

NSE Clearing Limited

Circular

DEPARTMENT: MEMBERSHIP

Download Ref No: NCL/CMPL/63416

Date: August 14, 2024

Circular Ref. No: 30/2024

To All Professional Clearing Members

Sub: System Audit of Professional Clearing Members (PCMs)

We draw your attention to SEBI circular ref. no: SEBI/HO/MRD/TPD/P/CIR/2024/84 dated June 20, 2024 regarding System Audit of Professional Clearing Members (PCMs) and NCL Circular No. NCL/CMPL/62540 dated June 20, 2024 and NCL/CMPL/62910 dated July 11, 2024

Further, NSE Clearing Limited (NCL) in consultation with other Clearing Corporations has formulated a uniform penalty structure for (i) Non-submission of system audit report within the due date (ii) Penalties/disciplinary action(s)/charges for non-compliances/non-closure reported in System Audit Report (iii) Applicable Penalty for each High/Medium/Low risk non-compliance, which has not been closed in ATR (i.e. within six months of submission of due date of preliminary audit report).

The penalty structure shall be effective for the System Audit report submissions from the FY 2023-24 onwards.

Further, the submissions shall be made to the email ID "nclsystemaudit@nscl.co.in" with the subject line as "System Audit Report- Name of the Member (Member Code) – FY 2023-24.

NSE Clearing Limited

Members are advised to take note of the same and put in place systems and procedures so as to ensure adherence to the compliance requirements.

**For and on behalf of
NSE Clearing Limited**

Jinal Shah
Associate Vice President

Telephone No	Fax No	Email id
1800 266 0050	022-26598243	nclsystemaudit@nscl.co.in

NSE Clearing Limited

Annexure

Penalty Structure

Penalties /disciplinary action(s)													
Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of repeat violation/contravention										
1.	<u>Non-submission of system audit report within the due date</u>	<ul style="list-style-type: none"> For 1st week (calendar days) after due date, Charges of Rs. 2,500/- per day Charges of Rs. 5000/- per day from second week after due date In case of non-submission within three weeks from the due date of submission, New Trading member/CP Code registration to be prohibited till date of submission of report. 	In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%.In case of non-submission for within three weeks from the due date of submission, New Trading member/CP Code registration to be prohibited till date of submission of report.										
2.	Penalties/disciplinary action(s)/charges for non-compliances/non-closure reported in System Audit Report	<table border="1"> <thead> <tr> <th colspan="2">Applicable Penalty for each High/Medium/Low risk Non-Compliance reported</th> </tr> <tr> <th>Risk rating reported by auditor</th> <th>System Audit Report</th> </tr> </thead> <tbody> <tr> <td>High Risk</td> <td>₹ 15,000/-</td> </tr> <tr> <td>Medium Risk</td> <td>₹ 7,500/-</td> </tr> <tr> <td>Low Risk</td> <td>₹ 2,500/-</td> </tr> </tbody> </table>		Applicable Penalty for each High/Medium/Low risk Non-Compliance reported		Risk rating reported by auditor	System Audit Report	High Risk	₹ 15,000/-	Medium Risk	₹ 7,500/-	Low Risk	₹ 2,500/-
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3.	Applicable Penalty for each High/Medium/Low risk non-compliance, which has not been closed in ATR (i.e. within six months of submission of due date of preliminary audit report)	<table border="1"> <thead> <tr> <th data-bbox="506 567 951 661">Risk rating reported by auditor</th> <th data-bbox="964 567 1433 661">System Audit Report</th> </tr> </thead> <tbody> <tr> <td data-bbox="506 665 951 739">High Risk</td> <td data-bbox="964 665 1433 739">₹ 30,000/-</td> </tr> <tr> <td data-bbox="506 743 951 816">Medium Risk</td> <td data-bbox="964 743 1433 816">₹ 15,000/</td> </tr> <tr> <td data-bbox="506 821 951 894">Low Risk</td> <td data-bbox="964 821 1433 894">₹ 5,000/-</td> </tr> </tbody> </table>	Risk rating reported by auditor	System Audit Report	High Risk	₹ 30,000/-	Medium Risk	₹ 15,000/	Low Risk	₹ 5,000/-	
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