



Central Depository Services (India) Limited

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COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2022/235

April 27, 2022

AMENDMENTS TO CDSL's DP OPERATING INSTRUCTIONS

Penalties for violations, irregularities, non-compliance or delay in compliances are imposed on Depository Participants (DPs) as detailed in Chapter 11 and Annexure 11.1 of DP Operating Instructions.

DP Penalty structure has been revised and the amendments have been effected in CDSL's DP Operating Instructions 11.11.1 and in the scale of penalty furnished in Annexure 11.1. The said amendments in the DP Operating Instructions is attached herewith.

The revised penalty structure shall be applicable from 1st May 2022. DPs are advised to take note of the same.

Queries regarding this communiqué may be addressed to CDSL – Audit, Inspection & Compliance Department on telephone nos. (022) 2305-8678, 2305-8679, 2305-8515.

sd/-

Latha Nair
Assistant Vice President – Audit, Inspection & Compliance



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Particular	Existing	Amended
Operating Instructions 11.11.1	If the total monetary penalty levied on a particular DP in last 3 years exceed ₹1,00,000/-, the matter will be referred to DAC.	If the total monetary penalty levied on a particular DP in last 3 years exceed ₹1,00,000/-, the matter will be referred to Member Committee.

Operating Instructions - Annexure 11.1

PENALTY STRUCTURE FOR DPs			
Sr. No.	Nature of non-compliance	Penal Action (in ₹)	Penal Action in (in ₹)
		(Existing)	(Amended)
I	Operational deviation		
1	<p>a) Accounts operated with an unsigned agreement. / without acknowledgement of Rights and Obligations document.</p> <p>b) Account opened without obtaining adequate proof of identity or any other document prescribed under guidelines of CDSL / SEBI / PMLA</p> <p>c) Account opened without obtaining adequate proof of address as prescribed under guidelines of CDSL / SEBI / PMLA</p> <p>d) Adequate proof of address not collected for change of address as prescribed under guidelines of CDSL / SEBI / PMLA</p> <p>e) Record of in-person verification not maintained as prescribed under guidelines of CDSL / SEBI / PMLA</p>	<p>₹2,500/- per account.</p> <p>If such deviation is observed in two consecutive inspections, penalty would be ₹5,000/- per account.</p> <p>If such deviation is observed in three consecutive inspections, matter would be referred to Disciplinary Action Committee (DAC).</p> <p>Depository to refer the matter to DAC if total penalty imposed in one inspection under this head exceeds ₹ 50,000/-</p>	<p>₹5,000/- per account.</p> <p>If such deviation is observed in two consecutive inspections, penalty would be ₹10,000/- per account.</p> <p>If such deviation is observed in three consecutive inspections, matter would be referred to Member Committee.</p> <p>Depository to refer the matter to Member Committee if total penalty imposed in one inspection under this head exceeds ₹1,00,000/-.</p>
2	Supplementary agreement executed or undertaking/letter obtained, or any modification made in any document which has clauses contradictory to CDSL prescribed agreement or Rights and Obligations document or Power of attorney executed in favour of DP in contradiction to CDSL prescribed guidelines.	₹1,000/- per occasion	₹2,000/- per occasion



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3	Accounts opened in the name of Partnership firms / proprietary concern / such other entities not entitled to hold securities in its name as prescribed under guidelines of CDSL / SEBI / PMLA	₹1,000/- per account	₹2,000/- per account
4	Nomination not done as per prescribed procedure	₹250/- per account	₹500/- per account
5	Any type of transaction not executed as per the procedure prescribed by Depository such as change in bank details, change in signature, transmission, account closure, freeze/unfreeze, pledge, remat etc. as prescribed under guidelines of CDSL / SEBI / PMLA	₹500/- per account	₹1,000/- per account
6	Data entry errors / omission which may cause inconvenience and/or loss to the BO/ system / Depository	₹50/- per account	₹100/- per account
7	Correct PAN details are not obtained from the BOs and the account is not frozen for debit as prescribed under guidelines of CDSL / SEBI / PMLA	₹500/- per account	₹1,000/- per account
8	Incorrect entry of PAN details in CDAS as prescribed under guidelines of CDSL / SEBI / PMLA	₹50/- per account	₹100/- per account
9	Invalid/ factually incorrect/ meaningless data entered in demographic details.	₹500/- per account	₹1,000/- per account
10	Delay in dispatch of demat requests beyond 7 working day after receipt of Demat Request Form and certificates from the BO.	₹250/- per occasion	₹500/- per occasion
11	Sending securities for dematerialization to Registrar & Transfer Agents / Issuers without defacing and mutilating certificates	₹100/- per occasion	₹200/- per occasion
12	No/inadequate control over issuance and/or acceptance of instruction slips.	₹2,500/- per occasion. If such deviation is observed in two consecutive inspections, penalty would be ₹5,000/-. If such deviation is observed in three consecutive inspections, matter would be referred to DAC.	₹5,000/- per occasion. If such deviation is observed in two consecutive inspections, penalty would be ₹10,000/-. If such deviation is observed in three consecutive inspections, matter would be referred to Member Committee.



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13	BO account debited without receiving proper authorization as prescribed under guidelines of CDSL / SEBI.	<p>₹2,500/- per account.</p> <p>If such deviation is observed in two consecutive inspections, penalty would be ₹5,000/- per account.</p> <p>If such deviation is observed in three consecutive inspections, matter would be referred to DAC.</p> <p>Depository to refer the matter to DAC if total penalty imposed in one inspection under this head exceeds ₹50,000/-</p> <p>The penalty levied above will be in addition to restoration of securities in case of BOs' dispute.</p>	<p>10% of value of the debit transaction executed with a maximum cap ₹10,000/- per account. Depository to refer the matter to Member Committee.</p> <p>The penalty levied above will be in addition to restoration of securities in case of BOs' dispute</p>
14	Instruction of the BO not executed or erroneously entered by DP.	₹250/- per account	₹500/- per account
15	Fax indemnity not executed with the BOs for the instructions accepted on fax and/or original instruction not collected within three working days from the date of receipt of the fax.	₹500/- per account	₹1,000/- per account
16	Transaction statement not being sent to BOs as per requirements or discrepancy observed in the transaction statement sent to BOs.	₹2,000/- per occasion	₹4,000/- per occasion
17	Change in office address and / or investor relations officers/compliance officers not intimated to Depository.	₹250/- per occasion	₹500/- per occasion
18	Forms used are not in conformity with the prescribed format.	₹100/- per occasion	₹200/- per occasion
19	Termination / closing of franchisee / branch services contrary to CDSL instructions.	₹500/- per occasion	₹1,000/- per occasion
20	Registration of BOs to easi/ easiest without obtaining registration forms/Registration of Trusted accounts at easiest without obtaining letter in the given format from trusted account holders	₹500/- per account	₹1,000/- per account



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21	Internal Audit Report &/ Concurrent Audit Report not submitted in the prescribed format within stipulated time period.	<p>₹1,000/- per occasion plus additional ₹500/- for any delay per fortnight.</p> <p>₹2,000/- per occasion plus additional ₹1000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee.</p>	<p>₹2,000/- per occasion plus additional ₹ 1000/- for any delay per fortnight.</p> <p>₹4,000/- per occasion plus additional ₹2,000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.</p>
22	Internal audit report/ concurrent audit report submitted without inclusion of management comments for deviations noted by auditors or not providing compliance duly certified by auditors on the observations made by the Depository	₹1,000/- per occasion plus additional ₹500/- for any delay per fortnight till the submission of revised report	₹2,000/- per occasion plus additional ₹1,000/- for any delay per fortnight till the submission of revised report
23	Non-submission of net worth certificate based on the audited annual accounts by the DPs (as specified in the Bye-Laws) in the prescribed format for 31st March within prescribed time limit	<p>₹2,500/- per occasion plus additional ₹1,000/- for any delay per fortnight.</p> <p>₹5000/- per occasion plus additional ₹2000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee.</p>	<p>₹5,000/- per occasion plus additional ₹2,000/- for any delay per fortnight.</p> <p>₹10,000/-per occasion plus additional ₹4,000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.</p>
24	Non-submission of annual financial statement within the prescribed time limit.	<p>₹1,000/- per occasion plus additional ₹500/- for any delay per fortnight</p> <p>₹2000/- per occasion plus additional ₹1000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter</p>	<p>₹2,000/- per occasion plus additional ₹1,000/- for any delay per fortnight</p> <p>₹4,000/- per occasion plus additional ₹2,000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods,</p>



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		would be referred to Disciplinary Action Committee.	matter would be referred to Member Committee.
25	Non filing of information sought by depository either periodically or specifically through communiqués / letters etc.	₹250/- per occasion	₹500/- per occasion
26	BO Grievances (except disputes /court cases) not redressed within 30 days	₹250/- per grievance plus additional ₹100/- for any further delay per month. Delay beyond six months will be reported to the DAC	₹500/- per grievance plus additional ₹200/- for any further delay per month. Delay beyond six months will be reported to the Member Committee.
27	Non-submission of monthly report of BOs' Complaints (<u>BOG report</u>) as required under Bye Law 5.3.5.4 (latest by 10th of the following month).	₹500/- per month ₹1000/- per month if repeated delay found in consecutive month. If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee.	₹ 1,000/- per month ₹2,000/- per month if repeated delay found in consecutive month. If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.
28	Compliance not reported by DP within 60 days from the date of communication by depository with respect to deviations observed during the inspections.	Matter to be referred to DAC	Matter to be referred to Member Committee.
29	a) In – person verification carried out by any person other than as permitted by SEBI / Depositories. b) Carrying out function of verification of delivery instruction slips through franchisees. c) Dispatch of periodic transaction statements by Participants through its service centre (branch as well as franchisees) other than one which is directly connected to the Depository or through its centralised processing unit under the supervision of its head office	Matter to be referred to Disciplinary Action Committee.	Matter to be referred to Member Committee.



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30	Depository services are offered through service centres without the approval of the Depository.	₹2,500/- per occasion	₹5,000/- per occasion
31	Anti-Money Laundering (AML) policy not framed as required under PMLA and not intimated to FIU-IND	₹2,500/- per occasion	₹5,000/- per occasion
32	Non appointment of Principal officer/Non intimation of change of Principal Officer details to FIU – IND	₹2,500/- per occasion	₹5,000/- per occasion
33	Suspicious Transaction Register not being maintained as prescribed by CDSL.	₹2,500/- per occasion	₹5,000/- per occasion
34	System of maintaining documents pertaining to depository operations not satisfactory.	₹1,000/- per occasion	₹2,000/- per occasion
35	Non- Submission of data for risk-based supervision in Risk Assessment Template (RAT) for half year ending March 31st by April 30th and half year ending September 30th by October 31st	₹1,000/- per occasion Repeated delay: ₹2,000/- per occasion if repeated delay found in consecutive period. If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee.	₹2,000/- per occasion Repeated delay: ₹4,000/- per occasion if repeated delay found in consecutive period. If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.
36	Failure to co-operate with the Depository for conducting inspection by not submitting all the information/records sought within 45 days from the due date specified in the letter of intimation.	Would be referred to DAC	Would be referred to Member Committee
37	Data submitted in Internal Audit Report, Concurrent Audit report, Risk Assessment Template (RAT) for Risk based supervision, Networth certificate, Annual Financial Statements, Half year Compliance Certificate of Investor Grievance Report is found to be false/ incorrect.	₹500/- per occasion. ₹1,000/- per occasion, if same deviation is observed for consecutive period. If same deviation is observed for three consecutive periods, matter would be referred to Disciplinary Action Committee.	₹1,000/- per occasion. ₹2,000/- per occasion, if same deviation is observed for consecutive period. If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.



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38	Failure to furnish half yearly compliance certificate/report to Depository for half year ending June 30th by July 30th and half year ending December 31st by January 31st.	Restraint on new account opening if 30 days have elapsed after stipulated time period for submission of the compliance certificate. Matter to be referred to Disciplinary Action Committee if the delay is beyond 60 days from stipulated time period.	Restraint on new account opening if 30 days have elapsed after stipulated time period for submission of the compliance certificate. Matter to be referred to Member Committee if the delay is beyond 60 days from stipulated time period.
II	System related deviations		
39	Using the CDAS for any other purpose or loading any other software or alteration of parameters / configuration/ software other than prescribed system software found loaded in the system.	₹5,000/- per occasion	₹10,000/- per occasion
40	Not upgrading the software and/or hardware within the prescribed time limit / not complying with pre-requisite or post-requisite of upgradation.	₹5,000/- per occasion plus actual cost of travel of CDSL official/s and/or other person/s on behalf of CDSL, if any, for this purpose.	₹10,000/- per occasion plus actual cost of travel of CDSL official/s and/or other person/s on behalf of CDSL, if any, for this purpose.
41	Configuration of CDAS not as per CDSL requirements.	₹5,000/- per occasion	₹10,000/- per occasion
42	CDAS is connected to WAN without permission of relevant authorities.	₹5,000/- per occasion	₹10,000/- per occasion
43	Anti-Virus Software not loaded/enabled/upgraded on server and/or client machine(s).	₹500/- per occasion	₹1,000/- per occasion
44	Not taking back up daily and / or deviation in procedure of taking back up	₹100/- per occasion	₹200/- per occasion
45	'Variable access rights' scheme suggested by Depository not implemented / not implemented properly.	₹250/- per occasion	₹500/- per occasion
46	Erroneously uploading data files into CDSL system for processing of any type of transaction.	₹500/- per account	₹1,000/- per account
47	Erroneous declaration of EOD by DP	₹500/- per occasion	₹1,000/- per account



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48	Physical access to client machine and server is easily available to unauthorised persons	₹100/- per occasion	₹200/- per occasion
49	Delivery Instruction Slip (DIS) not scanned and uploaded in system provided by Depositories.	<p>a) If the deviation is observed in the first month - penalty of ₹100/- per DIS to be imposed with a maximum cap of ₹10,000/-</p> <p>b) If the deviation is observed in the Second consecutive month, a penalty of ₹150/- per DIS to be imposed with a maximum cap of ₹15,000/-.</p> <p>c) If total monetary penalty imposed under this head is more or equal to ₹50,000/- during one financial year, matter would be referred to Disciplinary Action Committee (DAC).</p>	<p>a) If the deviation is observed in the first month - penalty of ₹200/- per DIS to be imposed with a maximum cap of ₹20,000/-</p> <p>b) If the deviation is observed in the Second consecutive month, a penalty of ₹300/- per DIS to be imposed with a maximum cap of ₹30,000/-.</p> <p>c) If total monetary penalty imposed under this head is more or equal to ₹1,00,000/- during one financial year, matter would be referred to Member Committee.</p>