

Annexure 1.3 - Actions for non-adherence to membership/ compliance requirements

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Change in Control without Exchange approval	Rs. 2,00,000/- + Restriction on onboarding of new clients till approval of the Exchange	2nd Time & Onwards - 50% escalation	Material
2	Change in designated directors without Exchange approval	<p>a) Post facto intimation - Rs. 10,000/- per Director with a maximum penalty of Rs. 1,00,000/-</p> <p>b) In case of changes beyond the control of the member:</p> <p>i) In case of any changes in Designated Directors due to death/resignation etc., member's are required to intimate Exchange within 30 working days of such change.</p> <p>ii) If not intimated within 30 working days: Monetary penalty of Rs. 5,000 for each Director.</p> <p>iii) 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 Director.</p>	2nd Time & Onwards (in Same FY) - 50% Escalation	Material
3	Transfer of membership /business/ Merger without prior approval of the Exchange (with no change in control)	Rs. 1,00,000 per instance	-	Material
4	Change in shareholding (with no change in control) without Exchange approval	Monetary penalty of Rs. 10,000/-	2nd Time & onwards- 50% Escalation	Financial Disincentive
5	Change in non-designated directors without Exchange approval	<p>A. Post facto intimation - In case of any planned changes Rs. 2,000/- per Director with a maximum penalty of Rs 50,000/-</p> <p>B. In case of changes beyond the control of the member:</p> <p>B.1 In case of any changes in NDD due to death/resignation etc., members are required to intimate Exchange within 30 working days of such change.</p> <p>B.2 If not intimated within 30 working days: Monetary penalty of Rs. 2,000/- per Director</p>	2nd Time & onwards- In case of a repeat instance by the Member in the same Financial Year, the monetary penalty shall be levied along with escalation of 50%.	Financial Disincentive
6	Non-appointment of Compliance officer	Rs. 50,000/-	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material

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7	Non-intimation of Compliance officer	Intimation for appointment of Compliance Officer - - Rs 5,000/- per instance, if not intimated within 7 working days (excluding date of appointment) of such an appointment If any appointment of new compliance officer is observed during inspection and details of which are not reported to Exchange: Rs. 1,00,000/-.	2nd Time & onwards- In case of a repeat instance by the Member in the same Financial Year, the monetary penalty shall be levied along with escalation of 50%.	Financial Disincentive
8	Non updating/ delayed updating of KMP Details	Monetary penalty of Rs. 2,000/- per instance with a maximum penalty of Rs 50,000/- , if not intimated within 7 working days (excluding date of declaration) of the declaration of KMP Exception - In case of changes beyond the control of the member a) In case of any changes in KMP due to death/resignation etc., Member's are required to intimate Exchange within 30 working days of such change. b) If not intimated within 30 working days: Monetary penalty of Rs. 2,000 per instance except in case of death of KMP	2nd Time & Onwards - In case of a repeat instance by the Member in same Financial Year, the monetary penalty shall be levied along with escalation of 50%.	Financial Disincentive
9	Change in status & constitution without prior approval of the Exchange without change in control	Monetary penalty of Rs. 20,000/- per instance.	2nd Time & onwards- In case of a repeat instance by the Member in same Financial Year, the monetary penalty shall be levied along with escalation of 50%.	Financial Disincentive
10	Providing Margin Trading facility to clients without obtaining prior permission of the Exchange	Monetary penalty of Rs. 1,00,000/- + direction to adhere to the MTF requirement within 30 days.	2nd Time & onwards- 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.	Material
11	Change in Member category	First 30 days – 0.07% per day of the difference in BMC amount Above 30 days – 0.10% per day of difference in BMC amount + disciplinary action including No new clients up to 3 months for cases where penalty is levied to member	-	Financial Disincentive

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12	Issue of Advertisement without Exchange approval	a) When advertisement issued was confirming to code - Rs.5,000/- per advertisement (max Rs. 1 lakh) b) When advertisement issued does not confirm to code - Rs.50,000/- per advertisement c) When advertisement issued despite Exchange rejection matter will be refer to Relevant Authority for further action	2nd Time & Onwards - 50% Escalation	Financial Disincentive
13	Non-Submission of mandatory indemnity/insurance policy	Monetary penalty of Rs. 1,000/- per day after due date till the date of submission. (post 1 month grace period)	2nd Time & Onwards - 50% Escalation	Financial Disincentive
14	Failure to furnish "Annual Returns" within the due date	1.Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier. 2.Charges of Rs. 2,500/- per day for Non QSB & Rs. 5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier. 3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. 4.The disablement notice issued to the member will be shared with all the Exchanges for information. 5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	2nd Time & Onwards - Levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information. In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	Financial Disincentive
15	Non-conduct of AP Inspections as per defined framework	Monetary penalty of Rs. 20,000/- per AP, Maximum cap of Rs. 5,00,000/-	2nd Time & Onwards - 50% Escalation + The relevant authority on a case-to-case basis and based on the gravity of non-compliance shall decide on additional disciplinary actions.	Material
16	Delay in reporting of AP inspection to the Exchange	Warning	2nd Time & Onwards - Rs. 1,000/- per day, maximum up to Rs. 1 Lakh	Financial Disincentive

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17	Trade through other Members	Monetary penalty of Rs. 30,000/- per member where account is opened and direction to seek approval of the Exchange. Rs.5000/- penalty in case the member trades through brokers of other Exchanges without intimation to Exchange	2nd Time & Onwards - (In Same FY) - 50% Escalation	Financial Disincentive
18	(a) Incorrect submission of information to the Exchange about the AP inspection (b) Non reporting/ partial reporting of UCC details mapped to the APs	a) Incorrect submission of information to the Exchange about the AP inspection- Monetary penalty of Rs. 20,000/- per AP, Maximum cap of Rs. 5,00,000/- b) Non reporting/ partial reporting of UCC details mapped to the APs- Advise	a) Incorrect submission of information to the Exchange about the AP inspection- 2nd Time & Onwards - 50% Escalation b) Non reporting/ partial reporting of UCC details mapped to the APs- 2nd Time & onwards- 5,000 per AP	Financial Disincentive
19	Disciplinary action in case of Net worth shortfall and non-submission of Net worth	For TMs providing MTF facility – a) Rs 5,000 per day penalty till the date of submission of net worth certificate or till withdrawal of MTF whichever is earlier. b) withdrawal of Margin Trading facility within 2 working days posts the due date. For TMs other than providing MTF facility – a) Rs 5,000 per day penalty till the date of submission of net worth certificate or till disablement of trading rights whichever is earlier. b) Disablement of trading rights in all segments within two working days post due date	-	Material

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20	Failure to meet the minimum net worth requirement for SME market making	a) No new market making assignments on SME platform will be allowed. b) The Lead Manager to the Issue and Market Maker should ensure that the required net worth is reported on a periodic basis to the Exchange. c) The Lead Manager and Listed Company shall take necessary steps to appoint another Market Maker within 15 days of the notice from the Exchange d) If The Lead Manager and Listed Company fail to take necessary steps within the stipulated timeframe, the matter shall be reported to SEBI. e) Till such time new Market Maker is appointed, the present Market Maker shall continue to do market making w.r.t. the listed companies in the interest of investors to ensure adequate liquidity is made available on the SME platform. f) If name of the defaulting Market Maker is appearing in the RHP, the Lead Manager will be required to replace its name with another Market Maker who is fulfilling the criteria	-	Material
	<i>Note - For non-compliances with respect to Technical Glitches to prevent Business disruptions, actions as prescribed under Exchange circular NSE/COMP/67379 dated March 28, 2025 shall continue.</i>			