

Annexure 2

Penalties /disciplinary action(s) for non-adherence to membership/ compliance requirements

Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
1	Change in Control	Monetary penalty of Rs. 2,00,000 + withdrawal of trading facility of the trading member till approval of the Exchange.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Further trading facility of the trading member shall also be withdrawn till approval of the Exchange.
2	Change in shareholding (with no change in control) without Exchange approval	Levy of Monetary penalty of Rs. 10,000 per day per instance	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of post facto approval on more than 3 occasions in last 12 months or more than 5 occasions in last 36 months, the trading rights in all segments to be withdrawn for one day or till the approval of the Exchange, whichever is later.
3	Change in designated directors without Exchange approval	<p>A. Post facto intimation - Rs. 20,000 per day from the date of appointment, till the date of intimation to the Exchange.</p> <p>B. In case of changes beyond the control of the member: B.1. In case of any changes in Designated Directors due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. B.2. <u>If not intimated within 10 working days</u>: Monetary penalty of Rs. 5,000 per day till the date of intimation to the Exchange B.3. TM to appoint the requisite number of DDs within three months of the resignation/death etc. of the outgoing DD and confirm the same to the Exchange. In case of failure to appoint the DD within three months, member shall be levied a monetary penalty of Rs. 10,000/- per day and debarred from taking new clients till the date of appointment. B.4. In case of failure to appoint the DD within 4 months in non compliance to the Exchange directive, trading rights shall be withdrawn till the appointment/intimation of the DD to the xchange.</p>	<p>The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance:</p> <p>1) Levy of applicable monetary penalties along with an escalation of 50%.</p> <p>2) In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking new clients.</p> <p>3) In case of more than 5 occasions in last 12 months, the trading rights shall be withdrawn for one day or till the approval of the Exchange is granted, whichever is later.</p>

Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
4	Change in non-designated directors without Exchange approval	<p><u>In case of any planned changes</u> Rs. 10,000 per day per director for any postfacto changes</p> <p><u>In case of changes beyond the control of the member:</u> In case of any changes in NDD due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. <u>If not intimated within 10 working days:</u> Monetary penalty of Rs. 5,000 per day till the date of intimation to the Exchange In case of post facto appointment of NDD-Rs. 10,000/- per day per Director</p>	<p>In case of a repeat instance by the Member, the applicable monetary penalties shall be levied along with escalation of 50%.</p> <p>In case of post facto approval on more than 3 occasions in last 12 months, member shall be debarred from taking new clients.</p> <p>In case of more than 5 occasions in last 12 months, the trading rights to be withdrawn for one day or till the approval of the Exchange is granted, whichever is later.</p>
5	Transfer of membership /business/ Merger without prior approval of the Exchange (with no change in control)	Monetary penalty of Rs. 1,00,000/- for each instance	<p>In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%.</p> <p>Additionally, the trading rights shall be withdrawn for one day or till the approval from Exchange is granted, whichever is later.</p>
6	Non-appointment/ intimation of Compliance officer	<p>Post facto intimation - Rs. 20,000 per day from the date of appointment, till the date of intimation to the Exchange.</p> <p>In circumstances beyond the control of the member such as resignation /death In case of any changes in Compliance Officer due to death/resignation etc., member's are required to intimate Exchange within 10 working days of such change. <u>If not intimated within 10 working days:</u> Monetary penalty of Rs. 5,000 per day till the date of intimation to the Exchange</p> <p>Member to appoint the compliance officer within three months of the resignation/death of the compliance officer and confirm the same to the Exchange. In case of failure to appoint the Compliance officer within three months, member shall be levied a monetary penalty of Rs. 10,000/- per day and debarred from taking new clients till the date of appointment.</p> <p>In case of failure to appoint the Compliance Officer within 4 months in non compliance to the Exchange directive, trading rights shall be withdrawn till the appointment/intimation of the Compliance Officer to the Exchange</p> <p>If appointment of new compliance officer is observed during inspection and the details are not reported to Exchange: Rs. 1 lac in addition to penalty of Rs.20,000/- per day from the date of appointment.</p>	<p>The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance:</p> <p>1) Levy of applicable monetary penalties along with an escalation of 50%.</p>

Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
7	Non updation of KMP Details	Monetary penalty of Rs. 10,000/- per KMP	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of more than 3 occasions, the trading rights shall be withdrawn for one day.
8	Change in Member category	Monetary penalty equivalent to 10% of the difference in BMC on account of change in member category. Member to be given 5 working days to recoup the BMC failing which Member shall be debarred from taking new clients till BMC is recouped. In case member fails to recoup the BMC within 15 days, the trading rights shall be withdrawn till BMC is recouped.	The following actions shall be taken in case of repeated non-compliance in addition to the action prescribed for the first instance: In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%.
9	Change in status & constitution without prior approval of the Exchange	Monetary penalty of Rs. 20,000/-per day from the date of change till the date of approval	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, the trading rights shall be withdrawn for one day or till the approval from Exchange is granted, whichever is later.
10	Issue of Advertisement without Exchange approval	Levy of monetary penalty of Rs 1 lac per instance. In case member issues advertisement despite Exchange rejection, member shall be, in addition to the monetary penalty, be debarred from taking new clients for one month or till such time the advertisement is taken down, whichever is later.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, 1. In case member issues advertisement without Exchange approval on 3 occasions, member shall be debarred from taking new clients for one month. 2. In case member issues advertisement without Exchange approval on 5 occasions, the trading rights shall be withdrawn for one working day or till the approval is sought, whichever is later. On two occasions, In case member issues advertisement despite Exchange rejection, member shall be, in addition to the monetary penalty, trading rights shall be withdrawn for one day or till such time the advertisement is taken down, whichever is later.

Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of Repeat violation/contravention
11	Trade through other Members	Monetary penalty of Rs. 30,000/- per member where account is opened and direction to seek approval of the Exchange Advice Letter to be issued in case the member trades through brokers of other Exchanges without intimation to Exchange	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. In case of more than two occasions, member shall be debarred from taking new clients till proof of closure of account is submitted. In case a member trades with another broker despite Exchange rejection, immediate withdrawal of trading rights for one day or till proof of closure of account is submitted whichever is later.
12	Providing Margin Trading facility to clients without obtaining prior permission of the Exchange	Monetary penalty of Rs. 2 lakh	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additionally, the trading rights shall be withdrawn for one day.
13	Non-conduct of AP Inspections	Monetary penalty of Rs. 2 lakh for each year. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
14	Delay in reporting of AP inspection to the Exchange	Monetary penalty of Rs. 10,000/- per day after the due date. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.
15	Incorrect submission of information to the Exchange about the AP inspection	Monetary penalty of Rs. 25,000/- per day after the due date. Additional disciplinary action shall be taken in case of submission of materially incorrect information.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. Additional disciplinary action shall be taken in case of repeat instance of submission of materially incorrect information.
16	Non reporting/partial reporting of UCC details mapped to the APs	Monetary penalty of Rs. 2 lakh. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	In case of a repeat instance by the Member, the monetary penalty shall be levied along with escalation of 50%. The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.