Annexure A

18.1

18.1.1 The Depository may impose a penalty on the Participant to the extent indicated for non-compliance as described below:

Sr. No.	Nature of Non-compliance	Penal Action in ₹/ Action
I	**Operational deviations**	
1.	Account opened without obtaining adequate proof of identity or any other document - as prescribed under guidelines of NSDL/SEBI/PMLA/Account opened without Obtaining adequate proof of address as prescribed under guidelines of NSDL/SEBI/PMLA or adequate proof of address not collected for change of address as prescribed under guidelines of NSDL/SEBI/PMLA. Record of in-person verification not maintained as prescribed under guidelines of NSDL/ SEBI/PMLA.	₹ 5,000 ~~2500~~ per account. If such deviation is observed in two consecutive inspections, penalty would be ₹ ~~5000~~ 10,000 per account. If such deviation is observed in three consecutive inspections,- matter would be referred to ~~Disciplinary Action~~Member Committee. Depository to refer the matter to ~~Disciplinary Action~~Member Committee if total penalty imposed in one inspection under this head exceeds ₹~~50000~~1,00,000.
2.	Supplementary Agreement Executed or undertaking / letter obtained or any modification made in any document which has clauses contradictory to SEBI/ Depository prescribed guidelines Power of attorney executed in favour Participant in contradiction to SEBI/ Depository prescribed guidelines.	₹2,~~1~~000 per occasion.
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 guide lines of NSDL/SEBI/PMLA.	₹2,~~1~~000 per account.
4.	Nomination not done as per prescribed procedure.	₹ ~~250~~ 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 NSDL/ SEBI/PMLA.	₹~~500~~ 1,000 per account.
6.	Data entry errors / omission which may cause inconvenience and/or loss to the client/ system / Depository.	₹~~50~~ 100 per account.
7.	Correct PAN details are not obtained from the clients and the account is not frozen for debit as prescribed under guidelines of NSDL/SEBI/PMLA	₹~~500~~ 1,000 per account.
8.	Incorrect entry of PAN details in DPM system as prescribed under guidelines of NSDL/SEBI/PMLA.	₹~~50~~ 100 per account.
9.	Invalid/ Factually incorrect / meaningless data entered in demographic details.	₹~~500~~ 1,000 per account.
10.	Delay in dispatch of demat requests beyond seven working days after receipt of Demat Request Form and certificates	₹~~250~~ 500 per account.

	from the client.	
11.	Sending securities for dematerialisation to Register & Transfer Agents / Issuers without defacing and mutilating certificates.	₹~~100~~ 200 per occasion.
Sr. No.	**Nature of Non-compliance**	**Penal Action in ₹/ Action**
12.	No/inadequate control over issuance and/or acceptance of instruction slips.	₹~~2500~~ 5,000 per occasion. If such deviation is observed in two consecutive inspections, penalty would be ₹ ~~5000~~10,000. If such deviation is observed in three consecutive inspections, matter would be referred to ~~Disciplinary Action~~Member Committee.
13.	Client account debited without receiving proper authorization as prescribed under guidelines of NSDL/SEBI.	Penalty structure for Unauthorized transaction to be on the basis of 10% of value of the debit transaction executed with a maximum cap Rs.10,000 per account. Matter also to be referred to Member Committee. The penalty levied above will be in addition to restoration of securities in case of BOs' dispute. ~~₹2500 per account. If such deviation is observed in two consecutive inspections, penalty would be ₹ 5000 per account. If such deviation is observed in three consecutive inspections, Matter be referred to Disciplinary Action Committee. Depository to refer matter to Disciplinary Action Committee, If total penalty imposed in one inspection under this head exceeds ₹50000. The penalty above will be in addition to restoration of securities in case of client's dispute.~~
14.	Delivery Instruction Slip (DIS) not scanned and uploaded in system provided by NSDL.	a) If the deviation is observed in the first month - penalty of ₹~~100~~ 200 per DIS to be imposed with a maximum cap of ₹~~10~~20,000. b) If the deviation is observed in the second consecutive month, a penalty of ₹~~150~~ 300 per DIS to be imposed with a maximum cap of ₹~~15~~30,000. If total monetary penalty imposed under this head is more or equal to ₹ ~~50,000~~1,00,000 during one financial year, matter would be referred to ~~Disciplinary Action~~Member Committee

		~~(DAC)~~.
15.	Instruction of the client not executed or erroneously entered by Participants.	₹~~250~~ 500 per account.
16.	Fax indemnity not executed with the client for the instructions accepted on fax and/ or original instruction not collected within stipulated time from the date of receipt of the fax instruction.	₹~~500~~ 1,000 per account.
17.	Transaction statement not being sent to clients as per requirements or discrepancy observed in the transaction statement sent to clients.	₹~~2000~~ 4,000 per occasion.
18.	Change in office address and / or investor relations officers/compliance intimated to Depository.	₹~~250~~ 500 per occasion.
19.	Forms used are not in conformity with the prescribed format.	₹~~100~~ 200 per occasion.
20.	Termination / Closure of franchisee / branch services contrary to Depository instructions.	₹~~500~~ 1,000 per occasion.
21	Speed-e facility made available/operated contradictory to Depository guidelines.	₹~~500~~ 1,000 per account.
22.	Internal Audit Report / Concurrent Audit Report not submitted in the prescribed format within the stipulated time period.	₹.~~1000~~ 2,000 per occasion plus additional ₹~~500~~ 1,000 for any delay per fortnight. ₹.~~2000~~ 4,000 per occasion plus additional ₹~~1000~~ 2,000 for any delay per fortnight if repeated delay found in consecutive period. If delay in submission is observed for three consecutive periods, matter would be referred to ~~Disciplinary Action~~Member Committee.
23.	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.	₹~~1000~~ 2,000 per occasion plus additional ₹ ~~500~~ 1,000 for any delay per fortnight till the submission of revised report.
24.	Non- Submission of data for risk based supervision in Risk Assessment Template (RAT) within the prescribed time period.	₹.~~1000~~ 2,000 per occasion ₹.~~2000~~ 4,000 per occasion if repeated delay found in consecutive period. If delay in submission is observed for three consecutive periods, matter would be referred to ~~Disciplinary Action~~Member Committee.
25.	Non-submission of net worth certificate based on the audited annual accounts by the Participants (as specified in the Bye- Laws) in the prescribed format for 31st March within prescribed time limit.	₹~~2500~~ 5,000 per occasion plus additional ₹ ~~1000~~ 2,000 for any delay per fortnight. ₹.~~5000~~ 10,000 per occasion plus additional ₹~~2000~~ 4,000 for any delay per fortnight if repeated delay found in consecutive period. If delay in submission is observed for three consecutive periods, matter would

		be referred to ~~Disciplinary Action~~Member Committee.
26.	Non-submission of annual financial statement within the prescribed time limit.	₹~~1000~~ 2,000 per occasion plus additional ₹ ~~500~~ 1,000 for any delay per fortnight. ₹.~~2000~~ 4,000 per occasion plus additional ₹~~1000~~ 2,000 for any delay per fortnight if repeated delay found in consecutive period. If delay in submission is observed for three consecutive periods, matter would be referred to ~~Disciplinary Action~~Member Committee.
27.	Non filing of information sought by Depository either periodically or specifically through circulars / letters etc.	₹ ~~250~~ 500 per occasion.
28.	Half yearly Compliance certificate not submitted within the stipulated time.	30 days have elapsed after stipulated time and the certificate is not submitted, Participant will be advised to stop opening fresh demat accounts. If the delay is beyond 60 days from the stipulated time, matter to be referred to ~~Disciplinary Action~~Member Committee.
29.	Client Grievances (except disputes/court cases) not redressed within 30 days.	₹ ~~250~~ 500 per grievance plus additional ₹ ~~100~~ 200 for any further delay per month. Delay beyond six months will be reported to the ~~Disciplinary Action~~Member Committee.
30.	Non-submission of monthly report of Client Complaints as required under Bye Law 6.3.6 (iii) to be submitted every month (latest by 10th of the following month).	₹.~~500~~ 1,000 per month. ₹. ~~1000~~ 2,000 per month if repeated delay found in consecutive month. If delay in submission is observed for three consecutive periods, matter would be referred to ~~Disciplinary Action~~Member -Committee.
31.	Data submitted in Internal Audit Report, Concurrent Audit report, Risk Assessment Template (RAT) for Risk based supervision, in Networth certificate, Annual Financial Statements, Compliance Certificate and Investor Grievance Report is found to be false/ incorrect.	₹. ~~500~~ 1,000 per occasion. ₹. ~~1000~~ 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 ~~Disciplinary Action~~Member Committee.
32.	Depository services are offered through service centres without approval of Depository.	₹~~2500~~ 5,000 per occasion.
33.	(a) In-person verification carried out by any person other than as permitted by SEBI/ Depository. (b) Carrying out functions 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~~Member Committee.

34.	Anti Money Laundering (AML) policy not framed as required under PMLA and not intimated to FIU-IND.	₹~~2500~~ 5,000 per occasion.
35.	Non appointment of Principal officer/Non intimation of change of Principal Officer details to FIU - IND.	₹~~2500~~ 5,000 per occasion.
36.	Suspicious Transaction Register not being maintained as prescribed by NSDL.	₹~~2500~~ 5,000 per occasion.
37.	System of maintaining documents pertaining to depository operations not satisfactory.	₹~~1000~~ 2,000 per occasion.
38.	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	Matter to be referred to Member Committee
II	**System related deviations**	
39.	Using the DPM system for any other purpose or loading any other software or alteration of parameters / configuration/ software other than DPM application software/prescribed system software found loaded in the system.	₹~~5000~~ 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.	₹~~5000~~ 10,000 per occasion plus actual cost of travel of Depository officials / and / or other person/s on behalf of Depository, if any, for this purpose.
41.	DPM configuration not as per Depository requirements.	₹~~5000~~ 10,000 per occasion.
42.	DPM is connected to WAN without permission of relevant authorities.	₹~~5000~~ 10,000 per occasion.
43.	Anti Virus Software not loaded/enabled/ upgraded on server and/or client machine(s).	₹~~500~~ 10,000 per occasion.
44.	'Variable access rights' scheme suggested by Depository not implemented / not implemented properly.	₹~~250~~ 500 per occasion.
45.	Physical access to client machine and server is easily available to unauthorised persons.	₹~~100~~ 200 per occasion
	Miscellaneous	
46.	Compliance not reported by Participant within 60 days from the date of communication by depository with respect to deviations observed during the inspections.	Matter to be referred to ~~Disciplinary Action~~Member Committee.

18.1.2. For non-compliances, where fines are levied, the fine will be communicated to the Participant and in addition, Participant would be required to report compliance within the stipulated time frame. The Participant shall pay the fine within 15 days of the communication. In case the Participant continues to default after paying the penalty, the matter will be referred to ~~Disciplinary Action~~Member Committee.

18.1.3. Compliance reported by the Participant will be verified during the subsequent inspection. In case the compliance reported by the Participant is found to be false, the matter will be referred to ~~Disciplinary~~ Member ~~Action~~ Committee.

18.1.4. If the total monetary penalty levied on a particular Participant in last three years exceed ₹ 1,00,000 the matter would be referred to ~~Disciplinary Action~~Member Committee.

18.1.5. The penalty provisions as mentioned in Rule 18.1.1 to 18.1.4 will apply to CC/CH to the extent that are relevant for the operations of CC/CH.