DEPARTMENT: COMPLIANCE	
Download Ref No: NCL/CMPL/44976	Date: July 10, 2020
Circular Ref. No: 15/2020	

All Clearing Members

Sub: Penalty structure related to the provisions of Handling of Clients' Securities by Clearing Members

This has reference to Clearing Corporation circulars Ref No: NCL/CMPL/41442 dated June 28, 2019, Ref No: NCL/CMPL/42015 dated August 30, 2019 and SEBI circulars Ref No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20, 2019 and SEBI/HO/MIRSD/DOP/CIR/P/2019/95 dated August 29, 2019 on Handling of Client's Securities by Trading members/Clearing members.

The Clearing Corporation in consultation with other Clearing Corporations has formulated an indicative penalty structure for any non-compliance of the provisions of the said circular. The penalty structure is enclosed at **Annexure A**.

The said penalty norms shall be applicable for instances of non-compliances observed from the date of applicability of the provisions of stipulated in the SEBI circular dated June 20, 2019 read with SEBI Circular dated August 29, 2019. The structure is indicative in nature and the Relevant Authority of the Clearing Corporation may, on case to case basis and based on the gravity of the violation, impose additional penalty.

Members are requested to take note.

**For and on behalf of
NSE Clearing Limited**

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Head - Compliance

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Annexure A

Penalty Structure for Handling of Client Securities

Sr.No.	Details of contravention	Penalty/Disciplinary action
1	Client/TM securities lying with the CM cannot be pledged to the Banks/NBFCs or any other persons/entities for raising funds	Rs. 1,00,000/- or 1% of the Value of securities involved, whichever is higher. Direction to be given to un-pledge the securities within 10 calendar days. Failure to adhere the directions shall attract additional penalty at 100% of the original penalty for every 10 days or part thereof till such non-compliance continues.
2	Non-closure of existing client beneficiary accounts	Rs. 50,000/- per account (where Members are unable to provide reasonable explanation). Member to be disabled in case account is not closed within one month of levy of penalty