

National Stock Exchange Of India Limited
Department: INVESTOR SERVICES CELL

Download Ref No: NSE/ISC/66828

Date: February 24, 2025

Circular Ref. No: 06/2025

To All Members and Market Participants,

Sub: Penalty Structure with respect to Unauthorized Trades

This has reference to the earlier Exchange Circular NSE/ISC/60035 dated December 29,2023 regarding the levy of penalty on unauthorized trades. In partial modification of the said circular the word “conciliation” has been dropped in Point no 1 under the head penalty I and II (a).

The updated penalty structure shall be as follows

Details of contravention	Penalty
<p>Unauthorized trading** as observed (even if trading member has settled the claim), by:</p> <ol style="list-style-type: none"> Under the old Regime: <ul style="list-style-type: none"> Grievance Redressal Committee (GRC) in the GRC Order Arbitrators in the Arbitration / Appellate awards Under the Online Dispute Resolution Regime: <ul style="list-style-type: none"> Arbitrators in the Arbitration awards. <p>** (induced trades or trades executed by the trading member / AP using any unfair means (ex. obtaining user ID and password of the client to execute trades etc., without the consent of the client)</p>	<ol style="list-style-type: none"> Monetary Penalty per case shall be Rs.50,000/- or 3% of the admissible amount determined in the IGRC, Arbitration award, Appellate order / award whichever is higher. In addition to the above penalty, <ol style="list-style-type: none"> The Member shall be debarred from taking new clients for a period of one month, in case 25% of all the complaints (not less than 05) placed before IGRC / Arbitration in the immediately preceding calendar quarter are determined by it to be unauthorized trading cases. Where the number of unauthorized trading cases as per the numbers indicated at (II a) persist for three consecutive quarters, the Member concerned will be debarred from taking new clients and Authorized Persons (APs) if any, for a period of three months. The number of unauthorized trading cases as per numbers indicated at (II b) persists beyond three consecutive quarters, the matter be placed before the relevant Committee, for action.

Details of contravention	Penalty
	d. The Member shall be referred to inspection in case any of the above instance (i.e., II a, b, c) is triggered.

Members are required to take note of the above revision. Further, for any clarifications, members may contact the Investor Services Cell of the Exchange.

For and on behalf of

National Stock Exchange of India Limited

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