

Annexure 1 - List of violations / non-compliances along with classification and prescribed actions**Annexure 1.6 - Actions for non - compliances observed during Investigation activities**

Sr. No.	Details of Contravention	Action in case of first instance	Action in case of repeat instance	Tag
1	Non-Liquidation from Error account within 3 trading days (except for reasons beyond the control of the member)	Advise + direction to comply within 07 days	-	Financial Disincentive
2	Client Code modification to/ from a Non-Institutional code except where original client and modified client are same	<p>The following penalty structure will be applicable:</p> <p>a) ("a" as % of "b") is ≤ 5 - 1% of "a" as penalty</p> <p>b) ("a" as % of "b") is > 5 - 2% of "a" as penalty</p> <p>Where:</p> <p>"a" = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month.</p> <p>"b" = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month.</p> <p>(As per NSE Circular NSE/INVG/56395 dated April 17, 2023)</p>	-	Material
3	Non maintenance of Single Designated Error account.	Advise + direction to comply	<p>2nd Time & Onwards - 10,000/- per month</p> <p>Further, after 3 months disciplinary action shall be initiated.</p> <p>(As per NSE Circular NSE/INVG/56395 dated April 17, 2023)</p>	Financial Disincentive
4	Modification between two unrelated institutional entities.	<p>The following penalty structure will be applicable:</p> <p>a) ("a" as % of "b") is ≤ 5 - 1% of "a" as penalty</p> <p>b) ("a" as % of "b") is > 5 - 2% of "a" as penalty</p> <p>Where:</p> <p>"a" = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month.</p> <p>"b" = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month.</p> <p>(As per NSE Circular NSE/INVG/56395 dated April 17, 2023)</p> <p>Exception as per as per NSE Circular NSE/INVG/56395 dated April 17, 2023</p>	-	Financial Disincentive

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5	Frequent Client Code Modification including Offline trades transferred to Error Account through DVP Mechanism	<p>The following penalty structure will be applicable:</p> <p>a) ("a" as % of "b") is ≤ 5 - 1% of "a" as penalty</p> <p>b) ("a" as % of "b") is > 5 - 2% of "a" as penalty</p> <p>Where:</p> <p>"a" = Value (turnover) of institutional/non-institutional trades where client codes have been modified by a trading member in a segment during a calendar month.</p> <p>"b" = Value (turnover) of institutional/non-institutional trades of the trading member in the segment during the calendar month.</p> <p>(As per NSE Circular NSE/INVG/56395 dated April 17, 2023)</p> <p>Exception as per as per NSE Circular NSE/INVG/56395 dated April 17, 2023</p>	-	Financial Disincentive
6	Trade Reversal Monitoring and Penalty Framework	<p>Penalty of 100% of profit earned / loss incurred in abnormal / non-genuine transactions as per circular no. NSE/INVG/2020/46662 dated December 16, 2020.</p> <p>Transaction is termed as Abnormal / non-genuine transactions by the relevant authority of the Exchange post considering the show cause notice, written and oral responses of the Trading member. Also, opportunity of personal hearing is provided to the Trading member.</p>	-	Material
7	Modification from ERROR account to other Client account.	Penalty at the rate of 2% of traded value will be levied.	2nd Time & Onwards - In addition to the penalty levied further disciplinary action as deemed fit would be initiated.	Financial Disincentive
8	Modification/Transfer of trades otherwise than on the Exchange trading platform or for purposes other than permitted, including DVP trades	<p>a. Up to 5% of value (Turnover) - penalty of 1% of value (turnover) modified</p> <p>b. In excess of 5% of value (turnover)- Penalty of 2% of value (turnover) modified</p>	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material

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9	Code modification (transfer of trades) for non-genuine purpose like profit loss transfer	a. Up to 5% of value (Turnover) - penalty of 1% of value (turnover) modified b. In excess of 5% of value (turnover)- Penalty of 2% of value (turnover) modified	2nd time - 50% escalation 3rd Time & Onwards- 100% Escalation	Material
10	Buying of scrips from the promoters or any persons belonging to the promoter group or any person who has acquired securities from such promoters or promoter group during the compulsory market-making period	Rs. 1,00,000/-	2nd Time & Onwards - Suspension as Market Maker + Market maker will not be allowed to take any new assignment for six months.	Material