

Financial disincentive and penalty structure for technical glitch incidents at stock brokers' electronic trading system:

Sr. No.	Instances of technical glitches	Financial disincentives	
		Specified stock brokers	All other stock brokers
A) Technical Glitch continuing for more than 15 minutes during financial year:			
i	First incident	Observation Letter	Observation Letter
ii	Second incident	Administrative warning	Administrative warning
iii	Third incident onwards	For every instance Rs. 50,000/- It will progressively increase by Rs.25,000/- for subsequent instances. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	For every instance Rs. 20,000/- It will progressively increase by Rs.5,000/- for subsequent instances. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of noncompliance shall decide on additional disciplinary actions.
iv	Fourth and Fifth glitch occurred during financial year: The progressive penal provision will continue.		
v	Sixth incident onwards [excluding glitch incidents where less than 5% active clients (as on previous trading day of the glitch day) are affected]]	In addition to the monetary penalty applicable as per the above provisions, on boarding of new clients will not be allowed till stock exchange analyses RCA and satisfies itself about corrective measures taken or, 15 days from the date of receipt of details of number and percentage of clients affected, duly certified by the Auditor, along with the preliminary incident report of the glitch, whichever is higher. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In addition to the monetary penalty applicable as per the above provisions, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on the disciplinary actions.
B) Other Penalties (in cases of technical glitches occurred)			
i	Failure to report technical glitch incident to Exchange	Rs.5 lac	Rs.1 lac

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		Specified stock brokers	All other stock brokers
ii	Delay in informing Exchange about the glitch incident within 1 hour	Rs. 50,000/-, plus Rs.25,000/- per day till failure continues, subject to maximum of Rs.5 lac. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	Rs. 20,000/-, plus Rs. 5,000/- per day till failure continues, subject to maximum of Rs.1,00,000/-. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
iii	Delay in submitting the preliminary incident report to the Exchange by T+1 working day		
iv	Delay in submitting RCA within 14 calendar days [if 14 th calendar day falls on a trading holiday submission be done on next working day]		
v	Failure to set up DR site	Rs.2 lac	Rs. 20,000/-
vi	Failure to restore operations by moving to DR site within Recovery Time Objective.	Rs.2 lac	Rs. 20,000/-
vii	Failure to conduct DR drill/live trading from DR site as per the provisions	Rs. 2 lac, plus Rs. 1 lac for every month during which failure continues subject to maximum of Rs.10 lac per instance. Additionally, the relevant authority of the Exchange on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	NA
viii	Failure to obtain ISO-27001 certificate within prescribed timeline.	Rs. 2 lac, plus Rs. 1 lac for every month during which failure continues subject to maximum of Rs.5 lac	NA

Note-

1. T Day – indicates date on which the glitch has occurred.
2. Exemptions for certain types of technical glitches as specified at Question/ Para. 11 of the FAQs for Technical glitch at stock brokers will be taken into consideration for penal provisions stated at Part A of this financial disincentive and penalty structure.
