- per day from the 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 3750 /- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive years, the matter would be referred to Member Committee.</p>								



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Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action								
B	Non-closure of observations made in Cyber Security Audit Report within prescribed timeline in the Action Taken Report (ATR).	<table border="1"><thead><tr><th>Risk categorization of observations</th><th>Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)</th></tr></thead><tbody><tr><td>High Risk</td><td>Rs. 50,000/-</td></tr><tr><td>Medium Risk</td><td>Rs. 25,000/-</td></tr><tr><td>Low Risk</td><td>Rs. 5,000/-</td></tr></tbody></table> <p>In case observations are not closed by the Participant within three weeks from the due date for submission of Action Taken Report (ATR), opening of new demat accounts of Participant shall be restrained and action taken shall be shared with all MIIs for information.</p>	Risk categorization of observations	Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)	High Risk	Rs. 50,000/-	Medium Risk	Rs. 25,000/-	Low Risk	Rs. 5,000/-
Risk categorization of observations	Penalty (per open Observations which have not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)									
High Risk	Rs. 50,000/-									
Medium Risk	Rs. 25,000/-									
Low Risk	Rs. 5,000/-									
(III) Penalties / Disciplinary Actions for Incident Reporting										
Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action								
A	Non - Submission of Quarterly Cyber Incident Reports within the prescribed time limit	<ol style="list-style-type: none">1. Rs. 2,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive quarter, Rs. 3750/- per day.2. Rs. 5,000/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive quarter, Rs. 7,500 /- per day.3. In case of non-submission of report by 21st calendar days, new demat accounts opening of Participant shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIIs for information.4. If delay in submission is observed for three consecutive years, the matter would be referred to Member Committee.								



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(IV) Penalties / Disciplinary Actions for Non-submission of VAPT report and/or compliance report on or before due date:										
Sr. No	Nature of Non-compliance	Penal Action in ₹/ Action								
A	<p>i) Non-submission of annual VAPT report on or before stipulated timeline</p> <p>ii) Non-submission of compliance report on or before stipulated timeline.</p>	<p>1. Rs. 1,500/- per day from the due date till the first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 2250/- per day.</p> <p>2. Rs. 2,500/- per day from the 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in the second consecutive year, Rs. 3,750/- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening of Participant shall be restrained till submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive years, the matter would be referred to Member Committee.</p>								
B	<p>Non-closure of open vulnerability observed in the annual VAPT report within stipulated timelines in the compliance report.</p>	<table border="1"><thead><tr><th>Risk categorization of observations</th><th>Penalty (per open vulnerability which has not been closed)</th></tr></thead><tbody><tr><td>High Risk</td><td>Rs. 50,000/-</td></tr><tr><td>Medium Risk</td><td>Rs. 25,000/-</td></tr><tr><td>Low Risk</td><td>Rs. 10,000/-</td></tr></tbody></table> <p>Apart from the monetary penalty mentioned above, if High/Medium vulnerability is not closed by Participant within 21 days from the due date of submission of compliance report, new demat account opening of Participant shall be restrained till closure of the open vulnerabilities and action taken shall be shared with all MIIs for information.</p>	Risk categorization of observations	Penalty (per open vulnerability which has not been closed)	High Risk	Rs. 50,000/-	Medium Risk	Rs. 25,000/-	Low Risk	Rs. 10,000/-
Risk categorization of observations	Penalty (per open vulnerability which has not been closed)									
High Risk	Rs. 50,000/-									
Medium Risk	Rs. 25,000/-									
Low Risk	Rs. 10,000/-									



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DPs are advised to take note of the afore-mentioned amendments to the Operating Instructions. Annexure 11.1.

Queries regarding this communiqué may be addressed to CDSL – Audit, Inspection & Compliance Department on telephone nos. (022) 6234-3143, 6234-3081.

**For and on behalf of
Central Depository Services (India) Limited**

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**Urmila Chougule
Senior Manager - Audit, Inspection & Compliance**