

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
LIST OF PENALTIES / CHARGES
PENALTIES / DISCIPLINARY ACTIONS FOR VIOLATIONS WITH FINANCIAL IMPLICATIONS

(Reference circular no. NCDEX/COMPLIANCE-020/2017/285 dated October 31, 2017)

Sr. No.	Details of contravention	Penalty structure
1	Actual settlement of funds or securities/commodities not done on monthly / quarterly basis as specified by the client (Applicable where number of clients are more than 10 and non-compliance are more than 50% of sample instances)	More than 50% of instances: ₹ 2,00,000/- ; Direction to settle all clients and submit Internal Auditor certificate on compliance status for next 4 quarters. In case of repeat violation the amount of penalty applicable be escalated by 100% (Violation at equal to or below 50% has been considered in Procedural violations)
2	Use of client funds & securities/commodities for other than specified purposes/ Use of client funds for own purpose/ for other clients	₹ 1,00,000/- or 1% of the amount involved whichever is higher
3	Bank and demat account operations : Pay in / payout not received from / delivered to respective clients / Inter-client adjustment done for the purpose of settlement of accounts	a) Non-compliance up to ₹ 5 lacs- Warning b) In excess of ₹ 5 lacs and up to ₹ 20 Lacs - ₹ 1 lac c) More than ₹ 20 lacs - ₹ 2 lacs
4	Modification/Transfer of trades otherwise than on the Exchange trading platform or for purposes other than permitted	In excess of 5% of value (turnover). Penalty of 2% of value (turnover) modified, Otherwise a fine of 1% of value (turnover) modified
5	Trades in the error account are subsequently shifted to some other client code	In excess of 5% of value (turnover) - Penalty of 2% of value (turnover) modified, Otherwise a fine of 1% of value (turnover) modified
6	Transfer of trades otherwise than for genuine purpose	0.1% of value of trades modified for other than genuine purpose (over and above SEBI stipulated penalty for online modification)
7	Evasion of margin	Margin evasion up to ₹ 1 Lac - The amount of evasion. Margin evasion exceeding ₹ 1 Lac - ₹ 1 lac or 0.3% of the value of trades whichever is higher.
8	Unauthorized trading determined by IGRP / Arbitration when there is no appeal Unauthorized or Illegal trading activities / fictitious transactions	a) Monetary fine of ₹ 1 lac; b) 50% escalation in case of 3 cases of unauthorized trading in the same FY. c) In case of 4 cases or more in the same FY - In addition to the above penalty, registration of new clients & APs to be disallowed for 1 month.

For further information / clarifications, please contact:

 Customer Service Group by E-mail to: askus@ncdex.com,

Customer Service Group on toll free number: 1800 26 62339, Fax: +91-22-6640 6897, Website:

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CIN No. U51909MH2003PLC140116

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Sr. No.	Details of contravention	Penalty structure
9	<u>Submission of information. for inspection</u> a) Non co-operation in providing data/records/documents to inspecting officials for inspection resulting in non-completion of inspection. b) Delay in submission of documents/ data/ records sought for inspection c) Material wrong/ incorrect submission of data towards Inspection	a) Monetary penalty of ₹ 1 lac besides not allowing member to trade till the time of completion of inspection/Surrender/ Declaration as default/ Expulsion. b) ₹ 1,000/- per day starting from final due date for submission of data / records /documents sought for inspection. c) Penalty may vary from warning to ₹ 1 lac on case to case basis. (The serious case shall be discussed separately in DAC/ relevant authority, The exchange may enhance the penalty as deemed fit.)

INCREMENTAL PENALTIES STRUCTURE FOR ABOVE VIOLATIONS

In case any violation is observed to be repeated compared to last inspection conducted, the following escalation of penalty would be made applicable.	
Applicable Penalty	Penalty for repeat violations
Monetary Penalty	Increase penalty amount by 50% (if not specifically stated)
Relevant Authority may consider following actions, as it deems fit, for repeated / serious violations: <ol style="list-style-type: none"> i. In addition to incremental penalty, Disablement of proprietary trading ii. Disallowing registration of new clients for a specific period of time iii. Disablement of trading terminal iv. Suspension v. Any other action, as deemed fit. 	

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NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
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PENALTIES / DISCIPLINARY ACTIONS FOR PROCEDURAL VIOLATIONS

Sr. No.	Details of contravention	Penalty structure
1	Actual settlement of funds or securities/commodities not done on monthly / quarterly basis as specified by the client (Applicable where : 1. Less than or equal to 50% of sample instances, or 2. Less than or equal to 10 clients and more than 50% sample instances)	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/- b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/- c) In excess of 10% of number of instances - ₹ 75,000/- d) Otherwise: Advice
2	Cash dealings with clients	0.1% of the aggregate value in excess of ₹ 50,000/-
3	Client Registration	
	a) Non execution of client registration documents	₹ 15,000/- per client
	b) Client registration documents Not provided / Not made available to the Exchange	₹ 15,000/- per client
	c) Inclusion of contravening clauses / omission of material details	Violation for critical clauses - ₹ 25,000/- Other procedural clauses - ₹ 10,000/-
	d) Material Discrepancies (viz. Photograph not provided, No signature, No Pan Card details, No Proof of Address/Identity provided) in Client registration documents	₹ 10,000/- per client Otherwise Advice
	e) In-person verification of clients not carried out	₹1,000/- per client
4	Bank and demat account operations: Separate clients bank or demat account not maintained (as applicable)	₹ 1 Lac and direction to open separate account within 1 month;
5	Excess STT/CTT charges recovered from the clients	If amount involved is less than ₹ 10,000 + TM to be directed to refund to clients/remit to relevant authorities and fine equal to ₹ 25,000/- and if amount involved is more than 10,000/- ₹ 1 Lac Penalty + refund to clients/remit to relevant authorities
6	Non-issue of Contract Notes	₹ 10,000/- per client

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7	Dealing with unregistered intermediaries	₹ 1,00,000/- per unregistered intermediary ; Also Member to be directed to stop all dealings with such unregistered intermediaries and to withdraw the terminal(s), if any, allotted to such entities immediately. In addition to monetary penalty, suspension of the trading membership may also be considered, depending upon the gravity of the violation, in case where dealings with more than 5 unregistered intermediaries (in cash segment) and / or intermediaries (in Derivative segment) are observed.
8	Unauthorized extension of NEXTRA/ TWS/ NEAT/BSE Trading terminal / Non-upload of CTCL/BSE Trading terminals to the Exchange (As applicable) / Location of terminal at a place other than main / branch office and the location of the offices of registered sub brokers / authorized persons of the member not uploaded to Exchange	₹ 1 Lac per location In cases where non-upload of details of more than five CTCL terminals are observed and such CTCL terminals are also observed to be operated by entities acting as unregistered intermediaries in the CM segment or as intermediaries in the F&O segment and / or such terminals are observed to be used for carrying out illegal trading activity, suspension of the trading membership may also be considered depending upon the gravity of the violation
9	Non-maintenance of 1. Client ledger 2. Register of Securities (Client wise scrip wise Register) (as applicable)	₹ 1 Lac + Direction to comply
10	Client ledger not maintained properly (i.e. incomplete/ erroneous/ delay in entries)	₹ 25,000/-
11	Register of Securities not in the prescribed (as applicable)	₹ 25,000/-
12	Discrepancies / Incorrect details in Register of Securities, non-reconciliation of balances between client beneficiary accounts and register of securities (as applicable)	₹ 25,000/-
13	Non segregation of transactions between client and own bank accounts (Client money deposited in own account or expenses routed through Client Bank Account or own money deposited in client account) Non segregation of client and own money	a) In excess of 2% and up to 5 % of number of instances - ₹ 25,000/- b) In excess of 5% and up to 10% of number of instances - ₹ 50,000/- c) In excess of 10% of number of instances - ₹ 75,000/- d) Otherwise: Advice
14	Facilitating financing to clients through NBFC in contravention of SEBI circular	₹ 5 Lacs
15	Excess brokerage /Transaction Charges recovered from the clients/ Levy of charges other than statutory / regulatory dues in contract notes	Amount of excess charges or ₹ 1 lac whichever is less + refund to clients

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16	Delay in release of payout of funds or securities (beyond one working day) or commodities	a) up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) In excess of 20% of number of instances - ₹ 1,00,000/-
17	Quarterly/ Monthly Statement of accounts for funds or securities not sent / Not sent at the time of settlement of accounts, non-issue of transaction statement displaying all receipt and payment of funds / inward and outward movement of securities while settling the account along with statement explaining retention of funds or securities, if any/ Client preference for monthly / quarterly settlement not obtained (as applicable)	a) In excess of 2% and up to 10% of number of instances - ₹ 20,000/-
		b) In excess of 10% and up to 40% of number of instances - ₹ 60,000/-
		c) In excess of 40% of number of instances - ₹ 1,00,000/-
		d) Otherwise: Advice
18	Funding to clients (as defined in the Enhanced Supervision circular)	Where non-compliance is observed in more than 5% instances or amount exceeds ₹ 1 crore - ₹ 50,000/-
		Where non-compliance is up to 5% and amount is up to ₹ 1 crore - Advice
19	Contract Notes Issued with material discrepancies / Duplicates or copies or proof of dispatch of contract notes not maintained/ / Not issued 24 hours of transaction execution/ Not signed by authorized signatory.	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) In excess of 20% of number of instances - ₹ 1,00,000/-
20	a) ECN Log report not maintained in case of bounced back mails, ECN's sent to Email accounts other than those created / provided by clients, authorization for receiving ECN is not signed by the client but by the POA holder, e-mail ID for receiving ECN not created / provided by client / Consent of client not obtained for sending ECN	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) In excess of 20% of number of instances - ₹ 1,00,000/-
	b) Generation of email IDs for clients by member.	₹ 15,000/- per client
	c) Non display of ECN on website	Advice

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21	a) Trading member has not uploaded mobile number/ email address for clients for receiving alerts / Trade details b) Same email id / mobile number is uploaded for multiple clients (Not applicable for family members of clients. 'Family' for this purpose would mean self, spouse, dependent children and dependent parents)	₹ 1,000/- per client
22	Inspection of sub-brokers / APs/ branches not done / Inspection report of sub-brokers/APs & branches not made available to the inspecting team (as applicable)	₹ 50,000/-
23	Minor Errors like difference in User details / Status of terminals in upload of CTCL/Trading terminal details / Upload of CTCL/BSE Trading Terminal (as applicable) details with incorrect terminal location (Non-Trading ids to be excluded while levying fine)	Up to 5 trading terminals - ₹ 1,000 per terminal More than 5 trading terminals - ₹ 5,000 per terminal.
24	Operation of terminals by persons other than the approved user / person as per Exchange records	₹ 1,500/- per terminal
25	Non-appointment of compliance officer	₹ 50,000/-
26	Not following the advertisement code of the Exchange	₹ 50,000/-
27	Segregation of Exchange-wise client ledgers not maintained	₹ 50,000/-
28	Incorrect submission of RBS (as applicable)	Penalty may vary from ₹ 3,000 to ₹ 10,000 on case to case basis
29	Delayed / non-payment of dividend	<u>Non-payment of dividend</u> – 2 times the amount of dividend not paid <u>Delay in payment</u> a) Up to ₹ 1 lac- Warning b) ₹ 1 lac to ₹ 5 lacs- 1% of the amount involved c) Above ₹ 5 lacs- 2% of the amount involved
30	Books (Except Client ledger) not maintained including: i) General Ledgers , ii) Journals, iii) Cash and Bank Book, iv) Margin Deposit details, v) Dividend Records, and vi) Brokerage Records vii) Register of complaints viii) Register of transaction ix) Register of account of sub broker / AP x) Register of commodity (as applicable)	₹ 25,000/- per book

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In case any violation is observed to be repeated compared to last inspection conducted, the following escalation of penalty would be made applicable:	
Applicable Penalty	Penalty for repeat violations
Advice	Warning
Warning	₹ 5,000/-
Monetary Penalty	Increase penalty amount by 50%

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PENALTIES FOR OTHER PROCEDURAL VIOLATIONS

Sr. No.	Details of contravention	Penalty structure
1	Copy of client registration documents not delivered / Client Code and mail id not communicated in writing * / policies & procedures not communicated to clients / RDD not issued to clients / incomplete (as applicable)	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) Otherwise, Advice
2	Not uploaded KYC information to KRA/CKYC within prescribed time frame	₹ 5,000/- for more than 20% of instances Otherwise advice
3	Delay in uploading KYC information to KRA / other procedural observations related to KRA process	₹ 3,000/- for more than 20% of instances Otherwise advice
4	Incomplete / Non display of details by member viz, Notice Board/name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id, SEBI Registration certificate/ AP Registration certificate and other prescribed details.	₹ 10,000/-
5	Electronic transfers from clients not as per specified guidelines / Supporting documents / audit trail for pre-funded instruments not maintained (as applicable)	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) Otherwise Advice
6	Running account authorization taken by trading member from client is not dated and does not contain a clause that the client may revoke the authorization any time/ Running account authorization not signed by client but by POA holder / Other discrepancies in running account authorization from clients.	Up to 5 instances: Advice More than 5 instances ₹ 10,000/-
7	Daily Margin statement not sent	a) In excess of 2% and up to 5% of number of instances - ₹ 15,000/-
		b) In excess of 5% and up to 10% of number of instances - ₹ 45,000/-
		c) In excess of 10% of number of instances - ₹ 75,000/-
		d) Otherwise Advice

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8	Non-disclosure of trading on own account to clients	Warning
9	Exclusive e-mail id for investors' complaints not created or not displayed	₹ 10,000/- if email ID not created ₹ 5,000/- if email ID not displayed
10	Trading member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case to case basis based on nature of non-compliances
11	Doing business for / through other TMs or sub-brokers of other TMs of the Exchange without prior approval of the Exchange	₹ 15,000/-
	With brokers / sub-brokers/ AP of other Exchanges without intimation	Advice
12	Non-upload of non-trading id's (Id's that cannot be used for trading)	Advice
13	Allowing trading terminals to be operated where certificate has expired (as applicable)	Cash segment- Advice Derivatives segment - ₹ 1,500/- per terminal
14	Execution of trades on own account from locations other than those permitted by the Exchange	₹ 15,000/-
15	Non-compliance with PMLA requirements	
	(a) Non maintenance of Written Policy and Procedures relating to PMLA	₹ 15,000/-
	(b) Non Appointment of Principal Officer /Designated Director/ Non Intimation of Designated Director or change of Principal officer to FIU Delhi	₹ 15,000/-
	(c) Non-Implementation of systems in place to monitor, identify suspicious transaction and procedures for reporting the same	₹ 15,000/-
	(d) Non Adoption of customer due diligence	₹ 10,000/- per client
	(e) Financial information of clients not obtained / updated / documentary evidence related to financial information not obtained in case of clients trading in derivatives segment	₹ 10,000/- per client
	(f) Non Maintenance of records regarding ongoing training to staff relating to PMLA	Advice
	(g) Disproportionate Exposure	Up to ₹ 2,00,000/-
	(h) Any other observation /violation which is required as per PMLA and not covered above	Advice
16	Books (Except Client ledger) not maintained properly (i.e. incomplete / erroneous/ delay in entries) including: i) General Ledgers , ii) Journals,	₹ 10,000/- per book

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	iii) Cash and Bank Book, iv) Margin Deposit details, v) Dividend Records, and vi) Brokerage Records vii) Register of complaints viii) Register of transaction ix) Register of account of sub broker / AP (as applicable)	
17	Non adoption / Maintenance of following policies as per the regulatory requirements (as applicable): i. Policy regarding pre-funded instrument ii. policy to handle client code modification iii. risk management policy iv. managing conflict of interest v. assessment of activities outsourced vi. Policy on applicability of NISM Series VII-SORM certification. (As applicable) vii. Surveillance policy viii. Policy for Inactive Clients	₹ 2,000/- per policy
18	Delay in payment of funds to clients / Delay in transfer of commodities to clients beyond 15 days from the date of receipt of request from the clients	₹ 50,000/- or 1% of the value of the amounts/ commodities, per instance
19	Non-payment of statutory dues/duties/fees etc.	Advice
20	More than one ID to a client	₹ 10,000/- per ID
21	Non-maintenance of client code/non mapping of trading code.	₹ 10,000/- per client
22	Pledging statement not sent	Advice
23	NEFT/ RTGS not implemented	Advice

INCREMENTAL PENALTIES STRUCTURE FOR PROCEDURAL AND OTHER VIOLATIONS

In case any violation is observed to be repeated, during inspection conducted in last three financial years, the following penalty would be made applicable.	
Applicable Penalty	Penalty for repeat violations
Advice	Warning
Warning	₹ 5,000/-
Monetary Penalty	Increase penalty amount by 50%

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PENALTIES FOR NON-COMPLIANCE WITH THE PROVISIONS OF ENHANCED SUPERVISION GUIDELINES

Sr. No.	Area	Charges
1.	Failure to furnish correct Net worth certificate to Stock Exchange within 60 days for half year ending September 30th and half year ending March 31st (unaudited).	<p>(Submission in 2 months from half year ending, CA certified statements based on unaudited accounts and additionally as a part of annual audited accounts as per point 4)</p> <p>Delay in Submission</p> <p>a) Charges of ₹ 200/- per day for 1st month after the due date</p> <p>b) Charges of ₹ 500/- per day for 2nd month after due date till date of submission or disablement</p> <p>2 weeks' notice shall be given to the Member after the 2nd month from the due date, subsequent to which the Member shall be disabled in all segments by the Exchange.</p> <p>The disablement notice issued to the Member shall be shared with all the Exchanges for information.</p>
2.	Failure to furnish Internal Audit report to Stock Exchanges for half year ending September 30 th by November 30 th and half year ending March 31 st by May 31 st .	<p>For <u>Active Trading Members</u> (who are required to submit the internal audit report)</p> <p><u>Due time for submission : 2 Months</u></p> <p>a) For 1st month after due date, Fine of ₹ 200/- per day</p> <p>b) Charges of ₹ 500/- per day from 2nd month after due date till date of submission or disablement</p> <p>2 weeks' notice shall be given to the Member after the 3rd month from the due date, subsequent to which the Member shall be disabled in all segments of the Exchange.</p> <p>The disablement notice issued to the Member shall be shared with all the Exchanges.</p>

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3.	Failure to furnish Annual Audited Accounts/ Returns by October 31 st of the relevant year. In case Income Tax Department extends the due date, the same shall be applicable here.	<p>a) Charges of ₹ 200/- per day for 1st Month from the due date</p> <p>b) Charges of ₹ 500/- per day for 2nd month after due date till date of submission or disablement</p> <p>2 weeks' notice shall be given to the Member after the 2nd month from the due date, subsequent to which the Member shall be disabled in all segments of the Exchange.</p> <p>The disablement notice issued to the Member shall be shared with all the Exchanges.</p>
4.	Failure to submit data for the half yearly Risk Based Supervision within the time specified by Stock Exchange.	<p>Submission after due date</p> <p>Within 5 days - ₹ 10,000/-</p> <p>After 5 days but before 15 days - Additional ₹ 2,000/- per day</p> <p>After 15 days from the due date – Additionally, Trading members will not be allowed to register any new clients in Exchange UCC database. (This will be implemented across the Exchanges, even if data is not submitted to any one of the Exchanges. Registration of new clients will be allowed after data is submitted to all the exchanges.)</p> <p>2 weeks' notice shall be given to the Member after Non submission beyond 45 days from the end of due date subsequent to which the Member shall be disabled in all segments of the Exchange. Enablement of terminal will not be allowed till the data is submitted to all the Exchanges.</p> <p>The disablement notice issued to the Member shall be shared with all the Exchanges.</p>
5.	Failure to assign appropriate Bank and Demat nomenclature within the time specified	Penalty Charges of ₹ 5,000/- per annum and warning to be issued to stock broker and direction to assign appropriate nomenclature and intimate such details to the Exchange.
6.	Failure to report new bank and demat accounts opened by the stock broker to exchanges within the time specified for reporting of such accounts.	Penalty Charges of ₹ 5,000/- per annum and warning to be issued to stock broker and direction to report such details to the Exchange.

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7.	Non submission/ late submission of data towards monitoring of client funds	<p>➤ <u>Delay/non-submission in case of monthly submission</u></p> <p>a) Submission within 10 calendar days from the due date - ₹ 500/- per day</p> <p>b) Submission beyond 10 calendar days from the due date - ₹ 1,000/- per day</p> <p>In case of non-submission for consecutive 2 months – New client registration to be restricted. In case of non-submission for consecutive 3 months – 2 weeks' notice shall be given to the Member subsequent to which the Member shall be disabled in all segments by the Exchange.</p> <p>➤ <u>Delay/non-submission in case of weekly submission :</u></p> <p>a) Submission within 10 calendar days from the due date - ₹ 500/- per day</p> <p>b) Submission beyond 10 calendar days from the due date - ₹ 1,000/- per day</p> <p>In case of non-submission for consecutive 4 weeks – New client registration to be restricted In case of non-submission for consecutive 8 weeks – 2 weeks' notice shall be given to the Member subsequent to which the Member shall be disabled in all segments by the Exchange.</p>
8.	Non-late submission of data towards upload of client funds & security balances. The window for submission of data shall not be closed till uploading of data.	<p>Disciplinary action shall be based on the clientele size of the members as under:</p> <p>Below 5000 clients : ₹ 10,000/- per month</p> <p>Between 5000 - 10000 clients : ₹ 25,000/- per month</p> <p>Between 10000 - 50000 clients : ₹ 1,00,000/- per month</p> <p>Above 50000 clients : ₹ 200,000/- per month</p> <p>In case of non-submission for consecutive 2 months – Disablement.</p>
9.	Incomplete submission of data towards enhanced supervision- Monitoring of client funds & upload of client funds & security balances.	To be treated at par as non-submission of data by the Member and penalty shall be levied accordingly.

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10.	Material wrong submission or incorrect submission of data towards enhanced supervision- Monitoring of client funds & upload of client funds & security balances.	Penalty may vary from warning to ₹ 1 lac on case to case basis. (The serious case shall be discussed separately in DAC, The Exchange may enhance the penalty as deemed fit)

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CIN No. U51909MH2003PLC140116

NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
LIST OF PENALTIES / CHARGES

Reference	Nature / Description	Penalties/Charges	
		One or a few instance(s)	Multiple instances
Membership /Office Requirements			
	Shareholding pattern not verifiable due to incomplete / absence of records	₹ 10,000/-	
	Any change in the shareholding pattern / profit sharing ratio without the prior approval of the Exchange involving dilution not below the minimum prescribed shareholding of the dominant promoter group	₹ 10,000/-	
	Any other change in the shareholding pattern / profit sharing ratio of the Trading Member without the approval of the Exchange	₹ 5,000/-	
	Change in the shareholding pattern without the approval of the Exchange which has resulted in the dilution of the shareholding / profit sharing ratio of the dominant group below 51%	₹ 1,00,000/-	₹ 1,50,000/-
		Withdrawal of trading facility of the trading member till the changes are approved by the Exchange	

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LIST OF PENALTIES / CHARGES

Reference	Nature / Description	Penalties / Charges
Trading Related		
NCDEX/TRADING-142/2006/327 dated December 07, 2006	Violation of open positions during five days of the contract in contracts having other than compulsory delivery logic.	<p>a) Where the violation is more than 2% of the prescribed limit(s):</p> <p>(Limit exceeded) X (closing price of the day) X (number of days such violation continued) X (0.02) OR ₹ 10, 000/-, whichever is higher</p> <p>b) Where the violation is upto 2% of the prescribed limit(s):</p> <p>(Limit exceeded) X (closing price of the day) X (number of days such violation continued) X (0.02) OR ₹ 10, 000/-, whichever is lower</p> <p>In case, the instance at 1 (a) above is observed for more than 3 times in a month across the market, the Exchange would suspend the concerned member for a period of one week</p> <p>In case, the instance at 1 (b) above is observed for more than 6 times in a month across the market, the Exchange would impose a monetary penalty as below,</p> <p>(Limit exceeded) X (closing price of the day) X (number of days such violation continued) X (0.02) OR ₹ 10,000/-, whichever is higher</p>
NCDEX/SURVEILLANCE & INVESTIGATION-001/2018/018 dated January 12, 2018	Non-genuine trades	<p>₹ Rs.10,000/- per instance on the member concerned..</p> <p>Penalty up to Rs. 1,00,000/- on members for repeated instances of such non-genuine trades. Appropriate disciplinary actions against the member concerned for multiple instances of such non-genuine trades under the Bye-Laws, Rules and Regulations of the Exchange.</p>

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NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED
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Reference	Nature / Description	Penalties / Charges
NCDEX/TRADING-101/2016/257 dated September 28, 2016	Violations of client level open interest	<p>a) Where the violation is more than 2% of the prescribed limit(s):</p> <p>(Limit exceeded x Closing price x number of days such violation continued x 2% (0.02) or ₹ 10,000/- whichever is higher.</p> <p>b) Where the violation is upto 2% of the prescribed limit(s):</p> <p>Limit exceeded x Closing price x number of days such violation continued x 2% (0.02) or ₹ 10,000/- whichever is lower.</p> <p>In case, the instance at 1 (a) above is observed for more than 3 times in a month across the market, the Exchange would suspend the concerned member for a period of one week</p> <p>In case, the instance at 1 (b) above is observed for more than 6 times in a month across the market, the Exchange would impose a monetary penalty as below,</p> <p>(Limit exceeded) X (closing price of the day) X (number of days such violation continued) X 2% (0.02) or ₹ 10,000, whichever is higher.</p>
Office Management – Hedge limits		
NCDEX/CLEARING-019/2016/246 dated September 28, 2016	Violation of overall hedge limits/Daily hedge limits as prescribed by the Exchange or violation by continuing to avail hedge limit even when there is no corresponding physical stock held by the hedger or when there is no domestic / import/export commitment	As prescribed by the Exchange from time to time for violation of client level open interest limits
NCDEX/CLEARING-019/2016/246 dated September 28, 2016	Submission of forged / fake documents for availing hedge limit	Suspension of membership together with financial penalty as deemed appropriate by the Relevant Authority of the Exchange.
NCDEX/CLEARING-019/2016/246 dated September 28, 2016	Procedural violation of terms and conditions of approval of Hedge limits and Hedge Policy as amended from time to time	As may be decided on case to case basis by the Relevant Authority of the Exchange

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LIST OF PENALTIES / CHARGES

Reference	Nature / Description	Penalties / Charges
Delivery Related		
NCDEX/RISK-014/2005/118 dated May 20, 2005 and NCDEX/RISK-037/2006/316 dated November 30, 2006	Penalty for cash settlement in seller's right contracts, on percentage of FSP if seller chooses not to deliver	0.5% of FSP on Open interest will be charged on seller for choosing not to deliver except few commodities. Ten percent (10%) of such penalty amount shall be retained by the Exchange and the balance ninety percent (90%) shall paid to the buyers to whom the deliveries could not be made.
NCDEX/CLEARING-020/2016/247 dated September 28, 2016	Members giving delivery requests for the Seller's Option and Intention Matching contracts are not permitted to square off their open positions	3% of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity pay-out date, if the average price so determined is higher than settlement price, else this component will be zero.)
NCDEX/CLEARING-020/2016/247 dated September 28, 2016	Failure to meet delivery obligations (Agri Commodities)	3% of Settlement price + replacement cost (difference between settlement price and average of three highest of the last spot prices of 5 succeeding days after the commodity pay-out date, if the average price so determined is higher than settlement price, else this component will be zero.)
NCDEX/CLEARING-020/2016/247 dated September 28, 2016	Failure to meet delivery obligations (Non-agri Commodities)	3% of settlement price + replacement cost (difference between settlement price and higher of the last spot prices on the commodity pay-out date and the following day, if the spot price so arrived is higher than settlement price, else this component will be zero.)
Odd lot penalty details mentioned in Product Note of 29 mm Cotton	Penalty for Odd lot settlement	Total amount of penalty to be imposed = 3% on Final Settlement Price (FSP) for odd lot + the difference between the Final Settlement Price (FSP) and the average of lowest three of the last spot prices of 5 (five) succeeding days after the expiry of contract (E+1 to E+5 days), if the average spot price so determined is lower than FSP; else this component will be zero. The 3% penalty collected as mentioned in paragraph 1 shall be used as follows: a) 1.75 % component of the penalty shall be deposited in the Settlement Guarantee Fund of the Exchange; b) 1.00 % component of the penalty shall go to the counterparty who was supposed to deliver/ receive the delivery; c) Balance 0.25 % component of penalty shall be

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		retained by the Exchange towards administrative expenses. Further, the difference between the FSP and the average spot price (as given above) shall also go to the counterparty who was supposed to deliver/ receive the delivery. If Buyer & Seller both are in odd lot position, then would be penalized @ 3% on Final Settlement Price (FSP) and the entire amount of which would go to Settlement Guarantee Fund of the Exchange
NCDEX/CLEARING-020/2016/247 dated September 28, 2016	Any intentional / wilful delivery default by seller Any delivery default after marking an intention during Staggered delivery period by seller and / or having requisite stocks in Exchange approved warehouses	Suitable penal / disciplinary action against such members in addition to the penalty prescribed for delivery defaults
NCDEX/CLEARING-022/2016/268 dated October 05, 2016	Failure to give delivery after claiming early pay-in	Penalty of 5% of settlement price of respective settlement number for which early pay-in was marked
Funds Related		
NCDEX/GEN001/2003/012 dated December 19, 2003	Non-payment of transaction charges	Interest charges @ 2.5 % per month from date of default till date of payment (Subject to a minimum of ₹ 500/- per instance)
NCDEX/GEN001/2003/012 dated December 19, 2003	Funds shortage for obligations on NCDEX - Non-fulfillment of either the whole or part of the margin obligations - Non fulfillment of Mark to Market variations - Non-fulfillment of either the whole or part of the settlement obligations	Penalty at the rate of 0.09 % per day computed on the amount outstanding from the day on which monies are due to be paid until the day all obligations and shortfall in deposits are fulfilled. (Subject to a Minimum of ₹ 500/- per instance)
Back Office		
NCDEX/TRADING-094/2016/226 dated September 21, 2016	Trades executed without uploading UCC details of the clients	1% of the value of the trade that has been carried out by the member without uploading the UCC details of the client. If the client details are not uploaded within one month of the trade, the member is liable to be suspended.

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Reference	Nature / Description	Penalties / Charges										
NCDEX/CSG-002/2016/066 dated March 31, 2016, NCDEX/TECHNOLOGY-019/2016/139 dated June 20, 2016 and NCDEX/MEMBERSHIP-003/2017/021 dated January 27, 2017	Members found trading in client code(s) that are in Deleted, Inactive, Incomplete or Suspended status	1% of the trade value shall be levied if the trade has been executed in client codes that are in Deleted, Inactive, Incomplete or Suspended status.										
NCDEX/TRADING-038/2015/107 dated March 27, 2015 and NCDEX/TRADING-077/2015/222 dated June 26, 2015	PAN status as 'Name Mismatch' and 'Invalid PAN'	1) 1% of the trade value is levied if the trade has been executed in client codes as per circular no NCDEX/CSG-002/2016/066 dated March 31, 2016. 2) The status for 'Name Mismatch' and 'Invalid PAN' is Suspended.										
Others												
NCDEX/MEMBERSHIP-003/2015/317 dated October 01, 2015	Non-payment / late payment of annual fees / turnover fees	15 per cent per annum for every month of delay or part thereof										
NCDEX/TRADING-042/2016/095 dated April 26, 2016 and NCDEX/TRADING-071/2016/157 dated July 01, 2016	Violation of the guidelines on Proprietary Accounts (Pro-Account) trading	Necessary disciplinary action against the member concerned.										
NCDEX/COMPLIANCE-002/2010/146 dated June 02, 2010	Non submission / Delay of 30 days or more in submission, of any information / document and /or records sought by the Exchange for resolution of customer complaints	₹ 5,000/- per instance										
NCDEX/MEMBERSHIP-016/2017/275 dated October 23, 2017	At least one valid user certification in commodity markets at all times.	₹ 1,500/- In the event of any member failing to submit a fresh certificate before expiry of the existing certificate, non-submission charges of ₹1500 will be levied per month till the date of submission of valid certificate.										
NCDEX/TECHNOLOGY-038/2016/249 dated September 28, 2016	Non-compliance / non-adherence of Guidelines on Algorithmic Trading/High Frequency Trade (HFT)	Order trade ratio charges charged as per below slab <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Daily Order-Trade Ratio (Member wise)</th> <th>Charges (per Order)</th> </tr> </thead> <tbody> <tr> <td>Upto 50</td> <td>NIL</td> </tr> <tr> <td>50 up to 250 (on incremental basis)</td> <td>1 paise</td> </tr> <tr> <td>250 up to 500 (on incremental basis)</td> <td>5 paise</td> </tr> <tr> <td>More than 500 (on incremental basis)</td> <td>5 paise</td> </tr> </tbody> </table>	Daily Order-Trade Ratio (Member wise)	Charges (per Order)	Upto 50	NIL	50 up to 250 (on incremental basis)	1 paise	250 up to 500 (on incremental basis)	5 paise	More than 500 (on incremental basis)	5 paise
Daily Order-Trade Ratio (Member wise)	Charges (per Order)											
Upto 50	NIL											
50 up to 250 (on incremental basis)	1 paise											
250 up to 500 (on incremental basis)	5 paise											
More than 500 (on incremental basis)	5 paise											

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NCDEX/CLEARING-016/2013/204 dated June 18, 2013	Uploading of invoices and other relevant and applicable documents – Seller	₹ 5,000/- per day per invoice from T/E+6						
NCDEX/CLEARING-016/2013/204 dated June 18, 2013	Discrepancies in invoice / documents or non-receipt of documents by buyer – Seller	A late fee of 0.10% of the delivery value or ₹ 5,000/- whichever is higher, for each invoice will be charged per day						
NCDEX/COMPLIANCE-012/2013/313 dated October 14, 2013	Members indulged in offering fund based portfolio management services	Penalty of minimum ₹ 1 lac per case						
NCDEX/CLEARING-017/2016/212 dated September 08, 2016	Short / non-collection of margins from their clients	For each member <table border="1" data-bbox="889 699 1446 890"> <thead> <tr> <th>'a'</th> <th>Per day Penalty as % age of 'a'</th> </tr> </thead> <tbody> <tr> <td>(< ₹ 1 lac) And (< 10% of applicable margin)</td> <td>0.5</td> </tr> <tr> <td>(>= ₹ 1 lac) Or(>= 10% of applicable margin)</td> <td>1.0</td> </tr> </tbody> </table> Where a = Short – collection/Non-collection of margins per client per day	'a'	Per day Penalty as % age of 'a'	(< ₹ 1 lac) And (< 10% of applicable margin)	0.5	(>= ₹ 1 lac) Or(>= 10% of applicable margin)	1.0
'a'	Per day Penalty as % age of 'a'							
(< ₹ 1 lac) And (< 10% of applicable margin)	0.5							
(>= ₹ 1 lac) Or(>= 10% of applicable margin)	1.0							
NCDEX/CLEARING-017/2016/212 dated September 08, 2016	If short-collection / non-collection of margins of a client continue for more than three consecutive days or clients who default 3 times or more during a month	Penalty of 5% of the shortfall amount shall be levied beyond 3rd instance of shortfall.						
<p>Note - In case of short-collection / non collection of initial margins, the above penalty structure would be applicable from T day.</p> <p>All instances of non-reporting shall amount to 100% non-collection of margin and the penalty as prescribed above shall be charged on these instances in respect of non-collection</p>								
Circular issued from time	Wrong declaration in the Annual Compliance Report	₹ 1,000/- per instance.						
Circular issued from time to time	Failure to submit the Annual Compliance Report	₹ 200/- per day till the date of submission of ACR.						
NCDEX/TECHNOLOGY-008/2017/033 dated February 06, 2017	Failure to report CTCL terminal details to the Exchange	₹ 100/- per day per CTCL terminal Id till the time the terminal details are not reported to the Exchange						
NCDEX/COMPLIANCE-005/2017/119 dated May 26, 2017	Failure to submit the System Audit Report	₹ 500/- per day till the date of submission						
NCDEX/OPTIONS-002/2017/274 dated October 17, 2017	Delayed submission of certified system test report (Options)	₹ 500/- per day. If the test report is not submitted even after 3 months from the date of go-live, the late submission						

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		charges would either be raised to ₹ 1000 per day or the Exchange may decide on suspending the CTCL user ids allotted to these members on a temporary basis, till the time the test reports are submitted.
NCDEX/MEMBERSHIP-019/2017/297 dated November 09, 2017	Failure to comply with the requirement of seeking prior written approval of the Exchange for any change in designated directors/partners by the members of the Exchange.	₹ 5,000/-
NCDEX/TECHNOLOGY-080/2017/341 dated December 15, 2017	Non-submission of CTCL/ALGO/ASP/NEXTRA CTCL (NCTCL) Undertaking.	A late submission charge of ₹ 100/- per day till the date of submission of the Undertaking.
NCDEX/MEMBERSHIP-002/2018/036 dated February 02, 2018	Non-Submission of fidelity insurance details	A penalty of Rs. 100/- per day starting from eleventh (11th) day after the date of expiry of the current insurance policy till the date of submission of fidelity insurance details.
NCDEX/TECHNOLOGY-012/2018/044 dated February 23, 2018	Late payment fee for CTCL/ATS annual charges	A late payment fee @15% p.a. on the annual charges.
NCDEX/COMPLIANCE-005/2018/063 dated March 14, 2018	Non-Compliance with provisions of SEBI Circular no. SEBI / HO / CDMRD / DMP /CIR / P / 2016 / 103 dated September 27, 2016	It will be viewed seriously and will attract penalties and/or disciplinary action against the Warehouse Service Provider and the member / clients concerned

Disclaimer: - Members are requested to also refer to circulars, Bye-Laws, Rules and Regulations for detailed/latest/complete compliance requirements.