

Circular No.: NSDL/POLICY/2025/0018

February 13, 2025

Subject: Amendment to Business Rule of NSDL - Penalty Structure

All Participants are hereby informed that the amendments have been made to rule 18.1.1 of NSDL Business Rules by insertion of new nature of non-compliances with respect to 'Cyber Security & Cyber Resilience Framework' and 'non-submission of response by DPs for the surveillance alerts shared by depository within stipulated time' and the same is enclosed in track change mode as **Annexure A**.

Participants are requested to take note of the above and ensure compliance.

**For and on behalf of
National Securities Depository Limited**

**Arockiaraj
Manager**

Enclosures: One

FORTHCOMING COMPLIANCE

Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th 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 25 th of following month	Through Email.	Circular No.: NSDL/POLICY/2024/0115 dated August 21, 2024

**National Securities Depository Limited**

3rd Floor, Naman Chamber, Plot C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051, Maharashtra, India.
Tel.: 91-22-6944 8400 / 6944 8500 | email: info@nsdl.com | Web: www.nsdl.co.in
Corporate Identity Number: U74120MH2012PLC230380

Annexure A

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
III Miscellaneous		
52	Depository Participant has not submitted response for the surveillance alerts shared by depository within stipulated time.	₹ 500 per alert plus additional ₹ 1500 for any delay per fortnight. If total monetary penalty imposed under this head is more than or equal to ₹ 15,000/- during last consecutive six months, matter would be referred to Member Committee
IV Penalties / Disciplinary Actions for Annual System Audit Report		
53	Non-submission of Annual system audit report within the stipulated time.	<p>1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2250/- per day.</p> <p>2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3750 /- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIs for information.</p> <p>4. If delay in submission is observed for three consecutive year, matter would be referred to Member Committee.</p>
54	Non-submission of Action Taken Report as recommended by the auditor within the stipulated time	<p>1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2250/- per day.</p> <p>2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3750 /- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIs for information.</p> <p>4. If delay in submission is observed for three consecutive year, matter would be referred to Member Committee.</p>

55	Non-closure of observations made in annual system audit report within prescribed timeline in the Action Taken Report (ATR).	<table border="1" data-bbox="869 224 1500 604"> <thead> <tr> <th data-bbox="869 224 1157 492">Risk categorization of observations</th> <th data-bbox="1157 224 1500 492">Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)</th> </tr> </thead> <tbody> <tr> <td data-bbox="869 492 1157 526">High Risk</td> <td data-bbox="1157 492 1500 526">₹ 15,000/-</td> </tr> <tr> <td data-bbox="869 526 1157 560">Medium Risk</td> <td data-bbox="1157 526 1500 560">₹ 7,500/-</td> </tr> <tr> <td data-bbox="869 560 1157 593">Low Risk</td> <td data-bbox="1157 560 1500 593">₹ 2,500/-</td> </tr> </tbody> </table> <ul data-bbox="869 638 1508 828" style="list-style-type: none"> • In case observations are not closed by Participant within three weeks from the due date for submission of Action Taken Report (ATR), opening of new demat accounts of Participant shall be restrained and action taken shall be shared with all MIIs for information. 	Risk categorization of observations	Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)	High Risk	₹ 15,000/-	Medium Risk	₹ 7,500/-	Low Risk	₹ 2,500/-
Risk categorization of observations	Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)									
High Risk	₹ 15,000/-									
Medium Risk	₹ 7,500/-									
Low Risk	₹ 2,500/-									
V Penalties / Disciplinary Actions for Cyber Security Audit Report										
56	Non-submission of Cyber Security Audit Report within stipulated timelines	<ol data-bbox="869 884 1508 1534" style="list-style-type: none"> 1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2250/- per day. 2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3750 /- per day. 3. In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIIs for information. 4. If delay in submission is observed for three consecutive year, matter would be referred to Member Committee. 								
57	Non-submission of Action Taken Report as recommended by the auditor within stipulated timelines	<ol data-bbox="869 1556 1508 2016" style="list-style-type: none"> 1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2250/- per day. 2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3750 /- per day. 3. In case of non-submission of report by 21st calendar days, new demat accounts opening shall be restrained from 22nd day onwards till 								

		<p>submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive year, matter would be referred to Member Committee.</p>								
58	Non-closure of observations made in Cyber Security Audit Report within prescribed timeline in the Action Taken Report (ATR).	<table border="1"> <thead> <tr> <th>Risk categorization of observations</th> <th>Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)</th> </tr> </thead> <tbody> <tr> <td>High Risk</td> <td>₹ 50,000/-</td> </tr> <tr> <td>Medium Risk</td> <td>₹ 25,000/-</td> </tr> <tr> <td>Low Risk</td> <td>₹ 5,000/-</td> </tr> </tbody> </table> <p>In case observations are not closed by Participant within three weeks from the due date for submission of Action Taken Report (ATR), opening of new demat accounts of Participant shall be restrained and action taken shall be shared with all MIIs for information.</p>	Risk categorization of observations	Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)	High Risk	₹ 50,000/-	Medium Risk	₹ 25,000/-	Low Risk	₹ 5,000/-
Risk categorization of observations	Penalty (per open Observations which has not been closed in the Action Taken Report (ATR) (₹) applicable to Depository Participants)									
High Risk	₹ 50,000/-									
Medium Risk	₹ 25,000/-									
Low Risk	₹ 5,000/-									
VI Penalties / Disciplinary Actions for Incident Reporting										
59	Non - Submission of Quarterly Cyber Incident Reports within the prescribed time limit	<p>1. ₹ 2,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive quarter, ₹ 3750/- per day.</p> <p>2. ₹ 5,000/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive quarter, ₹ 7,500 /- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening of Participant shall be restrained from 22nd day onwards till submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive quarters, matter would be referred to Member Committee.</p>								
VII Penalties / Disciplinary Actions for Non-submission of VAPT report and/or compliance report on or before due date:										
60	Non-submission of annual VAPT report on or before stipulated timeline	<p>1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2,250/- per day.</p>								

		<p>2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3,750/- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening of Participant shall be restrained till submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive years, matter would be referred to Member Committee.</p>								
61	Non submission of compliance report on or before stipulated timeline.	<p>1. ₹ 1,500/- per day from the due date till first 7 calendar days or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 2,250/- per day.</p> <p>2. ₹ 2,500/- per day from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. In case of a repeated delay found in second consecutive year, ₹ 3,750/- per day.</p> <p>3. In case of non-submission of report by 21st calendar days, new demat accounts opening of Participant shall be restrained till submission of report and action taken shall be shared with all MIIs for information.</p> <p>4. If delay in submission is observed for three consecutive years, matter would be referred to Member Committee.</p>								
62	Non-closure of open vulnerability observed in the annual VAPT report within stipulated timelines in the compliance report.	<table border="1"> <thead> <tr> <th>Risk categorization of observations</th> <th>Penalty (per open vulnerability which has not been closed)</th> </tr> </thead> <tbody> <tr> <td>High/Critical Risk</td> <td>₹ 50,000/-</td> </tr> <tr> <td>Medium Risk</td> <td>₹ 25,000/-</td> </tr> <tr> <td>Low Risk</td> <td>₹ 10,000/-</td> </tr> </tbody> </table> <p>Apart from the monetary penalty mentioned above, if High/Medium vulnerability is not closed by Participant within 21 days from the due date of submission of compliance report, new demat account opening of Participant shall be restrained till closure of the open vulnerabilities and action taken shall be shared with all MIIs for information.</p>	Risk categorization of observations	Penalty (per open vulnerability which has not been closed)	High/Critical Risk	₹ 50,000/-	Medium Risk	₹ 25,000/-	Low Risk	₹ 10,000/-
Risk categorization of observations	Penalty (per open vulnerability which has not been closed)									
High/Critical Risk	₹ 50,000/-									
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