Circular no.: MCX/COMP/213/2026 April 17, 2026

Ease of Doing Business - Rationalization and Standardization of penalties levied on Trading Members

1. This is with reference to Exchange Circular No. MCX/INSP/525/2025 dated October 10, 2025, wherein disciplinary actions under Rules, Bye-laws and Business Rules of the Exchange viz. "*Disciplinary proceedings, penalties, suspension and expulsion*", were prescribed for various regulatory non-compliances. The said disciplinary actions were based on the recommendations of the Working Group constituted by SEBI, which comprised of members from all Exchanges and Stockbroker associations viz. ANMI, BBF & CPAI and approved by SEBI.

2. In continuation to the said objective of standardizing the disciplinary framework applicable to Trading Members across exchanges, the Working Group, after detailed deliberations, has proposed actions for additional set of violations where actions were not prescribed in the previous Circular No. MCX/INSP/525/2025 dated October 10, 2025, along with modifications to certain existing violations.

3. The revised consolidated list of violations / non-compliances, their classification and the corresponding prescribed actions, approved by SEBI is as detailed in **Annexure – 1.**

4. The provisions of this Circular shall be applicable with immediate effect as under:

    i. On all cases under process / all non-compliances identified or determined after the date of the Circular where penalty is being reduced.
    ii. On all other cases where the date of violation falls after the date of the Circular.
    iii. On all submission-based compliances where due date falls after the date of the Circular.

5. Further, Trading Members are requested to note the following:

    i. Relevant Authority/Committee shall have the discretion to levy any additional penalties or take any necessary actions such as imposing embargo on onboarding new clients / AP for any period of time as deemed necessary, disablement of terminals, suspension, expulsion, declaration of member as defaulter, cessation or such other action.

ii. In case of monetary penalty/ financial disincentive for any of the observed non-compliance is less than Rs. 1000/-, Exchange shall 'Advise' the member instead of levying such monetary penalty/ financial disincentive.

iii. In case of escalations, maximum capped penalty wherever applicable shall also be escalated in accordance with mentioned escalation slab.

iv. If the cumulative amount of penalty/ financial disincentive arising out of inspection observations (i.e. emanating out of on-site/off-site or joint inspections) in a financial year exceeds Rs. 1 Crore or 20% of Member's latest reported networth, whichever is lower, then such inspection matters of those members will be referred to Relevant Authority/Committee, for necessary action as deem fit.

v. Any procedural / non-critical violations (i.e. which do not impact the eligibility of the entity as a Trading Member, and do not pose any risk to client funds or securities) that are not covered under the prescribed penalty structure in this Circular or any SEBI/Exchange Circulars issued introducing any compliance provisions after the date of this Circular, shall attract "Advice" followed by "Warning" and "Rs. 5,000 (Financial Disincentive)" for 2nd and 3rd repeat instances respectively till the issuance of prescribed structure for the said non-compliance. All other cases shall continue to be placed before Relevant Authority/Committee, and the decisions thereon shall be communicated to Trading Members by way of Action Letters / Orders.

6. The existing process of placing matters before Relevant Authority/Committee will continue to be followed for observations involving disciplinary action like the prohibition of onboarding of new clients, restriction on the onboarding of Authorized Persons (AP) or any action like disablement of terminals, suspension, expulsion, declaration of default and any other critical violations deemed fit by the Relevant Authority/Committee. In such cases, the Exchange shall issue an Intimation of Observation (IO)/Letter of Observation (LO) to seek Trading Member response. Thereafter, based on the response received on the IO/LO, if the observation persists, the Exchange shall issue Show Cause Notice (SCN). An opportunity of personal hearing before Relevant Authority/Committee may be provided. However, the actions like disablement of the trading terminals, prohibition of onboarding of new clients, blocking collateral etc. shall continue as specified under relevant Annexure/Circular mentioned below, without placing the matter before Relevant Authority/Committee:

   i. Violations mentioned in Annexure - 1.2 to 1.5
   ii. Administrative Actions taken by Exchange as specified in this circular against the relevant violation.
   iii. Monitoring corrective actions taken by Trading Member pursuant to SEBI inspection (MCX Circular No. MCX/INSP/322/2025 dated June 30, 2025, and other Circulars issued from time to time)
   iv. Under SEBI SOP Circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020, regarding Trading Member / Clearing Member leading to default.

7. Trading Members must take note of the violations / non-compliances notified in the Letter of Observations (LO), Intimation of Observation (IO) and Show Cause Notice (SCN) along with the indicative penalties / penal actions / financial disincentives. It is in the interest of the Trading Members to submit complete, accurate and correct information in response to Exchange communications along with complete documentary evidence to substantiate their response within the timelines specified in the LO / IO / SCN. Upon receipt of Trading Members' response to LO / SCN, the Exchange shall consider the same as final and complete the enforcement actions by issuing an Action Letter / Orders. Failure to submit a response to the LO / SCN within the prescribed timelines would be construed as "No additional information is available", and the Exchange shall proceed to complete the enforcement action based on the available documents. It is brought to the notice of the Trading Members that any failure to adhere to the timelines, unless extended by the Exchange as specified in Exchange Communications, may be treated as non-cooperation, and appropriate disciplinary proceedings may be initiated under Rules, Bye-laws and Business Rules of the Exchange.

8. The amount collected in the form of penalty and financial disincentives is credited to Investor Protection Fund Trust (IPFT) of the Exchange.

9. The provisions of the current Circular supersede the earlier penalty Circulars except mentioned in point 6 above.

10. New violations items added are marked with "*", modified items are marked with "#" and violations items not pertaining to Commodity Segment are marked with "@" in the Annexures for easy reference of trading members.

All Members are requested to ensure compliance with the above regulatory requirements.

For and on behalf of
Multi Commodity Exchange of India Limited

Baiju Budhwani
Head of Department
(Inspection and Enforcement)

Enclosed: Annexure 1

Kindly contact Inspection & Enforcement Team on 022-66494040 or send an email at customersupport@mcxindia.com and inspection@mcxindia.com for further clarification.

Annexure 1 - List of violations / non-compliances along with classification and prescribed actions

Annexure 1.1 - Actions for non-compliances observed for during Member Inspections

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Violations with financial implications	Non availability of client funds / Use of client funds for PROP / Debit balance client obligation	1.When recouped subsequently- a) For 2 days in a calendar month- 0.07% per day of the shortfall amount. b) For more than 2 days in a calendar month- 0.10% per day of the shortfall amount. 2. If not recouped subsequently- After 30 days of continuous shortfall- Matter to be referred to relevant authority for disciplinary action including no new client and disablement of trading terminal until the shortfall is recouped. And **Administrative Action as below** Details of contravention Misuse of client funds in any of the Principles of Enhanced Supervision (Highest shortfall observed on a single day in a calendar month for more than Rs.25 lakhs) Administrative Action (s) i. The proprietary deposits/collaterals of the Trading Member available with MCXCCL shall be blocked to the extent of the shortfall/misuse amount or Rs.10 crores, whichever is lower.	-	Material

<table>
<tr><th>Sr. No.</th><th>Contravention Category</th><th>Details of Contravention</th><th>Action in case of first instance</th><th>Action in case of repeat instance</th><th>Tag</th></tr>
<tr><td></td><td></td><td></td><td>ii. In case misuse is observed in all principles, amount equivalent to aggregate amount of all principles, shall be blocked.
iii. Proprietary deposits/collaterals shall be blocked after 2 trading days from the date of communication of the direction regarding the blocking of such deposits/collaterals to the Trading Member.
iv. Such deposits/collaterals shall be blocked for a period of 10 days.
v. No exposure will be granted to the Trading member on such deposits/collaterals</td><td></td><td></td></tr>
<tr><td>2#</td><td>Violations with financial implications</td><td>Improper use of client securities / Commodities</td><td>2% of amount of misuse with maximum capping of Rs. 1 lakh + direction to restore the same</td><td>2nd Time & Onwards - 3% of amount of misuse, subject to maximum penalty of Rs. 2 Lakhs + direction to restore the same</td><td>Material</td></tr>
<tr><td>3</td><td>Violations with financial implications</td><td>Net worth Shortfall / Incorrect reporting of net worth to the Exchange resulting to shortfall (below the minimum prescribed net worth)</td><td>Monetary Penalty of 5% of the amount of shortfall from the required net worth
and

Administrative action to be initiated for recoupment of Net worth shortfall as below
<table><tr><td>Shortfall as a % of the prescribed minimum Net Worth for Trading Membership</td><td>Blocking of deposits/Collaterals #</td></tr><tr><td>Shortfall up to 10%</td><td>10%</td></tr></table></td><td>2nd Time & Onwards -
50% Escalation + Administrative action to be initiated for recoupment of Net worth shortfall as below
<table><tr><td>Shortfall as a % of the prescribed minimum Net Worth for Trading Membership</td><td>Blocking of deposits/Collaterals #</td></tr><tr><td>Shortfall up to 10%</td><td>10%</td></tr></table></td><td>Material</td></tr>
</table>

<table>
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<tr><td></td><td></td><td></td><td>
<table>
<tr><td>Shortfall over 10% and up to 20%</td><td>25%</td></tr>
<tr><td>Shortfall over 20% and up to 50%</td><td>50%</td></tr>
<tr><td>Shortfall over 50%</td><td>100%</td></tr>
</table>
#Percentage shall be applied on the average daily total deposits / collaterals (i.e. cash and cash equivalent balances of proprietary and clients’ deposits) in the previous calendar month and amount so derived shall be blocked only from proprietary deposits / collaterals subject to the minimum of shortfall amount.
Trading members may please note that in order to ensure adequate residual risk mitigation, the amount to be blocked would be based on:
<ol type="i">
Previous calendar month’s average daily total cash and cash equivalent balances of proprietary and clients’ deposits as reported to all Clearing Corporations.
The percentage mentioned in the above table corresponding to the extent of shortfall shall be applied to the amount derived as per the Point (i)

</td><td>
<table>
<tr><td>Shortfall over 10% and up to 20%</td><td>25%</td></tr>
<tr><td>Shortfall over 20% and up to 50%</td><td>50%</td></tr>
<tr><td>Shortfall over 50%</td><td>100%</td></tr>
</table>
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Trading members may please note that in order to ensure adequate residual risk mitigation, the amount to be blocked would be based on:
<ol type="I">
Previous calendar month’s average daily total cash and cash equivalent balances of proprietary and clients’ deposits

</td><td></td></tr>
</table>

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
			above, subject to minimum of shortfall amount.	as reported to all Clearing Corporations. II. The percentage mentioned in the above table corresponding to the extent of shortfall shall be applied to the amount derived as per the Point (i) above, subject to minimum of shortfall amount.	
4#	Violations with financial implications	a) Offering or associating with person/ entities offering fixed/assured/periodic returns to clients / mobilizing deposits from investors in a manner not permitted b) Trading member has undertaken Unauthorised Market Practices c) Association with person engaged in prohibited activity d) Issued contract notes for trades not done under the rules, byelaws & regulations/business rules of the Exchange.	Matter to be placed before the relevant authority for necessary disciplinary action	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
5	Violations with financial implications	Submission of complete information for inspection (excluding data residing with respective Exchange unless sought for cross verification) a) Non co-operation in providing data/records/documents to inspecting officials for inspection resulting in non-completion of inspection. b) Delay in submission of documents/data/records sought for inspection c) Material wrong/incorrect submission of data towards Inspection	a) Non co-operation in providing data/records/documents to inspecting officials for inspection resulting in non-completion of inspection. <u>For Non-QSB Members-</u> Up to 7 days - Rs.1,000/- per day, Post 7 days - Rs. 5,000/- per day subject to maximum penalty of Rs. 1 lakh, thereafter matter maybe referred to member committee. <u>For QSB Member-</u> Up to 7 days - Rs.2,000/- per day, Post 7 days - Rs. 10,000/- per day subject to maximum penalty of Rs. 2 lakh, thereafter matter maybe referred to member committee. b) Delay in submission of documents/data/records sought for inspection Rs. 1,000 per day starting from final due date for submission of data / records /documents sought for inspection, subject to maximum penalty of Rs. 1 lakh. c) Material wrong/incorrect submission of data towards Inspection For procedurally incorrect submission - warning For materially incorrect submission - Rs. 1 lakh.	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
6	Violations with financial implications	Non-adherence to the directions of the relevant authority of the Exchange/ directions under the disciplinary action framework.	Rs.1000/- per day from the due date, subject to maximum penalty of Rs.1 Lakh. (when the maximum penalty is levied then, Disciplinary action such as no new clients, suspension / disablement of trading terminals / Expulsion etc. as deemed fit by the relevant authority)	-	Material
7	Violations with financial implications	Evasion of margin	Margin evasion up to Rs 1 Lakh - The amount of evasion.Margin evasion exceeding Rs 1 Lakh - Rs. 1 lakh or 0.3% of the value of trades, whichever is higher + Disciplinary action under the relevant rules of the Exchange	2nd Time & Onwards -Disciplinary action under the relevant rules of the Exchange	Material
8#	Settlement of Client Funds	a) Non-settlement of client funds b) Utilisation of client's funds to be settled in any investment product without the consent of clients	0.5% of the amount involved with maximum capping of Rs. 10 lakhs	2nd Time & Onwards - 50% Escalation	Material
9	Settlement of Client Funds	Misrepresentation of client ledger balances resulting in misuse/ non-settlement of client funds	Disciplinary action such as no new clients, suspension / disablement of trading terminals / Expulsion etc. as deemed fit by the relevant authority	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
10#	Settlement of Client Funds	Quarterly/ Monthly Statement of accounts for funds not sent / Not sent at the time of settlement of accounts, non-issuance of transaction statement displaying all receipt and payment of funds / inward and outward movement of securities while settling the account along with statement explaining retention of funds or securities, if any/ Client preference for monthly / quarterly settlement not obtained	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
11	Settlement of Client Funds	Payment to clients not attempted through electronic mode e.g. NEFT / RTGS while settling client accounts	Advise	2nd time – Warning 3rd Time & Onwards - Rs. 10,000/-	Financial Disincentive
12	Settlement of Client Funds	Running account authorization taken by trading member from client is not dated and does not contain a clause that the client may revoke the authorization any time/ Running account authorization not signed by client but by POA	a) Up to 5 instances - Advise b) More than 5 instance - Rs. 10,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		holder / Other discrepancies in running account authorization from clients			
13*	Settlement of Client Funds	Non- issuance of cheques in case of running account settlement failure through online mode for other than unclaimed balances, if substantiated by member with adequate trail of failure	Advise + Direction to communicate client to update their bank details, else issue cheques within 7 days of the communication.	2nd time & onwards- If client funds are up streamed- Advise + Direction to update client detail/ issue cheques within 7 days If client funds are not up streamed- 0.5% of the amount not settled, maximum up to Rs. 10 lakhs + Direction to update client detail/ issue cheques within 7 days	Material
14*	Settlement of Client Funds	Incorrect reporting of UCC wise settlement details	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
15	Settlement of Client Funds	Material discrepancies in the statement sent to clients (Statement of Funds & Securities / Retention Statement/ Annual Global Statement, etc.)	Rs. 15,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
16	Settlement of Client Funds	Intimation including the details about the transfer of funds to clients by SMS & Email not sent at the time of running account settlement of funds.	In case either SMS or email has been sent to client - AdviseIn case neither SMS nor Email has been sent - Rs. 10,000/-	In case either of SMS or email has been sent to client - 2nd Time - Rs. 10,000/-3rd Time & Onwards- 100% EscalationIn case neither of SMS nor Email has been sent - 2nd Time & Onwards - 100% Escalation	Financial Disincentive
17#	Clients' Pay-in, Pay-out	Bank and demat account operations: funds/ securities not received from / delivered to respective clients / Inter-client adjustment done for the purpose of settlement of accounts	Non-compliance up to 5 lakhs – Warning In excess of Rs. 5 Lakhs – 0.10% per day of violation with maximum capping of Rs. 2 lakhs	2nd Time & Onwards -50% Escalation	Material
18#	Clients' Pay-in, Pay-out	a) Funds payout exceeding available peak fund ledger balance/ obligation observed b) Excess payout of securities	Up to Rs. 5 lakh- Warning Beyond Rs. 5 lakh- Rs. 25,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation Matter may be placed before relevant authority of Exchange for any necessary disciplinary action in addition to above-mentioned actions.	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
19#	Clients' Pay-in, Pay-out	Delay in release of pay out of funds/ commodities/ securities by the Specified deadline	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
20	Clients' Pay-in, Pay-out	Non-payment of dividend	15% of the amount of dividend not paid. Direction to pay.	2nd Time - 50 % Escalation 3rd Time & Onwards - 100% Escalation	Material
21	Clients' Pay-in, Pay-out	Delayed payment of dividend	a) Up to Rs. 1 lakh- Warning b) In excess of Rs. 1 lakh and up to Rs. 5 lakhs- 1% of the amount involved c) Above Rs. 5 lakhs- 2% of the amount involved	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
22*@	Clients' Pay-in, Pay-out	a) Member has not made early pay-in of funds to CC where clients have made an early pay-in of funds. b) Member has not intimated the clients by SMS and Email upon successful early pay-in of funds	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
23#	Client Margin Collection & Reporting	Incorrect reporting of margin collection from clients to the clearing corporation	Short collection penalty avoided + additional 100% of such penalty with maximum capping of Rs. 15 lakhs + suspension for one day in the respective segment in case of material instances All Criteria are to be met for consideration of material instances - 1. Number of irregularity instances is more than 5% of the instances verified (minimum 3 instances) during inspection, 2. Percentage of value of margin not collected is more than 5% of total margin required to be collected for the instances verified during inspection, 3. Where applicable penalty is equal to Rs. 15 Lakhs	_	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
24	Client Margin Collection & Reporting	Member has passed on short reporting penalty without intimating clients with relevant supporting	Advise	2nd time – Rs. 5,000/- 3rd Time & Onwards - 100% Escalation	Financial Disincentive
25	Client Margin Collection & Reporting	Daily margin statement issued with material discrepancies	Rs.1000/- per instance, subject to maximum penalty of Rs.50,000/-	2nd Time & onwards - 50% Escalation, subject to maximum cap of Rs. 75,000/-	Financial Disincentive
26#	Client Margin Collection & Reporting	Daily Margin statement not sent	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time & Onwards -50% Escalation If Advice was levied - Warning	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
27#	Client Margin Collection & Reporting	Delay in issue of Daily margin statement	Delay for 1 day (upto 2 Occurrences) - Advise Delay for 1 day (more than 2 Occurrences) - Rs. 5,000/- per unique trading day with maximum capping of Rs. 1 lakh Delay is more than 1 day- Rs. 5,000/- per unique trading day of delay with maximum capping of Rs. 1 lakh	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation In case Advise was levied- 2nd Time- Warning 3rd time & onwards- Rs. 5,000/- per instance (Max up to Rs. 1 lakh)	Financial Disincentive
28*	Client Margin Collection & Reporting	Member has not maintained verifiable records for margin calls made to clients (wherever required)	Advise + direction to maintain the records within 30 days	2nd Time - Rs. 25,000/- + direction to maintain the records within 30 days 3rd Time & Onwards - 50% Escalation + direction to maintain the records within 30 days	Financial Disincentive
29	Contract Notes, Charges, Email ID & Mobile Number	Excess STT/CTT/ Stamp Duty/ MII Transaction charges recovered from the clients	a) If amount involved is less than 0.1% of the collection (or Rs. 10,000 whichever is higher) - Advice and direction to refund to clients/ remit to relevant authorities. b) If amount involved is more - 100% of amount (max Rs. 1 lakh) with direction to refund to clients/ remit to relevant authorities.	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
30	Contract Notes, Charges, Email ID & Mobile Number	Excess brokerage charges	a) If amount involved is less than 0.1% of the collection (or Rs. 10,000 whichever is higher) - Advice and direction to refund to clients/ remit to relevant authorities. b) If amount involved is more - 100% of amount (max Rs. 1 lakh) with direction to refund to clients/ remit to relevant authorities.	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
31#	Contract Notes, Charges, Email ID & Mobile Number	Contract Notes Issued with material discrepancies / Duplicates or copies or proof of dispatch of contract notes not maintained/ Not issued within 24 hours of transaction execution/ Not signed by authorized signatory.	Up to 30 sample Instances - a) Up to 5 instances observed - Adviseb) Up to 10 instances observed - Rs. 20,000/-c) Up to 15 instances observed - Rs. 60,000/-d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/-c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation3rd Time & Onwards - 100% Escalation	Financial Disincentive
32	Contract Notes, Charges, Email ID & Mobile Number	Generation of email IDs and/or provision of contact details on behalf of the clients by member/ member employees/ Authorised Persons (APs)/ AP employees	Rs. 15,000/- per client, maximum up to Rs. 1 Lakh, Beyond which matter may be referred to relevant committee for necessary disciplinary action in addition to above-mentioned penalty	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
33	Contract Notes, Charges, Email ID & Mobile Number	a. Trading member has not uploaded mobile number/ email address for active clients in UCC for receiving alerts / Trade details b. Same email id / mobile number is uploaded for multiple clients (where not permitted) who are active/ traded c. Mismatch in Email IDs/ mobile as per Exchange records and Member's back office records for active/ traded clients	Rs. 1,000/- per client, maximum up to Rs. 1 Lakh	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
34	Contract Notes, Charges, Email ID & Mobile Number	Non-issuance of Contract Notes/ Deemed non-issuance of contract note	Rs. 10,000/- per client, subject to maximum penalty of Rs. 5 lakh.	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
35#	Contract Notes, Charges, Email ID & Mobile Number	ECN Log report not maintained in case of bounced back mails, ECNs sent to Email accounts other than those created / provided by clients, authorization for receiving ECN is not signed by the client but by the POA holder, e-mail ID for receiving ECN not created / provided by client/ Consent of client not obtained for sending ECN	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Financial Disincentive
36	Contract Notes, Charges, Email ID & Mobile Number	Non display of ECN on website	Advise	2nd time - Warning 3rd time & Onwards - 5,000/-	Financial Disincentive
37	Contract Notes, Charges, Email ID & Mobile Number	Contract note issued otherwise than in format prescribed by the Exchange	Advise	2nd time - Warning 3rd time & Onwards - 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
38	Contract Notes, Charges, Email ID & Mobile Number	Member has not sent text or link of the following with contract Notes - 1. Regulation 19 & 20 of SECC Regulations, 2018 to clients dealing in scrip of listed Stock Exchanges 2. Schedule II of the SEBI (Intermediaries) regulations, 2008 to clients dealing in scrips of listed depositories	Advise	2nd Time - Warning 3rd Time & Onwards - Rs. 5,000/-	Financial Disincentive
39	Contract Notes, Charges, Email ID & Mobile Number	Non-adherence to the guidelines regarding issue of ECN through SMS/electronic instant messaging services	Up to 2 clients - AdviseMore than 2 clients- Rs.10,000/-	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
40	Enhanced Supervision Related	Non-Reporting of closure of existing bank accounts to Exchange/s within prescribed timeline & format	Advise + Direction to report such details	2nd Time - Rs. 5,000/- + Direction to report such details 3rd Time & Onwards - 50% Escalation + Direction to report such details	Financial Disincentive
41	Enhanced Supervision Related	Non-reporting of closure of existing demat accounts to Exchange/s within prescribed timeline & format	Advise and direction to report such details to the Exchange.	2nd time - Warning 3rd time & Onwards - 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
42	Enhanced Supervision Related	Failure to assign appropriate Bank/ demat nomenclature to bank/ demat accounts	Rs. 5,000/- per account, maximum up to Rs. 1 Lakh + Direction to assign proper nomenclature	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
43	Enhanced Supervision Related	Non-submission/ incorrect submission of PAN of Key Managerial Personnel (KMPs)/ Directors / dealers	Rs. 5,000/- per KMP, maximum up to Rs. 1 Lakh + Direction to report correct details to Exchange	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
44	Enhanced Supervision Related	Failure to report new bank/demat accounts opened by the member to Exchanges within the time specified for reporting of such accounts.	Rs. 5,000/- per account, maximum up to Rs. 1 Lakh + Direction to report such details to Exchange	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
45#	Enhanced Supervision Related	Permitting additional exposure to clients beyond permissible period (S + 5 days)	a) Where non-compliance observed is up to Rs. 1 crore - Advise b) Where non-compliance observed is more than Rs. 1 crore- Rs. 50,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material
46*	Enhanced Supervision Related	Incorrect reporting of Bank/ Demat details	Advise	2nd time- Rs. 1,000/- 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
47*	Enhanced Supervision Related	Incorrect reporting of financial indicators and ratios as prescribed in "Monitoring of Financial Strength of Stock Brokers"	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
48*	Enhanced Supervision Related	Incorrect reporting in Annual Returns	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
49	Maintenance of Books of Accounts & Records	a) Non adoption / Maintenance of applicable policies (e.g. Risk Management Policy, Surveillance Policy, etc.) b) Non display of external policies on the website c) Non Updation of policies periodically	a) Non adoption / Maintenance of applicable policies (e.g. Risk Management Policy, Surveillance Policy, etc.) - Rs. 2,000/- per policy + Direction to maintain the policy b) Non display of external policies on the website - Rs. 10,000/- + Direction to display the policy c) Non Updation of policies periodically Advice + Direction to update the policy	2nd Time - For all non-compliances - 50% Escalation + Direction to rectify 3rd Time & Onwards - For all non-compliances - 100% Escalation + Direction to rectify	Financial Disincentive
50	Maintenance of Books of Accounts & Records	Non-maintenance of – a) Client ledger b) Register of Securities (Client wise scrip wise Register)	Rs. 1 Lakh + Direction to comply	2nd Time - 50% Escalation and Matter may be placed before relevant authority of Exchange for any necessary disciplinary action in addition to above-mentioned actions. 3rd Time & Onwards- 100% Escalation and Matter may be placed before relevant authority of Exchange for any necessary disciplinary action in addition to above-mentioned actions.	Material
51	Maintenance of Books of Accounts & Records	Non segregation / reconciliation of transactions between client and own bank/ demat accounts (Client money/ securities	a) up to 2% of number of instances - Advise b) up to 5% of number of instances –Rs. 30,000/- c) up to 10% of number of instances –Rs. 75,000/-d) In excess of 10% of number of instances – Rs 1,00,000/-	2nd Time - 50% Escalation3rd Time & Onwards - 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		deposited in own bank/demat account or expenses routed through Client Bank Account or own money/ securities deposited in client bank/ demat account) Non segregation / reconciliation of client and own money/securities			
52#	Maintenance of Books of Accounts & Records	Electronic transfers from clients not as per specified guidelines / Supporting documents / audit trail for pre-funded instruments not maintained/ non-maintenance of audit trail for funds received from clients/In case where aggregate value of banker's cheque / demand draft / pay order, then the same is not accompanied with name of bank account holder and number of bank account debited, duly certified by issuing bank	a) up to 2% of number of sample instances - Advise b) up to 5% of number of sample instances – Rs. 15,000/- c) up to 10% of number of sample instances – Rs. 45,000/- d) In excess of 10% of number of sample instances – Rs 75,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
53	Maintenance of Books of Accounts & Records	Books (Except Client ledger) not maintained: General Ledgers , Journals, Cash and Bank Book, Dividend Records, and Brokerage Records Register of complaints Register of transaction Register of commodity	Rs.25,000/- per book + Direction to maintain within 30 days Others than mentioned books- Advise + Direction to maintain within 30 days.	2nd Time & onwards- Increase penalty amount by 50%. Other than mentioned books- Warning + Direction to maintain within 30 days.	Material
54	Maintenance of Books of Accounts & Records	Books (Except Client ledger) not maintained properly: General Ledgers , Journals, Cash and Bank Book, Dividend Records, and Brokerage Records Register of complaints Register of transaction Register of commodity	Rs.10,000/- per book + Direction to maintain within 30 days	2nd Time & onwards- Increase penalty amount by 50% + Direction to maintain within 30 days	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
55	Maintenance of Books of Accounts & Records	Client ledger/ Client wise scrip wise Register of Securities not in the prescribed format and / or not maintained properly and /or not maintained Exchange/ segment wise (i.e. incomplete/ erroneous/ delay in entries/ non-reconciliation of balances between client related accounts and register of securities/Incorrect PAN of the clients in register of securities)	Rs. 25,000/-	2nd Time- 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
56	Maintenance of Books of Accounts & Records	Non-maintenance of order and/or trade log	Rs.25,000/- plus direction to comply	2nd Time & Onwards- 50% Escalation	Material
57	Maintenance of Books of Accounts & Records	Member has made payments without maintaining evidence of client requests (where required)	Aggregate payment up to Rs.1 lakh – Warning In excess of Rs.1 lakh 10% of the value involved subject to maximum of Rs.1 Lakh	2nd Time & Onwards- 15% of the value involved subject to minimum of Rs.10,000/- and Maximum of Rs.1,50,000/-	Financial Disincentive
58@	Margin Trading Funding	Not meeting the minimum Net-worth criteria for providing Margin Trading Facility	Direction to square up all open MTF positions within 30 days and not undertake any fresh positions and withdrawal of Margin Trading Facility thereafter	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
59@	Margin Trading Funding	Providing margin trading facility using funds from other than approved sources	a) Where the irregularity is up to 20% of the latest net worth – Rs. 10,000/- b) Where the irregularity exceeds 20% of the latest net worth – Rs. 1,00,000/- or 1% of the amount involved, whichever is higher.	2nd time – 50% escalation 3rd Time & Onwards- 100% Escalation	Material
60@	Margin Trading Funding	Non-maintenance of separate client-wise ledgers for funds and records of securities of clients availing margin trading facility	Rs. 25,000/-	2nd time – 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
61@	Margin Trading Funding	Non- maintenance of separate record of details of the funds used and sources of funds for the purpose of margin trading.	Rs. 15,000/-	2nd time – 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
62@	Margin Trading Funding	Incorrect/ Non reporting of MTF details to Exchange	Rs. 1,000/- per instance, subject to maximum cap of Rs. 1 Lakh in a month.	2nd time – 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
63#@	Margin Trading Funding	Adequate margin has not been collected by the Member in the form of cash, cash equivalent or Group I equity shares, with appropriate hair cut in case of Margin Trading Facility	2% of inadequate margin amount with maximum capping of Rs. 15 lakhs + Suspension for one day in case of material instances All Criteria are to be met for consideration of material instances - 1. Number of irregularity instances is more than 5% of the instances verified (minimum 3 instances) during inspection, 2. Percentage of value of margin not collected is more than 5% of total margin required to be collected for the instances verified during inspection, 3. Where applicable penalty is equal to Rs. 15 Lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material
64@	Margin Trading Funding	Non-adherence to Leverage and Exposure Limits pertaining to Margin Trading Facility	a) Variation Up to 20% of the latest net worth – Rs. 10,000/- b) Variation exceeding 20% of the latest net worth – Rs. 1,00,000/- with direction to reduce the MTF positions within 30 days to meet the leverage limits Calculation will be based on highest breach observed in exposure limits in a span of 30 days	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material
65@	Margin Trading Funding	Rights and Obligations etc. of Margin Trading Facility not issued to client	Rs. 5,000/- per client subject to maximum penalty of Rs. 1 lakh	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
66@	Margin Trading Funding	Margin trading facility in other than permitted scrips	Rs. 25,000/- per scrip maximum up to 5 Lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
67#@	Margin Trading Funding	Member has not maintained segregation of collateral and funded stock pertaining to margin trading facility	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Financial Disincentive
68	Member's Operations & Administration	Non-disclosure of trading on own account to clients	Warning	2nd time-Rs.10,000/-penalty3rd Time & Onwards- 100% Escalation	Financial Disincentive
69	Member's Operations & Administration	Exclusive e-mail id for investors' complaints not created or not displayed	a) If email ID not created - Rs. 10,000/- b) If email ID not displayed - Rs. 5,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
70	Member's Operations & Administration	Trading member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case to case basis based on nature of non-compliances	To be decided on a case to case basis based on nature of non-compliances	-
71	Member's Operations & Administration	Non-closure of following demat a/c- 1. Client beneficiary accounts 2. Client Margin/ Collateral account 3. Client Margin Trading Securities account 4. Client unpaid securities account	Rs. 5,000/- per account (where Members are unable to provide reasonable explanation) + Direction to close.	-	Financial Disincentive
72	Member's Operations & Administration	Incomplete / Non display of details by member viz, Notice Board/ name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id, SEBI Registration certificate/ AP Registration certificate and other prescribed details.	Rs. 10,000/- per location subject to maximum penalty of Rs. 1 lakh.	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
73	Member's Operations & Administration	Member has not maintained pre order confirmation of trades	Where client has post facto confirmed the trades - advice In all other cases - Rs. 10,000/- per client (max Rs. 1,00,000/-)	2nd time & onwards- 50% escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
			Monetary norms of unauthorised trading will be applicable where the clients dispute the trades		
74*	Member's Operations & Administration	Norms relating to access/validation and maintenance of records not followed by member w.r.t. clients request for freezing/blocking of online access to trading account	Rs. 25,000/- + Direction to comply with requirements within 30 days W.r.t. access, If at least one mode of communication is given to client- Advise	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation If Advisory was levied- 2nd time- Rs. 25,000/- 3rd time & onwards- 50% escalation	Financial Disincentive
75*	Member's Operations & Administration	Trading Member has executed the trades in the UCCs which were not permitted to trade/ KRA not validated	Rs. 1,000/- per client with maximum capping of Rs. 1 lakh	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
76*	Member's Operations & Administration	Non- adherence to applicable guidelines on monitoring/ establishing system/ taking action on impersonation of member	Advise + direction to comply with requirements within 30 days	2nd Time & Onwards - Rs. 10,000/- + direction to comply with requirements within 30 days	Financial Disincentive
77*	Member's Operations & Administration	Member does not have mechanism to monitor multiple clients logging in from same device, other than permissible relationships (for applicable members)	Rs. 10,000/- per client with maximum capping of Rs. 1 lakh + direction to comply within 30 days	2nd Time - 50% Escalation + direction to comply within 30 days 3rd Time & Onwards - 100% Escalation + direction to comply within 30 days	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
78*@	Member's Operations & Administration	Members have not made available the mechanism for physical settlement in stock derivatives to all their clients who wish to avail of the said facility	Advise + direction to comply within 30 days	2nd time- Rs. 25,000/- + direction to comply within 30 days 3rd time & onwards- 50% escalation + direction to comply within 30 days	Financial Disincentive
79*	Member's Operations & Administration	Member does not have transactional alerts facility (including repeated breaches)/ monitoring of such alert as specified by exchanges	Advise + direction to comply within 30 days	2nd time- Rs. 10,000/- + direction to comply within 30 days 3rd time & onwards- 50% escalation + direction to comply within 30 days	Financial Disincentive
80*	Member's Operations & Administration	Non- adherence to applicable guidelines on Telecom Service Provider(s) (TSP)	Direction to comply	_	-
81*	Member's Operations & Administration	Non- adherence to applicable guidelines on Financial Sector Organizations regarding Software as a Service (SaaS) based solutions	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
82*	Member's Operations & Administration	Exchange Market data has been used by the member for other than legitimate purposes	Rs. 1 Lakh + direction to comply within 07 days If not complied within 07 days, Disablement till compliance to the satisfaction of Exchange.	-	Material
83*@	Member's Operations & Administration	Non- adherence to applicable guidelines on execution only platform	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
84*	Member's Operations & Administration	No supervision of PRO account trading by Authorised Supervising Person in case Directors / Partners/ Proprietor is not available at the specified location	Rs. 50,000/- per location	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
85*	Member's Operations & Administration	Changes in details of Member/ AP (viz. address, contact details, etc.)not informed to exchange	Rs. 10,000/- per instance + direction to update the details within 30 days	2nd time- 50% escalation + direction to update the details within 30 days 3rd time & onwards- 100% escalation + direction to update the details within 30 days	Financial Disincentive
86*	Member's Operations & Administration	Non-adherence to guidelines pertaining to rotation of auditors for the conduct of internal audit/ system audit/cyber audit/VAPT audit	Rs. 50,000/- per instance + direction to re-audit	2nd time- 50% escalation + direction to re-audit 3rd time & onwards- 100% escalation + direction to re-audit	Financial Disincentive
87*@	Member's Operations & Administration	Member has not ensured proper checks and balances are in place with respect to circulation of Unauthenticated news through various modes of communication.	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
88*	Member's Operations & Administration	Member has not implemented appropriate checks (value/quantity) based on the respective risk profile of their clients as prescribed from time to time	Rs. 5,000/-	2nd time- Rs.15,000/- 3rd time & onwards- Rs. 25,000/-	Financial Disincentive
89*	Member's Operations & Administration	Trading member does not have system to capture the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT order	Rs. 1,00,000/- + direction to comply within 30 days If not complied with 30 days- Withdrawal of IBT/ STWT	2nd Time & Onwards- matter to be placed before relevant authority for necessary action including withdrawal of IBT/ STWT	Material
90*	Member's Operations & Administration	Trading member has not captured the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT order	1 day in a FY, if not captured- Advise Beyond 1 day upto 5 days- Rs. 20,000/- per day If details are not captured for more than 05 days- matter to be placed before relevant authority including withdrawal of IBT/ STWT	2nd Time & Onwards- matter to be placed before relevant authority for necessary action including withdrawal of IBT/ STWT	Material
91*	Member's Operations & Administration	Trading member has incorrectly captured the IP (Internet Protocol) address (from where the orders are originating), for all IBT/ STWT order	1 day in a FY, if not captured- Advise Beyond 1 day upto 5 days- Rs. 20,000/- per day If details are not captured for more than 05 days- matter to be placed before relevant authority including withdrawal of IBT/ STWT	2nd Time & Onwards- matter to be placed before relevant authority for necessary action including withdrawal of IBT/ STWT	Material
92	Client Registration & KYC	Inclusion of contravening clauses / omission of material details in non KRA part of Account Opening Form (AOF)	a. Advise along with direction to rectify- where the Contravening clause has not been acted upon by the broker when not permitted. b. Other cases- Rs. 10,000/- for procedural clauses and 25,000/- for critical clauses.	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
93#	Client Registration & KYC	Copies of executed documents not sent to the clients within the specified timeline of account opening/ Necessary documents such as RDD, MITC, applicable policies etc. not sent to the clients.	Up to 30 sample Instances - a) Up to 5 instances observed - Adviseb) Up to 10 instances observed - Rs. 20,000/-c) Up to 15 instances observed - Rs. 60,000/-d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/-c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation3rd Time & Onwards - 100% Escalation	Material
94	Client Registration & KYC	Delay in uploading changes in KYC information to KRA / other procedural observations related to KRA process	a) Up to 20% of number of sample instances - Advise b) More than 20% of sample instances- Rs. 3,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
95	Client Registration & KYC	Procedural discrepancy in client registration documents (non KRA)	Advise	2nd time - Warning 3rd time & Onwards - Rs. 1000/- per client, maximum up to Rs. 1 Lakh	Financial Disincentive
96	Client Registration & KYC	More than one active trading code allotted to the client where not permitted	Rs. 1000/- per client, maximum up to Rs. 1 Lakh	2nd Time- 50% Escalation 3rd Time & Onwards- 100% Escalation	Material
97	Client Registration & KYC	Non-maintenance of client code/ non mapping of trading code.	Rs. 1000/- per client, maximum up to Rs. 1 Lakh	2nd Time- 50% Escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
98	Client Registration & KYC	Dealing with the client without registering UCC.	Rs. 15,000/- per client, maximum up to Rs. 5 Lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation Beyond which Matter may be placed before relevant authority of Exchange for any necessary disciplinary action in addition to above-mentioned actions.	Material
99	Client Registration & KYC	Client registration documents (Non KRA) not provided / not made available to the Exchange	Rs. 15,000/- per client, maximum up to Rs. 5 Lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation Beyond which Matter may be placed before relevant authority of Exchange for any necessary disciplinary action in addition to above-mentioned actions.	Material
100	Client Registration & KYC	Material Discrepancies in non KRA part of account opening form (viz. signature, selection of segment where the client intends to trade, Income proof (where applicable), In-Person verification of clients not carried out, Email, Mobile, Bank account, Demat account and Request for change not collected in Client registration documents.	Rs. 5,000/- per client, subject to maximum penalty of Rs. 1 lakh	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
101#	Client Registration & KYC	Non-Updating of any changes in the KYC details in the back office of the member, UCC Database of the Exchange, and CKYC along with / Beneficial owners of the client (non-individuals) not identified.	a) Up to 20% of number of sample instances - Advise b) More than 20% of sample instances- Rs. 5,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
102*	Client Registration & KYC	Norms w.r.t verification, Updation in KRA system, blocking of account, intimation of transmission of assets on demise of an investor not followed.	Rs. 10,000/- per client with maximum capping of Rs. 1 lakh	2nd Time & Onwards - 50% escalation	Financial Disincentive
103*	Client Registration & KYC	Member has not taken acknowledgement on MITC, policy on Handling of Good Till Cancelled Orders of Client from clients (As applicable)	Advise	2nd time- Warning 3rd time & onwards- Rs. 1,000/- per client capped to Rs.1 lakh	Financial Disincentive
104*@	Client Registration & KYC	Member has not taken adequate documentary evidences to establish existence of underlying exposure in respect of participants taking positions in CD segment as and where required	Rs. 50,000/- per client with maximum capping of Rs. 5 lakhs	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
105*	Client Registration & KYC	Any POA taken from clients for broking activities: a) is in favour of person other than member, or b) is for not permitted activities	Rs.10,000/- per client with maximum capping of Rs. 1 lakh + Direction to revoke POA for all such clients within 30 days In case of serious misuse, matter to be referred to relevant authority	2nd Time - 50% Escalation + Direction to revoke POA for all such clients within 30 days In case of serious misuse, matter to be referred to relevant authority 3rd Time & Onwards - 100% Escalation + Direction to revoke POA for all such clients within 30 days In case of serious misuse, matter to be referred to relevant authority	Financial Disincentive
106*	Client Registration & KYC	Member has not taken documentary evidence/ updated periodically (latest) in support of financial information provided by the client in derivative segment.	Rs. 1,000/- per client with maximum capping of Rs. 1 lakh	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
107*	Client Registration & KYC	Norms relating to obtaining declaration/ reporting to exchange w.r.t. client categorisation as prescribed for commodity derivatives	Advise	2nd time - Warning 3rd time & onwards- Rs. 1,000 per client (max up to Rs. 1 lakh)	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
108#	Client Registration & KYC	Non- adherence to applicable guidelines on execution of DDPI	Rs.10,000 per client with maximum capping of Rs. 1 lakh	2nd Time & Onwards - Rs.15,000 per client subject to maximum cap to Rs.5,00,000/-	Material
109#	Client Registration & KYC	a) Norms of converting inactive to active not followed b) Sending communication to clients for keeping the account active	Rs. 1,000/- per client capped to Rs.1 lakh plus direction to comply within 1 month from the date of communication	2nd Time & Onwards - 50% escalation plus direction to comply within 1 month from the date of communication	Financial Disincentive
110	Client Registration & KYC	Non-adherence to all other applicable guidelines for clients registered through online KYC process	Rs.50,000/- plus direction to adhere to the applicable guidelines within 1 month from the date of direction	-	Financial Disincentive
111	Client Registration & KYC	Mismatch of UCC details as compared to KYC of client or incorrect details uploaded in UCC database uploaded by the member. (Excluding Email & Mobile no)	Rs.1,000 per UCC subject to a maximum of Rs. 50,000/-	2nd Time - 2nd time - 50% escalation, 3rd Time & Onwards- The matter shall be placed before the relevant Committee.	Financial Disincentive
112	Terminal related non-compliances	Non-upload of non-trading id’s (Id’s that cannot be used for trading)	Advise	2nd time - Warning 3rd time & Onwards - Rs. 1000/- per instance	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
113	Terminal related non-compliances	Execution of trades on own account from locations other than those permitted by the Exchange but Location reported to exchange	Rs. 15,000/-	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
114	Terminal related non-compliances	Allowing trading terminals to be operated without valid certification, where required and certificate has expired	Rs 1,500/- per terminal. Subject to maximum penalty of Rs. 1 lakh.	2nd Time - 50% Escalation3rd Time & Onwards- 100% Escalation	Financial Disincentive
115	Terminal related non-compliances	Unauthorized extension of NEAT/ Trading terminal / Non-upload of CTCL Trading terminals to the Exchange / Location of terminal at a place other than main / branch office and the location of the offices of registered / authorized persons of the member not uploaded to Exchange	Rs. 1 Lakh per location In cases where non-upload of details of more than five CTCL terminals are observed and such CTCL terminals are also observed to be operated by entities acting as unregistered intermediaries in the CM segment or as unregistered intermediaries in the F&O segment and / or such terminals are observed to be used for carrying out illegal trading activity, suspension of the trading membership may also be considered depending upon the gravity of the violation.	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material
116	Terminal related non-compliances	Member does not have appropriate systems in place to monitor, review trading terminals mapped to its branches/ AP	Rs. 1,000/- per instance, subject to maximum cap of Rs. 1 Lakh + Direction to place appropriate system within 30 days	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
117	Terminal related non-compliances	Information about the trading terminal (CTCL) details reported to Exchange is different from the details available in the trading system of the trading member. (Non-Trading ids to be excluded while levying fine)	Rs. 5,000/- per instance, subject to maximum cap of Rs. 1 Lakh	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
118	Terminal related non-compliances	Operation of terminals by persons other than the approved user / person as per Exchange records	Rs 1,500/- per terminal	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
119*	Terminal related non-compliances	Trading member has created multiple CTCL against single PAN where not permitted	Rs. 1,000/- per terminal, with maximum capping of Rs. 1 lakh + Direction to rectify within 30 days	2nd Time - 50% Escalation+ Direction to rectify within 30 days 3rd Time & Onwards- 100% Escalation + Direction to rectify within 30 days	Financial Disincentive
120*@	Terminal related non-compliances	Trading member has not/ incorrectly captured Unique device identifiers for order placed through IBT/ STWT	Rs. 1 Lakh + direction to comply within 30 days	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
121*	Terminal related non-compliances	Trading member has not put in place limits for orders placed/ unexecuted order as per criteria specified by the Exchange	Rs. 1,000/- per terminal, with maximum capping of Rs. 1 lakh + Direction to rectify within 30 days	2nd Time - 50% Escalation+ Direction to rectify within 30 days 3rd Time & Onwards- 100% Escalation + Direction to rectify within 30 days	Financial Disincentive
122#	Upstreaming of Client funds'	Upstreaming Non-compliances - a) Clients funds have been retained without valid justification. b) Funds shown as retained with TM not available in the relevant bank account. c) Unit of Mutual fund overnight schemes/ FDR made out of the clients' funds are not pledged/ lien marked as case may be to the CC by the permitted deadlines	Value of violation up to Rs. 10 lakhs- Advise Above Rs. 10 lakhs- 0.07% of amount involved (with maximum capping of Rs. 25 lakhs, and refer to relevant authority for necessary disciplinary action, including no new clients, suspension / disablement of trading terminals / Expulsion etc. as deemed fit by the relevant authority)	2nd time- Value of violation up to Rs. 10 lakhs- Warning Above Rs. 10 lakhs- 0.1% of amount involved 3rd time & onwards- Value of violation up to Rs. 10 lakhs- 0.1% of amount involved Above Rs. 10 lakhs- 0.15% of amount involved	Material
123	Upstreaming of Client funds'	Client funds retained with TM but with incorrect justification code	1st time in the calendar month - Advise	2nd time and onwards in the calendar month- Rs. 10,000/- per instance	Material
124	Upstreaming of Client funds'	Non-compliance with respect to tenure of FDR made out of the clients' funds	Rs. 25,000/- per FDR, subject to maximum penalty of Rs. 1 lakh + direction to comply within 30 days.	-	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
125#	Upstreaming of Client funds'	Transfer of funds to the client from other than DSCNB account	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
126#	Upstreaming of Client funds'	Non permissible transfer of funds between USCNB, DSCNB and any other bank account of the SB	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances -	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
			Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-		
127#	Upstreaming of Client funds'	Non- adherence to provisions with respect to client's Bank Guarantees in line with applicable guidelines	Rs. 25,000/- per BG, with maximum capping of Rs. 1 lakh + direction to comply within 30 days.	_	Material
128*	Upstreaming of Client funds'	Member has not maintained a demat account as “Client Nodal MFOS Account” in line with upstreaming guidelines, where applicable	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive
129*@	CUSPA Related	Non- adherence to guidelines on CUSPA account opening	Advise	2nd time- Warning 3rd time & onwards- Rs. 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
130*@	CUSPA Related	Intimation has not been sent to the clients by SMS and Email as per applicable guidelines on CUSPA pledged securities	In case either SMS or email has been sent to client - Advise In case neither SMS nor Email has been sent - Rs. 10,000/-	In case either of SMS or email has been sent to client - 2nd Time - Rs. 10,000/- 3rd Time & Onwards- 100% Escalation In case neither of SMS nor Email has been sent - 2nd Time & Onwards - 100% Escalation	Financial Disincentive
131*@	CUSPA Related	For CUSPA Securities, member has:a) Pledged securities other than unpaid securities(i.e. the securities that have not been paid for in full by the clients) b) Not released securities for those clients who have fulfilled fund obligation within specified timeline.	Rs. 1,000/- per client with maximum capping of Rs. 1 lakh	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material
132*	Monitoring of AP's Operations	Authorised Person has dealt with another trading member as client in the same segment, on same exchange	Advise + direction to close the account within 15 days	_	-

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
133*	Monitoring of AP's Operations	Non- adherence to applicable guidelines w.r.t. monitoring of adequacy of resources to undertake activities on behalf of member/ non availability of AP at the location/ non-intimation of location change by AP/ supervision of AP not in line with guidelines issued by exchanges from time to time/ non-placement of MIS before board, partner, proprietor for adverse observation observed during AP/Branch inspection	Rs.10,000/- + direction to comply	2nd Time & Onwards -50% escalation + Matter may be placed before relevant authority for necessary disciplinary action in addition to monetary penalty.	Financial Disincentive
134*	Monitoring of AP's Operations	Member has not terminated AP registration on the basis of disciplinary grounds, wherever applicable	Rs.1,00,000/- per AP In case more than 5 such instances in a F.Y.- Matter may be placed before relevant authority for necessary disciplinary action in addition to monetary penalty.	_	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
135*	Monitoring of AP's Operations	Monitoring of Advertisement issued by AP	a) When advertisement issued was confirming to code - Rs.5,000/- per advertisement with maximum capping of Rs. 1 lakh + direction to take approval b) When advertisement issued does not confirm to code - Rs.50,000/- per advertisement with direction to withdraw such advertisement. c) When advertisement issued is related to offering of assured return - in addition to action in pt. b, matter will be referred to Relevant Authority for further action	2nd time &n onwards- 50% escalation + directions as specified	Material
136*	Monitoring of AP's Operations	Member does not have monitoring mechanism on Trading Activities / Turnover of AP or branch / Clients mapped with the AP or branch	Rs. 25,000/- + Direction to comply with requirements within 30 days	2nd time - 50% escalation + Direction to comply with requirements within 30 days 3rd Time & Onwards- 100% Escalation + Direction to comply with requirements within 30 days	Financial Disincentive
137	Monitoring of AP's Operations	Advance notice (where applicable) not given to clients in case of closure of branch/AP	Rs.10,000/- per branch / AP, subject to maximum penalty of Rs. 1 lakh	2nd Time & Onwards- 50% Escalation	Financial Disincentive
138*@	OBPP	Non- adherence to applicable guidelines w.r.t. establishing policies & frameworks (including safeguard exigencies, breaches and restrictions)/ user registration and access/order execution/	Rs. 25,000/- + Direction to comply with requirements within 30 days	2nd Time - 50% Escalation + Direction to comply with requirements within 30 days 3rd Time & Onwards- 100% Escalation + Direction to comply with requirements within 30 days	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		liability framework/ agreements with third party sellers/ appointment of CS & KMP/ disclosure requirements on Online Bond Platform Provider (OBPP)			
139*@	OBPP	Member has not ensured that orders for listed/ proposed to be listed debt securities placed on OBPP are routed and settled through the stock exchange mechanism.	Rs. 25,000/- per scrip with maximum capping of Rs. 5 lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
140*@	OBPP	Trading member has not issued order receipt, deal sheet and quote receipt with all the prescribed details	Up to 30 sample Instances - a) Up to 5 instances observed - Adviseb) Up to 10 instances observed - Rs. 20,000/-c) Up to 15 instances observed - Rs. 60,000/-d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/-c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation3rd Time & Onwards- 100% Escalation	Financial Disincentive
141*@	OBPP	Member has not Intimated applicable details to the clients w.r.t. statues of OBPP transactions	In case either of SMS or email has been sent to client - Advise In case neither of SMS nor Email has been sent - Rs. 10,000/-	In case either of SMS or email has been sent to client - 2nd Time - Rs. 10,000/- 3rd Time & Onwards- 100% Escalation In case neither of SMS nor Email has been sent - 2nd Time & Onwards - 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
142*@	OBPP	Members has not undertaken prescribed value of trades in Corporate Bonds for their proprietary trades on the RFQ platform	Rs. 10,000/- + 0.01% of the trade value not undertaken in Corporate Bonds with maximum capping of Rs. 1 lakh	2nd time- 50% escalation 3rd time & onwards- 100% escalation	Financial Disincentive
143*	QSB	QSBs has not submitted or delayed in submitting applicable details w.r.t. Enhance Reporting Requirement for QSB of their BOD/ Committees- 1. Details of BoD/ Committees of BoD as prescribed. 2. Details of Directors/ Committee members as prescribed. 3. Details of appointment/ cessation/ change in designation of other Senior management employees as prescribed. 4. Details of change in Composition of Committees of BoD as prescribed.	1. Rs.10,000 / - per committee 2. Rs.10,000 / - per director 3. Rs.10,000 /- per employee appointment/cessation 4. Rs.10,000 / - per change	2nd time – 50 % escalation 3rd time & onwards – 100% escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
144*	QSB	QSBs has not submitted or delayed in submitting extract of relevant signed and dated minutes w.r.t. Enhance Obligation for QSB of their BOD/ Committees- 1. Details of incidents/vulnerabilities to be placed before the BoD/ Committee as prescribed 2. Updates/ Disclosures/ Declarations provided by CFO or analogous person to the BoD/ Committee as prescribed 3. Details of approvals/ evaluation from NRC as prescribed 4. Details of approval/adoption/updated Risk Management Policy and Risk assessment placed with RMC as prescribed. 5. Details of implementation of BCP - DR policy to be placed before the BOD as prescribed.	Rs.10,000 /- per relevant extract of minutes + direction to submit	2nd time – 50 % escalation + direction to submit 3rd time & onwards – 100% escalation + direction to submit	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		6.Details of approval/adoption/update of Cybersecurity framework and information technology policy placed with IT/Cybersecurity committee as prescribed. 7.Details of Cybersecurity drills and training programs w.r.t cybersecurity conducted during half year and placed before IT/Cybersecurity committee as prescribed.			
145*	QSB	QSBs has submitted incorrect details w.r.t. BOD/ Committees/ Minutes as prescribed	Rs. 10,000/- per instance	2nd time – 50 % escalation3rd time & onwards – 100% escalation	Financial Disincentive
146*	QSB	QSB has not constituted committees of Board of Directors (BoD) and / or not convened meetings of Board / Committees.	Rs. 50,000/- plus direction to comply within 1 month or the time prescribed by the exchange. If QSB fails to comply within the prescribed timeline from the date of direction, matter to be placed before relevant authority, for suitable action including no new clients till compliance.	_	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
147*	QSB	QSB has not maintained/ submitted/ delayed in submission of following Policies and SOPs as prescribed: 1. Risk Management Policy Framework 2. Information Technology Policy Framework 3. Winding Down Policy and SOP 4. Access Control Policy including list of critical departments to which such policy is applicable. 5. BCP Policy and SOP as prescribed by SEBI/Exchange. 6. Cybersecurity policy, procedures and guidelines are as per the requirements of QSB circular 7. Any other policy/ framework as prescribed from time to time	<u>1. Non - submission / Non-maintenance -</u> Rs. 50,000/- per policy, plus direction to comply within 1 month or the time prescribed by the exchange. If QSB fails to comply within the prescribed timeline from the date of direction, matter to be placed before relevant authority, for suitable action including no new clients till compliance. <u>2. Delay -</u> Rs.10,000/- per policy	<u>1. Non - submission / Non-maintenance -</u> 2nd time & onwards – 50 % escalation <u>2. Delay -</u> 2nd time – 50 % escalation 3rd time – 100% escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
148*	QSB	QSB has not submitted or delayed in submitting following information as prescribed : 1. Details and observations of Cybersecurity drills and awareness trainings conducted for its employees. 2. Organization Structure defined, designation-wise and department-wise. 3. Department-wise count of employees (including full time and contractual employees) 4. Training Calendar along with count of attendees. 5. Name, designation, qualification, past experience and expertise of person appointed as CISO and count of security analysts deployed. 6. Details and observations of BCP drills	Rs.10,000 / - per submission	2nd time – 50 % escalation 3rd time – 100% escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
149*	QSB	QSB has not submitted or delayed in submitting CTO/CIO declaration / certification to the Exchange for technical capacity.	Rs.10,000/ -	2nd time – 50 % escalation 3rd time – 100% escalation	Financial Disincentive
150*	QSB	QSB has not performed vulnerability assessment and penetration testing prior to the commissioning of a new system and on half yearly basis as per VAPT report.	Rs.1,00,000/-	2nd time – 50 % escalation 3rd time – 100% escalation	Financial Disincentive
151*	QSB	QSB has not submitted or delayed in submitting: 1. General Trial Balance with Balance Sheet wise grouping and notes to accounts schedule wise sub-grouping. 2. Details of contingent liabilities 3. Client ledgers of Top 20 clientele debtors and creditors in prescribed format 4. Client ledgers of Top 20 clientele with highest (peak/EOD) margins in prescribed format 5. List of associates/related entities	<u>Non- submission-</u>Up to 7 days - Rs.2,000/- per day, Post 7 days - Rs. 10,000/- per day with maximum capping of Rs. 2 lakhs, thereafter matter maybe referred to member committee.<u>Delay in submission-</u>Rs. 1,000 per day starting from final due date for submission of data / records /documents sought for inspection, with maximum capping of Rs. 1 lakh.	<u>1. Non - submission-</u>2nd time & onwards – 50 % escalation<u>2. Delay -</u> 2nd time – 50 % escalation3rd time – 100% escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		6. Ledgers of all associates/related entities having client codes in the prescribed format. 7. Details of borrowings/loans taken from banks/financial institutions. 8. Details of loans & advances taken/given to/from all parties including between group / Associate companies 9. Details of total investment 10. Details of all direct complaints (including status) on monthly basis and details of investor service centres			
152*	QSB	QSB has not submitted or delayed in submitting declarations as prescribed- 1. Display of Brokerage, Statutory & Regulatory Levies 2. Code of Advertisement 3. Supervision of Authorised Persons (APs) & Branches by Members 4. Compliance with	Rs.10,000/- per declaration + direction to comply within 30 days	2nd time – 50 % escalation + direction to comply within 30 days 3rd time – 100% escalation + direction to comply within 30 days	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		Exchange guidelines requiring members to refrain from unauthorized market practices 5. Penalty for short collection/ non-collection of client margins			
153*	QSB	QSB has not maintained online facilities for filing complaints by investors with escalation matrix for engaging with clients in Investor service centres.	Rs. 50,000/- + direction to comply within 30 days from the date of communication.	2nd instance – 50 % escalation + direction to comply within 30 days from the date of communication. 3rd instance – 100% escalation + direction to comply within 30 days from the date of communication.	Financial Disincentive
154*	QSB	QSBs has incorrectly submitted other applicable details (viz. policies, declarations, disclosures..)	Rs.10,000/- per instance	2nd time – 50 % escalation 3rd time – 100% escalation	Financial Disincentive
155*@	QSB	a) Trading facility supported by UPI block mechanism or the 3-in-1 Trading Account facility not provided as prescribed, where applicable b) Member has not provided option to clients for opting the above facilities or continue transferring funds to members.	Advise + Direction to comply within 30 days in all instances above.	2nd time- Warning + Direction to comply within 30 days in all instances above. 3rd time & onwards- Rs. 5,000/- + Direction to comply within 30 days in all instances above.	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
156*	System/ Cyber Audit	Action each High/Medium/Low risk non-compliance, which has been identified by exchange during inspection (onsite/ offsite) w.r.t. System controls	For QSB Members-High Risk - Rs.30,000 Medium Risk - Rs. 15,000 Low Risk - Rs. 5,000For Non- QSB Members-High Risk - Rs.15,000 Medium Risk - Rs. 7,500, Low Risk - Rs. 2,500	_	Material
157*	System/ Cyber Audit	Action for each Critical/High/Medium/Low risk non-compliance, which has been identified by exchange during inspection (onsite/ offsite) w.r.t. Cyber Security, Cyber Resiliency	a) For Self Certification/Exempted Regulated Entity - Low Risk - Rs. 1,000 Medium Risk - Rs. 3,000 Critical/High-Risk - Rs. 5,000 b) For Small- Sized Regulated Entity - Low Risk - Rs. 2,000 Medium Risk - Rs. 6,000 Critical/High Risk - Rs. 10,000 c) For Mid- sized Regulated Entity - Low Risk - Rs. 5,000 Medium Risk - Rs. 15,000 Critical/High Risk - Rs. 25,000 d) For Qualified Regulated Entity (QRE)- Low Risk - Rs. 10,000 Medium Risk - Rs. 30,000 Critical/High Risk - Rs. 50,000 e) For other members- Low Risk - Rs. 5,000 Medium Risk - Rs.25,000 Critical/High Risk - Rs. 50,000	_	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
158	Others	Non adherence to Rule 8(1)(f) and 8(3)(f) of Securities Contract (Regulation) Rules, 1957, relating to fund based activities of brokers and in connection with / incidental to /consequential upon the securities business	a) Amount involved <= Rs. 5 Crores : 1% of the amount involved + Direction to recover/settle the funds within the time allotted b) Amount involved > Rs. 5 Crores : Penalty of Rs. 5 Lakhs + No new clients if funds are not recovered/settled within the time allotted ++ Disciplinary action such as suspension / disablement of trading terminals / Expulsion etc. depending upon the gravity of the case may also be considered	2nd Time & Onwards - Amount involved <= Rs. 5 Crores : 50% escalation + No new clients till CA certificate certifying that funds are recovered/settled is submitted Amount involved > Rs. 5 Crores : 50% escalation + appropriate disciplinary action such as suspension / disablement of trading terminals / Expulsion etc. as deemed fit by the relevant authority	Material
159	Others	Discrepancy in net worth computation (not resulting in shortfall)	1. If actual net worth more than reported net worth- Advise 2. If actual net worth less than reported net worth, up to 5% variation- Advise. More than 5%- 5% amount of incorrect reporting or Rs. 1,00,000/-, whichever is lower	2nd Time & onwards- 50% Escalation	Financial Disincentive
160	Others	Member has allowed trading in the account of minor in a manner not permitted by law	a. Up to 1 client- Advise. b. More than 1 client- Rs. 25,000/- per client subject to maximum penalty of Rs. 1 lakh.	2nd time - 50% escalation 3rd Time & Onwards - 100% Escalation	Material
161	Others	Norms related to Suspense account (SUSPE1234N) not followed	Where balance has been upstreamed - Advice Other cases - 1% of amount (max cap Rs. 1,00,000) + direction to comply	-	Material
162	Others	Incorrect submission of RBS	Advise	2nd Time - Warning 3rd Time & Onwards - Rs. 5,000/-	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
163	Others	Non-issuance/Delay in issuance of annual global statement to clients	Advise	2nd Time - Rs. 10,000/- 3rd Time & Onwards- 100% Escalation	Financial Disincentive
164	Others	Change in Statutory Auditor not intimated to the Exchange	Advise	2nd Time & Onwards- Warning	-
165#	Others	Penalty for short collection of upfront (Peak/EOD) margins passed on to the clients where not permitted	a) Penalty passed on is less than or up to Rs.1,00,000/- : Actual Penalty passed on + Direction to refund any penalty collected from the clients b) Penalty passed is more than Rs.1,00,000/-: Penalty of Rs.1,00,000/- + direction to refund the penalty to client.	2nd Time & Onwards - 50% Escalation + Direction to refund the penalty to client.	Material
166#	Others	Norms relating to access/validation/ Sending acknowledgement including no further trades/ return funds & securities within stipulated time/ maintenance of records and update the closure status to client and exchange not followed by member w.r.t. clients request for online closure of trading account	Rs. 25,000/- + Direction to comply with requirements within 30 days	_	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
167	Others	One bank account is mapped to more than one PAN where the holders are not joint holders	Monetary penalty of Rs.1000/- per instance subject to maximum penalty of Rs.1,00,000/- and direction to rectify the UCC details and confirm to exchange in 15 days	2nd Time & Onwards - Monetary penalty of Rs.2,000/- per instance subject to maximum penalty of Rs. 2,50,000/- and direction to rectify the UCC details and confirm to exchange in 15 days	Material
168	Others	Non-adherence to guidelines on incentives/referral schemes	Rs.10,000/- plus direction to comply	2nd Time & Onwards - 50% escalation + Matter may be placed before relevant authority for necessary disciplinary action in addition to monetary penalty.	Financial Disincentive
169	Others	Non-adherence to Guidelines on Compliance Officers issued vide Exchange circular no. MCX/MEM/681/2022 dated November 29, 2022.	Rs. 25,000/-	2nd Time & Onwards - 100% Escalation	Financial Disincentive
170#	Others	1. Incorrect reporting of Client Level Holding Statement/Shortages file reporting. 2. Incorrect reporting of client level segregation reporting.	1. For incorrect Holding Statement/ Shortages file reporting- Advise 2. For incorrect reporting in client level segregation reporting - Advise	2nd Time & Onwards -1. For incorrect Holding Statement/ Shortages file reporting- a) up to Rs. 50 lakhs-Advise b) Beyond Rs. 50 Lakhs - Rs. 1,000 per day of reporting (maximum capped to Rs. 1 Lakh) (Exception- In case the holding incorrectly reported pertaining to	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
				prop and legacy frozen accounts like CUSA, client beneficiary and client collateral, etc., Advisory will be issued) 2. For incorrect reporting in client level segregation reporting - 2nd time & Onwards - Monetary penalty of Rs. 25,000/- (Exception - In case the value of incorrect reporting is up to Rs. 1 crore or securities related incorrect reporting, Advisory will be issued)	
171*	Others	Non- adherence to applicable guidelines on PMLA/AML guidelines	Direction to comply within 30 days	_	-
172	Others	Non- Appointment of Principal officer / Designated director / their details not intimated to FIU	Direction to intimate to FIU	-	-
173	Others	Changes in the Appointment of Principal officer / Designated director / their details not intimated to FIU	Direction to intimate to FIU	-	-
174	Others	Non-display of Mandatory documents/ details on website of the member	Advise plus direction to display within 1 month from the date of direction	2nd time- Rs.25,000/- plus direction to display within 1 month3rd time & Onwards- 50% escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
175	Others	Associated persons does not have valid NISM series VII certification – (Securities Operations and Risk Management Certification Examination).	Advisory and direction to comply within 30 days.	2nd Time- Rs. 1,500 per person 3rd Time & Onwards - Rs. 5,000 per person	Financial Disincentive
176	Others	Inactive client accounts not identified/ marked/ flagged as inactive in UCC database	For traded clients - Monetary Penalty of Rs.1,000/- per client (maximum Rs.1,00,000) For Non-traded Clients - Advise	-	Financial Disincentive
177	Others	Cash dealings with clients excluding DP charges where permitted by depository.	More than Rs. 50,000 in a FY - 10% of the amount of cash dealing or Rs. 1,000/- whichever is higher.	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material
178	Others	Dealing with unregistered intermediaries	Rs. 1,00,000/- per unregistered intermediary; Also Member to be directed to stop all dealings with such unregistered intermediaries and to withdraw the terminal(s), if any, allotted to such entities immediately. In addition to monetary penalty, suspension of the trading membership may also be considered, depending upon the gravity of the violation, in case where dealings with more than 5 unregistered intermediaries (in cash segment) and/ or intermediaries (in Derivative segment) are observed.	2nd Time & Onwards - 100% Escalation + Expulsion of the trading membership, depending upon the gravity of the violation	Material
179	Others	Facilitating financing to clients through NBFC / Financer / Institutions either directly or indirectly in a manner not permitted	3% of the Outstanding value, subject to minimum penalty of Rs.1 Lakh and maximum penalty of Rs.5 Lakhs and Direction to not to be conduit of facilitating financing to clients	2nd Time & Onwards - 5% of the Outstanding Value, Subject to minimum penalty of Rs.2 Lac and maximum penalty of Rs.10	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
				Lac and Disciplinary action including disablement of trading terminals.	
180#	Others	Monthly/ Weekly (as applicable) Statement of accounts for funds, securities and commodities not sent/ delay in issuance of weekly Statement of accounts for funds, securities and commodities, non-issue of weekly statement displaying all receipt and payment of funds / inward and outward movement of securities and pending obligations	Up to 30 sample Instances - a) Up to 5 instances observed - Advise b) Up to 10 instances observed - Rs. 20,000/- c) Up to 15 instances observed - Rs. 60,000/- d) Above 15 instances observed- Rs. 1,00,000/- Above 30 sample Instances- a) Up to 10% of number of sample instances - Advise b) Up to 20% of number of sample instances - Rs. 20,000/- c) Up to 30% of number of sample instances - Rs. 60,000/- d) Above 30% of number of sample instances - Rs. 1,00,000/-	2nd Time - 50% Escalation 3rd Time & Onwards - 100% Escalation	Material
181	Others	Late/Non submission of data towards undertaking to freeze the bank account	Rs. 5,000/- per bank account + Subject to maximum penalty of Rs. 1 lakh + Direction to submit the undertaking	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
182#	Others	a) Dealing with suspended/ defaulter/expelled members and entities/ prohibited from accessing market b) Dealing with SEBI Debarred Entities from accessing market c) Member has shared commission/ brokerage with entities with another trading member / employee in the employment of another trading member / person doing Intermediary activities without registration.	Matter to be placed before the relevant authority of the exchange	-	-
183	Others	Maintaining client bank accounts in excess of prescribed limit of 30 bank accounts across all segments and Exchanges at a time and/ or maintaining client bank account with other than approved banks	Rs.10,000/- per bank account subject to maximum penalty of Rs. 1,00,000/- plus direction to close the account	2nd Time & Onwards - 50% Escalation + Direction to close the account	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
184	Others	Member has incorrectly levied delayed payment charges on clients	Direction to refund the excess charges plus monetary penalty as under- a) Non-compliance up to Rs.1 lakh – Rs.10,000/- b) In excess of Rs.1 lakh– Rs.25,000/-	-	Financial Disincentive
185	Others	Invocation of client pledged securities more than client obligation to the broker.	1% of the incorrect invocation value, subject to maximum capping of Rs. 1 Lakh	2nd Time & Onwards- 2% of the incorrect invocation value, subject to maximum capping of Rs. 2 Lakhs	Financial Disincentive
186	Others	Late/Partial/Non-submission of undertaking / authorization to Exchange to access the information / statements pertaining to all bank accounts (maintained by members) from Banks	Rs. 5,000/-	2nd Time & Onwards- 50% Escalation	Financial Disincentive
187@	Others	Member has not displayed "Risk disclosure with respect to trading by individual traders in Equity Futures & Options Segment" on their website and Mobile App.	Rs. 10,000/- + Direction to comply within 30 days.	2nd Time & Onwards- 50% Escalation	Financial Disincentive
188	Others	Non reporting/ Incorrect / incomplete details of the material direct complaints received by Member (through any channel) to the Exchange	Monetary penalty of Rs.1000/- per client subject to maximum penalty of Rs.1,00,000/-	2nd Time & Onwards - 50% Escalation	Financial Disincentive

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
189#	Others	Delayed reporting of trading done from terminal which were not marked active/ not reported	Rs. 1,000/- per terminal, per trading day till the date reporting is done (with maximum capping of Rs. 1 lakh per terminal)	_	Financial Disincentive
190	Others	Specific approval not obtained from the Exchange for providing internet trading facility to its clients	Rs.1,00,000/- + direction to stop providing IBT facility within 15 days or till compliance whichever is earlier	-	Financial Disincentive
191*@	Others	Observation pertaining to the off-market sale/purchase of listed securities	Rs. 25,000/- + 0.1% of the total turnover of such instances with maximum capping of Rs. 5 lakhs	2nd Time - 50% Escalation 3rd Time & Onwards- 100% Escalation	Financial Disincentive
192*@	Others	Non- adherence to norms and regulatory obligations pertaining to NDS-OM including ring fencing from the securities market	Advise + Direction to comply within 30 days	2nd time- Warning + Direction to comply within 30 days 3rd time & onwards- Rs. 25,000/- + Direction to comply within 30 days	Financial Disincentive
193*	Others	Trading Member has not complied with Regulatory framework prescribed for Distribution of third-party products either on their own platform or through their group companies/associates' platforms (i.e. third-party app/parent app)	Rs. 1,00,000 + direction to comply within 30 days	2nd time- 50% escalation + Direction to comply within 30 days 3rd time & onwards- 100% escalation + Direction to comply within 30 days	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
194*	Others	Trading Member has not reported cases admitted in NCLT against member or its promoters to the Exchange within one week of the admission of such case	Non- intimation observed- Rs. 1,00,000/- Delayed intimation- Rs. 1,000/- per day with maximum capping of Rs. 1 lakh	2nd time- 50% escalation 3rd time & onwards- 100% escalation	Material
195*	Others	MIS of Transactional Alerts (generated, disposed, pending) along with action taken/exceptions has not been placed before board/partner/proprietor on quarterly basis.	Advise	2nd time- Warning3rd time & onwards- Rs. 5,000/-	Material
196*	Others	Non- adherence to guidelines on recommended best practices, common types of market abuse, accountability matrix for effective trade surveillance operations	Advise + Direction to comply within 30 days	2nd time- Warning + Direction to comply within 30 days 3rd time- matter to placed before relevant authority	Material
197*	Others	Non-adherence to Guidelines for dealing with Conflicts of Interest of Intermediaries	Matter to be placed before the relevant authority	_	Material
198*	Others	Non adherence to Fit and Proper Persons criteria as prescribed	Matter to be placed before the relevant authority for necessary disciplinary action including no new clients, suspension / disablement of trading terminals / Expulsion etc. as deemed fit by the relevant authority	_	Material

Sr. No.	Contravention Category	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
199*@	Others	Trading Members has not provided all trading products across segments across exchanges (based on their membership) on their trading platforms including Web & Mobile.	Advise + direction to comply within 30 days	2nd time- Rs. 25,000/- + direction to comply within 30 days 3rd time & onwards- 50% escalation + direction to comply within 30 days	Financial Disincentive
200*@	Others	At the time of an order entry, the Member's trading platform including Web & Mobile has not displayed the prices of selected scrip/contract from all the exchanges (where the member is active) to facilitate execution of orders at best price.	Advise + direction to comply within 30 days	2nd time- Rs. 25,000/- + direction to comply within 30 days 3rd time & onwards- 50% escalation + direction to comply within 30 days	Financial Disincentive
201@	Others	Failure to ensure that the money /securities deposited/ committed by the client / nominated investors is not used by the Market Maker for any purpose other than market making.	Rs. 1,00,000/-	2nd Time & Onwards - Suspension as Market Maker + Market maker will not be allowed to take any new assignment for six months.	Material

Annexure 1.2 - Actions for non-compliances observed in periodic submissions made by Trading Members

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1#	Delay/Non-submission of Holding Statement within the due date	1. Charges Rs. 1,500/- per day till first 7 calendar days or submission of report, whichever is earlier 2. Charges of Rs. 2,500/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier 3. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4. The disablement notice issued to the member will be shared with all the Exchanges for information. 5. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	-	Financial Disincentive
2#	Delay/Non-submission of Internal Audit report within the due date	1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	
3#	Delay/Non-submission of information towards FATF public statement within the due date	1. Charges Rs. 1,500/- per day till first 7 calendar days or submission of report, whichever is earlier 2. Charges of Rs. 2,500/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier 3. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4. The disablement notice issued to the member will be shared with all the Exchanges for information. 5. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	-	Financial Disincentive
4#	Delay / Non-submission of Risk Based Supervision within the due date	1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	
5#	Delayed/Non-submission of UCC wise settlement details as per the prescribed format	1. Charges Rs. 1,500/- per day till first 7 calendar days or submission of report, whichever is earlier 2. Charges of Rs. 2,500/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier 3. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4. The disablement notice issued to the member will be shared with all the Exchanges for information. 5. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - 50% Escalation + The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
6#	Delay/Non-submission of Cyber security and cyber resilience audit report within the due date	1.Charges Rs. 1,500/- per day for Non QRE & Rs. 3,000/- per day for QRE from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QRE & Rs. 5,000/- per day for QRE from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	Financial Disincentive
7#	Delay/Non-submission of system audit within the due date	1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	
8#	Delay / Non submission of ATR in case of system audit report	1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	
9#	Delay / Non submission of ATR in case of cyber security and cyber resilience audit report.	1.Charges Rs. 1,500/- per day for Non QRE & Rs. 3,000/- per day for QRE from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QRE & Rs. 5,000/- per day for QRE from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
10#	Delay/Non-submission of VAPT report and/or Compliance report (ATR) within the due date	1.Charges Rs. 1,500/- per day for Non QRE & Rs. 3,000/- per day for QRE from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QRE & Rs. 5,000/- per day for QRE from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	Financial Disincentive
11#	Delay/Non-submission of Cyber Incident reporting (Quarterly Submission) within the due date	1.Charges Rs. 1,500/- per day for Non QRE & Rs. 3,000/- per day for QRE from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QRE & Rs. 5,000/- per day for QRE from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	
12#	Non- closure of each Critical/High/Medium/Low vulnerabilities, as reported in Compliance Report/ ATR of VAPT by closure due date	a) For Self Certification Regulated Entity - Low Risk - Rs. 1,000/- Medium Risk - Rs. 3,000/- Critical/High Risk - Rs. 5,000/- b) For Small- Sized Regulated Entity - Low Risk - Rs. 2,000/- Medium Risk - Rs. 6,000/- Critical/High Risk - Rs. 10,000/- c) For Mid- sized Regulated Entity - Low Risk - Rs. 5,000/- Medium Risk - Rs. 15,000/- Critical/High Risk- Rs. 25,000/- d) For Qualified Regulated Entity (QREs) - Low Risk - Rs. 10,000/- Medium Risk - Rs. 30,000/- Critical/High Risk - Rs. 50,000/- (For Low Risk - If certification is provided on efficacy of compensatory controls no penalty, else penalty per vulnerability as mentioned above shall be applicable. Subject to closure of the same before start of period of next VAPT.)	-	Material

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		Apart from the monetary penalty mentioned above, if High/ Critical/Medium vulnerability is not closed by member within 21 days from the due date of submission of compliance report, new client registration shall be prohibited and notice of 7 days for disablement of trading facility shall be issued. If the vulnerability is not closed during this notice period, then member shall be disabled in all segments till closure of the vulnerability. The disablement notice issued to the member will be shared with all the Exchanges for information.		
13#	Non- closure of each Critical/High/Medium/Low observations, as reported in Compliance Report/ ATR in cyber security and cyber resilience audit report	For QRE Members - Critical/High Risk - Rs. 1,00,000/- ; Medium Risk - Rs. 50,000/- ; Low Risk - Rs. 10,000/- For Non- QRE Members - Critical/High Risk - Rs. 50,000/- ; Medium Risk - Rs. 25,000/-; Low Risk - Rs. 5,000/-a) In case the observations are not closed by members within 3 weeks from the due date of submission of ATR, new client registration to be prohibited and notice of 7 days for disablement of trading facility till the closure of observation(s).b) The disablement notice issued to the member shall be shared with all the Exchanges for information, In case of non-closure of observation(s) within 4 weeks from the due date of submission of ATR, Member shall be disabled in all segments until closure of observation(s).	-	Material
14#	Non- closure of each High/Medium/Low observations, as reported in Compliance Report/ ATR for system audit	For QSB Members : High Risk - Rs.30,000/- Medium Risk - Rs. 15,000/- Low Risk - Rs. 5,000/- For Non- QSB Members : High Risk - Rs.15,000/- Medium Risk - Rs. 7,500/- Low Risk - Rs. 2,500/- a) In case the observations are not closed by members within 3 weeks from the due date of submission of ATR, new client registration to be prohibited and notice of 7 days for disablement of trading facility till the closure of observation(s).	-	Material

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		b) The disablement notice issued to the member shall be shared with all the Exchanges for information, In case of non-closure of observation(s) within 4 weeks from the due date of submission of ATR, Member shall be disabled in all segments until closure of observation(s).		
15*	Algo IDs that were used prior to submitting the audited/ rectified Corrective Action Taken Report (ATR), despite significant deficiencies or issues being identified and reported in the System Audit Report submitted to the Exchange.	Rs. 5,000/- per day (for each Registered/Active Algo ID)	2nd Time and onwards (for same Algo IDs)- 50% escalation	Material
16#	System/Cyber Audit - SOP Cyber IncidentDelay/Non-submission of Cyber Incidentreporting (Immediate Submission)within the time (within 6 hours)specified by the Exchange.	For Qualified Regulated Entity (QREs) -Rs. 20,000/- per day with maximum capping of Rs. 10,00,000/-For Mid- sized Regulated Entity -Rs. 5,000/- per day with maximum capping of Rs. 2,00,000/-For Small- Sized Regulated Entity -Rs. 2,000/- per day with maximum capping of Rs. 1,00,000/-For All other Entities- Rs. 1,000/- per day with maximum capping of Rs. 50,000/-	-	Material
17*	System/Cyber Audit - SOP Cyber Incident Delay/Non-submission of Mitigation Report, RCA, Forensic Audit Report & VAPT Report whichever is earlier.	1. For QRE - Rs. 3,000/- per day & For All Members (other than QREs) - Rs. 1,500/- per day till First 7 calendar days or submission of report which ever is earlier. 2.For QRE - Rs. 5,000/- per day & For All Members (other than QREs) - Rs. 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days,	-	Financial Disincentive

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.		
18*	System/Cyber Audit - SOP Cyber IncidentPress release is not issued within a one working day from the intimation of normalcy of operation to Exchange(s) (for QRE)	Rs. 50,000In case press release is issued post one working day and thereafter penalty of Rs 10,000/- per working day for any additional delay with maximum capping of Rs. 1,00,000/-	-	Material
19*	System/Cyber Audit - SOP Cyber Incident Reports (post incident reporting/ submission as specified) are found to be deficient or incomplete / missing component in any manner as prescribed by the Joint / Relevant Committee of Exchange(s)	For Qualified Regulated Entity (QREs) - Rs 1,00,000/- per incomplete/missing component with maximum capping of Rs. 5,00,000/- For Mid- sized Regulated Entity - Rs 50,000/- per incomplete/missing component with maximum capping of Rs. 2,50,000/- For Small- Sized Regulated Entity - Rs 20,000/- per incomplete/missing component with maximum capping of Rs. 1,00,000/- For All other Entities- Rs 10,000/- per incomplete/missing component with maximum capping of Rs. 50,000/-	-	Material

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
20*	System/Cyber Audit - SOP Cyber Incident Reports(post incident reporting/ submission as specified) are found to be misleading/ inaccurate component in any manner as prescribed by the Joint / Relevant Committee of Exchange(s)	For Qualified Regulated Entity (QREs) - Rs 2,00,000/- per misleading or inaccurate component with maximum capping of Rs. 10,00,000/- For Mid- sized Regulated Entity - Rs 1,00,000/- per misleading or inaccurate component with maximum capping of Rs. 5,00,000/- For Small- Sized Regulated Entity - Rs 50,000/- per misleading or inaccurate component with maximum capping of Rs. 2,50,000/- For All other Entities- Rs 20,000/- per misleading or inaccurate component with maximum capping of Rs. 1,00,000/-	-	Material
21*	System/Cyber Audit - SOP Cyber IncidentREs is not submitting accurate and complete reports (post incident reporting/ submission as specified) after being provided additional time (if provided by the Joint / Relevant Committee of Exchange(s)	For Qualified Regulated Entity (QREs) - Rs. 2,00,000/- For Mid- sized Regulated Entity - Rs. 1,00,000/- For Small- Sized Regulated Entity - Rs. 50,000/- For All other Entities- Rs. 20,000/-	-	Material
22*	System/Cyber Audit - SOP Cyber Incident If the Joint / Relevant Committee of Exchange(s) determines that the incident occurred on account of non-compliance of SEBI cyber	For Qualified Regulated Entity (QREs) - Rs 2,00,000/- per misleading or inaccurate component with maximum capping of Rs. 10,00,000/- For Mid- sized Regulated Entity - Rs 1,00,000/- per misleading or inaccurate component with maximum capping of Rs. 5,00,000/-	-	Material

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
	security policies and guidelines such as incident happened due to a vulnerability existing in the system and the vulnerability was not identified during VAPT prior to incident and/or incident happened due to a vulnerability was not closed and incident happened outside the VAPT closure timelines.	For Small- Sized Regulated Entity - Rs 50,000/- per misleading or inaccurate component with maximum capping of Rs. 2,50,000/- For All other Entities- Rs 20,000/- per misleading or inaccurate component with maximum capping of Rs. 1,00,000/-		
23*	System/Cyber Audit - SOP Cyber Incident Dealy/Non-Submission of report as specified by Joint / Relevant Committee of Exchange(s) under cyber incident SOP of exchange	1. For QRE - Rs. 3,000/- per day & For All Members (other than QREs) - Rs. 1,500/- per day till First 7 calendar days or submission of report which ever is earlier. 2.For QRE - Rs. 5,000/- per day & For All Members (other than QREs) - Rs. 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	-	Material

Annexure 1.3 - Actions for non-adherence to membership/ compliance requirements

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Change in Control without Exchange approval	Rs. 2,00,000/- + Restriction on onboarding of new clients till approval of the Exchange	2nd Time & Onwards (in Same FY) - 50% escalation	Material
2	Change in designated directors without Exchange approval	a) Post facto intimation - Rs. 10,000/- per Director with a maximum of Rs. 1,00,000/- b) In case of changes beyond the control of the member: i. In case of any changes in Designated Directors due to death/resignation etc., member's are required to intimate Exchange within 30 working days of such change. ii. If not intimated within 30 working days: Rs. 5,000/- for each Director. iii. TM 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 Exchange. In case of failure to appoint the DD within three months, member shall be levied Rs. 10,000/- per Director.	2nd Time & Onwards (in Same FY) - 50% Escalation	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
3	Transfer of membership /business/ Merger without prior approval of the Exchange (with no change in control)	Rs. 1,00,000 per instance	-	Material
4	Change in shareholding (with no change in control) without Exchange approval	Rs. 10,000/-	2nd Time & onwards (in Same FY) - 50% Escalation	Financial Disincentive
5	Change in non-designated directors without Exchange approval	a) Post facto intimation - In case of any planned changes Rs. 2,000/- per Director with a maximum of Rs 50,000/- b) In case of changes beyond the control of the member: i. In case of any changes in NDD due to death/resignation etc., members are required to intimate Exchange within 30 working days of such change. ii. If not intimated within 30 working days: Rs. 2,000/- per Director	2nd Time & onwards (in Same FY) - 50% Escalation	Financial Disincentive
6	Non-appointment of Compliance officer	Rs. 50,000/-	2nd time (in Same FY) - 50% escalation 3rd Time & Onwards (in Same FY) - 100% Escalation	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
7	Non-intimation of Compliance officer	Intimation for appointment of Compliance Officer - Rs 5,000/- per instance, if not intimated within 7 working days (excluding date of appointment) of such an appointment If any appointment of new compliance officer is observed during inspection and details of which are not reported to Exchange: Rs. 1,00,000/-.	2nd Time & onwards (in Same FY) - 50% Escalation	Financial Disincentive
8	Non updating/ delayed updating of KMP Details	Rs. 2,000/- per instance with a maximum of Rs 50,000/- , if not intimated within 7 working days (excluding date of declaration) of the declaration of KMP Exception - In case of changes beyond the control of the member a) In case of any changes in KMP due to death/resignation etc., Member's are required to intimate Exchange within 30 working days of such change. b) If not intimated within 30 working days: Rs. 2,000/- per instance except in case of death of KMP	2nd Time & onwards (in Same FY) - 50% Escalation	Financial Disincentive
9	Change in status & constitution without prior approval of the Exchange without change in control	Rs. 20,000/- per instance.	2nd Time & onwards (in Same FY) - 50% Escalation	Financial Disincentive

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
10@	Providing Margin Trading facility to clients without obtaining prior permission of the Exchange	Rs. 1,00,000/- + direction to adhere to the MTF requirement within 30 days.	2nd Time & onwards - 50% Escalation Additionally, the trading rights shall be withdrawn for one day.	Material
11	Change in Member category	First 30 days – 0.07% per day of the difference in BMC amount Above 30 days – 0.10% per day of difference in BMC amount + disciplinary action including No new clients up to 3 months for cases where penalty is levied to member	-	Financial Disincentive
12#	Issue of Advertisement without Exchange approval	a) When advertisement issued was confirming to code - Rs. 5,000/- per advertisement with maximum capping of Rs. 1 lakh + direction to apply for approval for such advertisement within 15 days. b) When advertisement issued does not confirm to code - Rs. 50,000/- per advertisement + direction to withdraw such advertisement + details of such advertisements and penalty levied to be disclosed on member's website for the period 1 year. c) When advertisement issued despite Exchange rejection - In addition to action in point (b) above, matter will be referred to Relevant Authority for further action including prominently display on the	2nd Time & Onwards (in Same FY) - 50% Escalation + Directions as specifiedIf advertisement issued does not confirm to code is observed for more than 3 occasions actions as prescribed in pt. (c) will be applicable along with the escalated monetary action.	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		broker's website & trading app, in the manner and duration (up to 7 days) as deem fit by the relevant authority.		
13	Non-Submission of mandatory indemnity/insurance policy	Rs. 1,000/- per day after due date till the date of submission. (post 1 month grace period)	2nd Time & Onwards - 50% Escalation	Financial Disincentive
14	Failure to furnish "Annual Returns" within the due date	a) Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. b) Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. c) In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. d) The disablement notice issued to the member will be shared with all the Exchanges for information. e) In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - 50% Escalation In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	Financial Disincentive

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
15#	Non-conduct of AP/Branch Inspections as per defined framework	Rs. 20,000/- per AP/Branch, with maximum capping of Rs. 5,00,000/-	2nd Time & Onwards - 50% Escalation + The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	Material
16#	Delay in reporting of AP inspection to the Exchange	Warning	2nd Time & Onwards (in same FY) - Rs. 1,000/- per day per AP, maximum up to Rs. 1,00,000/-	Financial Disincentive
17#	Trade through other Members	Rs. 30,000/- per member applies for opening an account in a segment where the member already holds membership on the same exchange, along with instructions to seek approval from the Exchange. Rs.5000/- in case the member open account through brokers of other Exchanges without intimation to parent Exchange	2nd Time & Onwards - (In Same FY) - 50% Escalation	Financial Disincentive
18	a) Incorrect submission of information to the Exchange about the AP inspection	a) Incorrect submission of information to the Exchange about the AP inspection- Rs. 20,000/- per AP, Maximum cap of Rs. 5,00,000/-	a) Incorrect submission of information to the Exchange about the AP inspection- 2nd Time & Onwards (in same FY) - 50% Escalation	Financial Disincentive

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
	b) Non reporting/ partial reporting of UCC details mapped to the APs	b) Non reporting/ partial reporting of UCC details mapped to the APs- Advise	b) Non reporting/ partial reporting of UCC details mapped to the APs- 2nd Time & onwards (in same FY) - 5,000/- per AP	
19	Disciplinary action in case of Net worth shortfall and non-submission of Net worth	For TMs providing MTF facility @– a) Rs. 5,000/- per day till the date of submission of net worth certificate or till withdrawal of MTF whichever is earlier. b) withdrawal of Margin Trading facility within 2 working days posts the due date. For TMs other than providing MTF facility – a) Rs. 5,000/- per day till the date of submission of net worth certificate or till disablement of trading rights whichever is earlier. b) Disablement of trading rights in all segments within two working days post due date	-	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
20@	Failure to meet the minimum net worth requirement for SME market making	a) No new market making assignments on SME platform will be allowed.b) The Lead Manager to the Issue and Market Maker should ensure that the required net worth is reported on a periodic basis to the Exchange.c) The Lead Manager and Listed Company shall take necessary steps to appoint another Market Maker within 15 days of the notice from the Exchanged) If The Lead Manager and Listed Company fail to take necessary steps within the stipulated timeframe, the matter shall be reported to SEBI.e) Till such time new Market Maker is appointed, the present Market Maker shall continue to do market making w.r.t. the listed companies in the interest of investors to ensure adequate liquidity is made available on the SME platform.f) If name of the defaulting Market Maker is appearing in the RHP, the Lead Manager will be required to replace its name with another Market Maker who is fulfilling the criteria	-	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
21*	Non- rectification of deficiency observed in Annual Return/Half yearly net worth certificate submitted to exchange, within 15 calendar days from the date of intimation by Exchange	Post 15 days- Rs. 1,000/- per day till submission of correct details with maximum capping of Rs. 2,00,000/-	2nd Time and onwards- 50% escalation	Material
22*	Maintenance of website: a) Member has not maintained website. b) Any modification in the URL which member failed to report to the Exchange. c) The URL provided by the Members is not working.	Advise + direction to comply within 30 days	2nd time (in same FY) - Rs.25,000/- + direction to comply within 30 days 3rd time & Onwards (in same FY) - 50% escalation + direction to comply within 30 days	Financial Disincentive
23*	Not obtaining prior approval for setting up Wholly Owned Subsidiaries, Joint Ventures abroad, where required	Warning + direction to apply for approval within 30 days	2nd Time & onwards (in same FY) - Rs 10,000/- per instance	Material
24*	Non adherence to provisions related to term of appointment of Statutory Auditor	Warning + Direction to comply within 90 days If direction is not complied within 90 days- Rs. 1,00,000/-	-	Material
25*	Non participation in mock trading / Simulated environment for all algo IDs as prescribed from time to time	For unsatisfactory response to exchange- Suspension of proprietary trading right of	-	Material

Sr No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
		the stock broker / trading member for a minimum period of one trading day.		
26	Non-Submission of periodic AI/ ML details	For Non-QSB Members - Rs. 5000/- per instance For QSB Member - Rs. 10,000/- per instance	-	Financial Disincentive
27@	Non submission/delayed submission of Daily MTR file to Exchange	1. Charges Rs. 1,500/- per day till first 7 calendar days or submission of report, whichever is earlier 2. Charges of Rs. 2,500/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier 3. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4. The disablement notice issued to the member will be shared with all the Exchanges for information. 5. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	-	Financial Disincentive

Note - For non-compliances with respect to Technical Glitches to prevent Business disruptions, actions as prescribed under Exchange circular MCX/TECH/015/2026 dated January 09, 2026 shall continue.

Annexure 1.4 - Actions for non-compliances observed during handling of Investor grievances.

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Member has not displayed the following information: a) SCORES/SMARTODR (Website and welcome kit given to investors at the time of registration) i) Process and registration of SCORES portal / complaint on SMART ODR ii) Mandatory details (Name, PAN, Address, Mobile No., Email ID) for filing complaints on SCORES / SMARTODR iii) Benefit of SCORES / SMARTODR b) Information about the grievance redressal mechanism as specified by SEBI circulars (Website and display at all the TM and APs offices) c) Investor Grievances "escalation matrix" on the website and mobile application under the 'Contact Us' page. (Website) d) Complete data on complaints received against them or against issues dealt by them and redressal thereof submitted to the Exchange within prescribed	Advise + direction to comply within 30 days.	2nd time- Rs. 10,000/- + direction to comply within 30 days. 3rd time & onwards- 50% escalation on previous + direction to comply within 30 days.	Financial Disincentive

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
	timelines and format (Website) e) Investor charter with relevant details on a separate page, with link on TM's website homepage (Website, prominent places in the office and part of account opening kit to the clients, through e-mails/ letters etc) f) Dissemination of the provisions of the SEBI circular SEBI/HO/OIAE/OIAE_IAD-1/P/ CIR/2023/135 dated July 31, 2023 (and its update from time to time on the Website)			
2	Member has not complied with the mechanism of Online dispute resolution	Advise + direction to comply within 30 days.	2nd time- Rs. 10,000/- + direction to comply within 30 days. 3rd time & onwards- 50% escalation on previous + direction to comply within 30 days.	Financial Disincentive
3	Member has not taken adequate steps for redressal of grievances of the clients in specified timeline.	Rs. 1,000 per case, per day	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
4	Unauthorized trading by the broker as established per arbitration award.	Rs. 50,000/- per case or 3% of admissible claim value, whichever is higher. (Subject to Maximum cap of Rs. 5,00,000/-)In addition to the above penalty,a) Member shall be referred to Inspection.b) The Member shall be debarred from taking new clients for a period of one month, in case 10 complaints are determined to be unauthorized trading cases by Arbitration in the preceding quarter.c) If the number of unauthorized cases persist as stated in (II b) above for three consecutive quarters such Member shall be debarred from taking new client / Authorized Person (APs) for a period of three months and the case shall be placed before the relevant Committee for action.	-	Material

Annexure 1.5 - Actions for non-compliances observed during Surveillance activities

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1#	Surveillance Obligation Quarterly Reporting	1.From 16th day till 20th day- Advise 2. From the 21st calendar day to 25th day or submission of report, whichever is earlier- Rs. 500/- per day for Non QSB & Rs. 1,000/- per day for QSB . 3.In case of non-submission of report till 25th calendar days, new client registration shall be prohibited and notice of 5 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. 4.In case of non-submission of report by 30th calendar day, Member shall be disabled in all segments till submission of report. (As per MCX Circular MCX/S&I/796/2020 dated October 26, 2020, MCX Circular MCX/S&I/212/2025 dated April 29, 2025)	2nd Time & Onwards- Levy of applicable monetary penalty along with an escalation of 50%. 1. In case of non-submission of report till 25th calendar days, new client registration shall be prohibited and notice of 5 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. 2. In case of non-submission of report by 30th calendar day, Member shall be disabled in all segments till submission of report.	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
2@	Unique Identifier for Algorithms	Penalty of Rs. 20,000/- per instance After 3 instances Rs 50,000/- per instance After 10 instances Rs 1,00,000/- per instance (for incremental instances) (Instance is defined as an event of violation for a NNF id for a day. The penalty would be computed at NNF id level and number of day basis wherein such untagged/incorrect NNF id has been used by the trading member. Instance violation count shall be computed based on rolling 3 months. Surrendered algo id shall also be considered as an unregistered id.)	-	Material
3@	Quote Stuffing	Trading Members having excessive order messages with nil or low trade count will attract penalty as per the below criteria. Also note that the computation of order messages and trade count will be done separately for equity, equity derivatives and currency derivatives segment at unique algo and dealer level (Algo id + Dealer user id level). 1. Where Order messages count of 10 lakhs or above with '0' trade count for a particular trade date. 2. Where Order messages count of 20 lakhs or above with '10' trade or less for a particular trade date. For computation of penalty the above instances should be quality and accordingly the following penalty will be levied. 1. Rs. 20,000/- per instance, in case 3 instances of violation observed in rolling 1 month. 2. Post levy of point No 1, penalty of Rs. 25,000/- shall be levied for every incremental instance of violation.	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
4@	Order modifications without change in price and quantity	Penalty will be levied in case of excessive order modifications without change in price and quantity based on the number of modifications observed as per the below structure 1. Between 10,000 to 50,000 modifications: Penalty of Rs. 20,000/- per day 2. More than 50,000 modifications: Stopping the algo strategy and Penalty of Rs. 50,000/- per day	-	Material
5@	High algo order messages in stock/contract with Nil or low trade count	Computation of symbol/contract ratio: Count of order messages(Algo)/Count of Trades (Algo) Order Messages = Order Entry + Order Modification + Order Cancellation Penalty of Rs. 20,000/- will be levied in case the above ratio for any symbol/contract is more than 500 for 3 consecutive months in a particular segment.	-	Material
6@	Market Orders emanating from Algo	Penalty of Rs. 1000/- per order up to a maximum of Rs 1,00,000/- per day at member level	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
7@	Non-algo id pumping excessive order messages	Penalty of Rs. 20,000/- per instance After 3 instances Rs. 50,000/- per instance After 10 instances Rs. 1,00,000/- per instance (for incremental instances) Instance is defined as an event of violation for a NNF id for a day. Post establishment that the NNF id is algo, penalty shall be levied. Penalty shall be levied (for each NNF id) starting from the first date of alert raised by the Exchange until the unregistered algo has been used by the trading member. The penalty would be computed at NNF id level and number of day basis wherein such NNF id has been used by the trading member. Instance violation count shall be computed based on rolling 3 months.	-	Material
8*@	The participant wise position limit monitoring for End of the day breaches (other than passive breaches during the month as prescribed from time to time through exchange/ SEBI circular) at Trading Member level for Index Futures and Index Options contracts shall be higher of Rs.7500 crores or 15% of the total open interest in the market in equity	Instances of Position Limit violations Monetary Penalty to be levied 1st instance - NIL 2nd to 5th instance - Rs. 5,000/- per instance 6th to 10th instance Rs. 20,000/-(for 2nd to 5th instance) + Rs. 10000/- per instance from 6th to 10th instance 11th instance onwards Rs. 70,000/- (From 2nd -10th instance) + Rs. 1,000 * Cumulative no. of instances from 11th instance onwards (i.e. Rs 11,000 for 11th instance, Rs 12,000/- for 12th instance and so on). Additionally, the members will be referred to the relevant authority for suitable action	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
	index futures and index options contracts			
9@	Violation for Non-participation in a scrip in a month	For Across Scrip in a month - Up to 1 day - Warning Letter to be issuedFor 2 days - Rs. 2,500/-More than 2 days and up to 5 days - Rs. 5,000/-More than 5 days and up to 7 days - Rs. 15,000/-More than 7 days and up to 15 days - Rs. 25,000/-More than 15 days in a month - Rs. 50,000/- and intimation to merchant banker to consider appointing new market maker	For Across Scrip in a month - 2nd Time & Onwards - Up to 1 day- Rs. 1,000/- for every single day. For 2 to 15 days - 50% escalation. More than 15 days in a month - Rs. 50,000 + 50% Escalation + intimation to merchant banker to consider appointing new market maker and the non-compliant market maker will not be allowed to take any new assignment for up to 36 months.	Financial Disincentive
10@	Monitoring of Foreign Investment limits in listed Indian companies	Below penalty to be levied when Trading Member buying on behalf of their FPI/NRI clients in scripts where aggregate FPI/NRI/sector cap has been breached Penalty shall be at 0.10% of the total value or Rs.50,000/- whichever is higher per security.	-	Material
11@	Failure to act as a Market Maker for a period as mutually decided between the Merchant Banker and the market maker	Rs. 25,000/-	2nd Time & Onwards - Rs. 50,000/- + non-entitlement to apply for allotting any scrip for a period of 6 months	Financial Disincentive

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
12#@	OTR (Equity)	Daily Algo Order to Trade Ratio- Revised ChargesLess than 50- NIL50 to less than 250 (on incremental basis)- 2 Paise250 to less than 500 (on incremental basis)- 10 Paise500 to less than 1000 (on incremental basis)- 15 Paise1000 to less than 2000 (incremental Basis)- 20 Paise2000 or more than 2000 incremental Basis)- 25 Paise In addition to the above, in case, if the ratio is 2000 or more on three occasions in the previous thirty trading days (on rolling basis), the concerned member shall not be permitted to place any orders for the first 15 minutes on the next trading day as a cooling off action. In Equity Derivatives and Currency Derivatives segment, the current mechanism of permitting to enter orders in risk reduction mode shall continue. However, in Equity segment member shall be able to place orders only after 15 minutes of the normal market open. In order to discourage repetitive instances of high daily order-to-trade ratio, there will be an additional penalty in form of suspension of proprietary trading right of the trading member for the first trading hour on the next trading day in case a trading member is penalized for maintaining high daily order to trade ratio, provided penalty was imposed on the trading member on more than ten occasions in the previous thirty trading days (on rolling basis).	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
13#	OTR (Commodities)	Daily Algo Order to Trade Ratio- Revised ChargesLess than 50- NIL50 to less than 250 (on incremental basis)- 1 Paise250 to less than 500 (on incremental basis)- 5 Paise500 or more than 500 (on incremental basis)- 5 PaisaIn case of order to trade ratio exceeding 500, concerned member is not allowed to put orders for 15 minutes (except square off orders) on the next trading day.(Exchange Circular No: MCX/CTCL/223/2025 dated April 30, 2025)	Additional measures for repeat offenders is as under, prescribed by the Exchange. >3 days during the month 100% additional charges>7 days during the month 300% additional charges>30 days during the Quarter 100% additional charges.It may further be noted that:The algorithmic orders entered and/ or modified within 1% of the last traded price(LTP) of the respective contract shall not be included in the calculation of theaforesaid order-to-trade ratio, viz. ((Absolute (Limit price – LTP)/LTP) <= 1%).The above penalty structure is applicable for only those members who have placed 10,000 algorithmic orders or more in a day.	Material

Annexure 1.6 - Actions for non-compliances observed during Investigation activities

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Non-Liquidation from Error account within 3 trading days (except for reasons beyond the control of the member)	Advise + direction to comply within 07 days	-	Financial Disincentive
2	Client Code modification to/ from a Non-Institutional code except where original client and modified client are same	The following penalty structure will be applicable: a) ("a" as % of "b") is <= 5 - 1% of "a" as penalty b) ("a" as % of "b") is > 5 - 2% of "a" as penalty Where: "a" = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month. "b" = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month. (As per MCX Circular MCX/S&I/644/2024 dated September 27, 2024, Circular MCX/S&I/212/2025 dated April 29, 2025)	-	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
3	Non maintenance of Single Designated Error account.	Advise + direction to comply	2nd Time & Onwards - 10,000/- per month Further, after 3 months disciplinary action shall be initiated. (MCX Circular MCX/S&I/644/2024 dated September 27, 2024, MCX Circular MCX/S&I/212/2025 dated April 29, 2025)	Financial Disincentive
4	Modification between two unrelated institutional entities.	The following penalty structure will be applicable: a) ("a" as % of "b") is <= 5 - 1% of "a" as penalty b) ("a" as % of "b") is > 5 - 2% of "a" as penalty Where: "a" = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month. "b" = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month. (MCX Circular MCX/S&I/644/2024 dated September 27, 2024, MCX Circular MCX/S&I/212/2025 dated April 29, 2025)	-	Financial Disincentive

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
5@	Frequent Client Code Modification including Offline trades transferred to Error Account through DVP Mechanism	The following penalty structure will be applicable:a) ("a" as % of "b") is <= 5 - 1% of "a" as penaltyb) ("a" as % of "b") is > 5 - 2% of "a" as penaltyWhere: “a” = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month. “b” = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month.	-	Financial Disincentive
6#	The abnormal / non-genuine trades are executed by the market participants primarily with an objective of transferring profit / loss between the concerned entities.	Penalty of 100% of profit earned / loss incurred in abnormal / non-genuine transactions.	-	Material
7	Modification from ERROR account to other Client account.	Penalty at the rate of 2% of traded value will be levied.	2nd Time & Onwards - In addition to the penalty levied further disciplinary action as deemed fit would be initiated.	Financial Disincentive
8@	Modification/Transfer of trades otherwise than on the Exchange trading platform or for purposes other than permitted, including DVP trades	a. Up to 5% of value (Turnover) - penalty of 1% of value (turnover) modified b. In excess of 5% of value (turnover)- Penalty of 2% of value (turnover) modified	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material

Sr. No	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
9	Code modification (transfer of trades) for non-genuine purpose like profit loss transfer	a. Up to 5% of value (Turnover) - penalty of 1% of value (turnover) modified b. In excess of 5% of value (turnover)- Penalty of 2% of value (turnover) modified	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material
10@	Buying of scrips from the promoters or any persons belonging to the promoter group or any person who has acquired securities from such promoters or promoter group during the compulsory market-making period	Rs. 1,00,000/-	2nd Time & Onwards - Suspension as Market Maker+ Market maker will not be allowed to take any new assignment for six months.	Material
11*	a) Liquidation of trade in "Error" account before transfer of trade in "Error" account b) Transfer of both legs of trades to "Error" account, instead of transferring original trade to error account, followed by liquidation from error account	Rs. 10,000/- per instance	-	Financial Disincentive
12*	Fresh trades are executed in "Error" account other than liquidation purpose	Advice	2nd time - Warning 3rd time onwards - Rs. 5,000/-	Financial Disincentive

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