

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/52085	Date: April 22, 2022
Circular Ref. No: 31/2022	

To All Trading Members,

Sub: Penalties/ disciplinary action(s) for non-adherence to the compliance requirements/submissions by the Trading Members/ Market Makers.

The Exchange, from time to time, reviews the existing regulatory policies and framework to improve regulatory compliance by the Members. Further, Exchange also periodically evaluates the penal provisions for non-compliance by the members regarding various regulatory requirements to make it more effective and act as a deterrent.

In this regard, Exchange has reviewed and revised the existing penalty structure applicable for various periodic submissions by the members, Membership related approvals/requirements, requirements related to Market Maker in the SME segment and violations observed during inspections to ensure that members strictly comply with the regulatory requirements. The list of violations and applicable penalties /disciplinary action(s)/charges, including escalation of penalties for repeat violations, is mentioned as below.

- The Penalties /disciplinary action(s)/charges for delay or non-submission of various periodic submissions are stipulated in **Annexure 1**.
- The Penalties /disciplinary action(s) for non-adherence to membership/ compliance requirements are stipulated in **Annexure 2**.
- The Penalties /disciplinary action(s) for non-compliances by the Market Maker in SME Segment are stipulated in **Annexure 3**.
- The Penalties /disciplinary action(s) for violations with financial implications and procedural violations observed during inspections are stipulated in **Annexure 4**.

The revised penalties/disciplinary action(s)/charges as mentioned in Annexure 1, 2 shall be applicable with effect from **July 01, 2022**, and Annexure 3 shall be applicable with effect from **May 01, 2022**. Further, with respect to Annexure 4, the penalties as prescribed under Exchange circular No. NSE/INSP/47457 dated February 25, 2021, shall continue to be applicable in respect of inspections commenced on or after February 25, 2021. The additional disciplinary actions stated in Annexure 4 shall be applicable in respect of inspections commenced on or after **July 01, 2022**.

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It may be noted that the penalties/ disciplinary action(s)/charges are indicative in nature. The relevant authority of the Exchange, on case-to-case basis and based on the gravity of the violation, shall deal with such non-compliances or may decide on additional disciplinary action after following the due process.

All members are advised to take note of the above and put in place adequate systems and procedures to ensure strict adherence to the compliance requirements.

**For and on behalf of
National Stock Exchange of India Limited**

**Harinatha Reddy M
Senior Manager**

In case of any clarifications, Members may contact our below offices:

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