

National Stock Exchange Of India Limited
Department: INVESTOR SERVICES CELL

Download Ref No: NSE/ISC/57761

Date: July 31, 2023

Circular Ref. No: 22/2023

To All Members and Market Participants,

Sub: Amendment to penalty structure

This is furtherance to the Exchange Circular No. 04/2021; Download Ref. No. NSE/ISC/47659 dated March 17, 2021, regarding penalty to be levied on the cases of unauthorized trading. Members are requested to make note of the below mentioned modifications, pertaining to levy of penalty on unauthorized trades.

The said penalty structure has now been reviewed and revised as follows:

S. No.	Details of contravention	Penalty
1	<p>Unauthorized trading** determined by Investor Grievance Redressal Committee (IGRC) / Arbitration.</p> <p>** (induced trades or trades executed by the TM using any unfair means including obtaining user id password of the client to execute trades etc., shall be deemed to be unauthorized trades)</p>	<p>Determined by Investor Grievance Redressal Committee (IGRC) / Arbitration</p> <p>I. Monetary Penalty per case shall be Rs.50,000/- or 3% of the admissible amount determined in the IGRC / Arbitration order / award, whichever is higher.</p> <p>II. In addition to above penalty,</p> <p>a) Member will 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.</p> <p>b) 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.</p> <p>c) The number of unauthorized trading cases as per numbers indicated at (II b) persists beyond</p>

S. No.	Details of contravention	Penalty
		three consecutive quarters, the matter be placed before the relevant Committee, for action d) Member will be referred to inspection in case any of the above instance (i.e., II a, b, c) is triggered.

The revised penalty structure shall be applicable for the cases in respect of trades executed from August 1, 2023, determined as unauthorised trades by the GRC order / Arbitration Award.

For any clarifications, members may contact the Investor Services Cell of the Exchange.

**For and on behalf of
National Stock Exchange of India Limited**

**Shanti Idnani
Associate Vice President**

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