Circular No.: NSDL/POLICY/2024/0177 December 10, 2024

Subject: Amendment to Business Rule of NSDL - Penalty.

All Participants are hereby informed that the amendments have been made to rule 18 of NSDL Business Rules by insertion of new Rule **18.1.6** and **18.2.6** regarding issuance of advisory, deficiency, warning letter or levy higher monetary penalty or take any other action on a Participant, Issuer and / or RTAs, on a case-to-case basis, depending upon the nature of non-compliances and the same is enclosed in track change mode as **Annexure A**.

For and on behalf of
National Securities Depository Limited

RAKESH M MEHTA

Digitally signed by RAKESH M MEHTA
Date: 2024.12.10 12:33:08 +05'30'

Rakesh Mehta
Vice President

Enclosure: One

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month	Through e-PASS	Para 22 of 'Grievance Redressal' chapter and Para 28 of 'Internal Controls/Reporting to NSDL/SEBI' chapter of NSDL Master Circular for Participants
Compliance report w.r.t Same Mobile number and/ or email address captured for multiple accounts. (monthly)	Before 25th of following month	Through Email.	Circular No.: NSDL/POLICY/2024/0115 dated August 21, 2024
VAPT compliance & Revalidation report (Initial Report)	December 31, 2024	Through e-PASS	Circular No.: NSDL/POLICY/2024/0148 dated October 10, 2024

Annexure A

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 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 Member 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 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.

18.1.6. The Member Committee may, in lieu of, monetary penalties mentioned above, issue advisory, deficiency, warning letter or levy higher monetary penalty or take any other action on a Participant, on a case-to-case basis, depending upon the nature of non-compliances.

18.1.7~~6~~ Penalty to be collected through Participants

Sr. No.	Nature of Non-compliance	Penalty
1	Clients' securities kept in CM Account beyond specified time after payout	6 basis points per week on the value of securities
2.	Clients' securities kept in CM or TM Account for client unpaid securities account beyond specified time after payout	6 basis points per week on the value of securities
3.	Clients' securities kept in Portfolio Manager Account beyond one trading day after payout	6 basis points per week on the value of securities

18.2

18.2.3. For non-compliances, where penalty points/ monetary penalty are levied, same will be communicated to the Issuer/ RTAs and in addition, compliance will be sought from the Issuer/RTAs within the stipulated time frame. The Issuer / RTAs shall pay the monetary penalty within 30 days of the communication.

18.2.4 In case Issuer/ RTA fails to make the payment of monetary penalty within one month from the due date, the matter will be reported to client companies (in case of RTA) and SEBI for necessary action as well as restriction to be imposed for undertaking new client companies.

18.2.5 The compliance reported by the Issuer/RTA will be verified during the subsequent inspection. In case the compliance reported by the Issuer/RTA is found to be false, materially incorrect or misleading, the matter will be reported to its client companies (in case of RTA) as well as SEBI, for necessary action.

18.2.6 The Member Committee may, in lieu of, monetary penalties mentioned above, issue advisory, deficiency, warning letter or levy higher monetary penalty or take any other action on Issuer and/or RTA, on a case-to-case basis, depending upon the nature of non-compliances.