

**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all members of the Exchange

Circular No : NCDEX/COMPLIANCE-026/2025

Date : May 22, 2025

Subject : Action/ Penalty for Non-Compliance reported in Internal Audit Report ended March 31, 2025

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This is in continuation to Exchange circular no. NCDEX/COMPLIANCE-016/2025 dated April 21, 2025 on Submission of Internal Audit Report for the year ended on March 31, 2025.

Please note that action / penalty for each non-compliance / violations reported against checklist points in Internal Audit Report (IAR) is attached herewith as **Annexure A**.

Members may further note the following:

- a) The highest penalty applicable for the violations observed under the same head will be levied along with Advice, if any.
- b) The total penalty for all the violations observed in IAR shall be the sum of the highest penalties levied under each head along with Advice, if any.
- c) Escalated penalty @ 50% of applicable penalty for respective heads shall apply in case of repeated violations observed in the IAR submitted. To identify the repeated instances, violations shall be compared with its previous / last submission.

Members may kindly note that review or appeal request with respect to the actions initiated by the Exchange shall not be considered if received beyond a period of one month from the date of such action letter.

Members and Auditors are advised to take note of the same and comply.

For and on behalf of  
**National Commodity & Derivatives Exchange Limited**

Pranesh Shetty  
Senior Vice President – Inspection & Enforcement

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For further information/clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
  2. Customer Service Group by e-mail to : [askus@ncdex.com](mailto:askus@ncdex.com)
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<b>Annexure A</b>			
<b>Details of Action / Penalty for Non-Compliance reported in Internal Audit Report (IAR) March 2025</b>			
<b>Sr No</b>	<b>Area of Verification</b>	<b>Applicability</b>	<b>Action/Penalty (in INR) for Non-Compliance</b>
<b>A</b>	<b>Client registration documentation / Anti Money Laundering compliance</b>		
A1	All relevant Client Registration Documents executed with clients in compliance with SEBI circulars and supporting collected from the clients are available and are easily retrievable and no material discrepancies were observed (viz. Photograph, signature, Pan Card details, Proof of Address/Identity Not provided)	All Members - Registered for Any Segment	10000
A2	Correct and updated KYC details/ information of the clients are uploaded in the UCC database of the Exchange as per KYC details and the same is matching with KRA/ C-KYC database.	All Members - Registered for Any Segment	5000
A3	No clauses are included in any of the documents executed with the clients- a) which dilutes responsibility of member or b) which is in conflict with any of the clauses in mandatory documents, Rules, Bye-laws, Regulations, Notices, Guidelines & Circulars issued by SEBI & Exchanges or c) which is not in the interest of the Investor. d) No blanket confirmation / authorisation obtained from clients	All Members - Registered for Any Segment	5000
A4	All the mandatory clauses/documents and Annexures such as KYC, details relating to trading account , rights and Obligation, Dos and Don'ts , RDD and Tariff sheet and contact details of senior officials and Investor Grievance Cell of the member as stipulated by SEBI/Exchanges have been included in the mandatory section of the Account opening document executed with the clients and no material details were omitted.	All Members - Registered for Any Segment	10000
A5	In-person verification is done by Employee or Authorised Person only and the date of verification, name, designation and signature of the official who has done in-person verification and the Rubber Stamp is incorporated in the client registration form	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A6	Any changes (including address, bank account or demat account) in the information in the account opening form as provided at the time of account opening has been notified by the client to the member in writing and member has carried out necessary due diligence to verify correctness of any such changes and updated those changes in relevant records in their back office, UCC Database of the Exchange, KRA and CKYCR.	All Members - Registered for Any Segment	Advice
A7	Trading member has taken documentary evidence in support of financial information provided by the client for derivatives segment at the time of registration	All Members - Registered for Any Segment	Advice
A8	Client details including financial details are reviewed and updated periodically / at least once in a financial year in compliance with Exchange's circulars.	All Members - Registered for Any Segment	Advice
A9	Trading code and the unique client code allotted to a client and the e-mail furnished by the client for the purpose of receiving ECN and other details, are communicated by the trading member through the client account opening form or otherwise in writing to the client.	All Members - Registered for Any Segment	5000
A10	Member has identified the beneficial owners of the client (non-individuals) and has taken reasonable measures to verify the identity of such person as per SEBI Circular Nos. CIR/MIRSD/2/2013 dated January 24, 2013 and SEBI/HO/MIRSD/SECCFATF/P/CIR/2023/169 dated October 12, 2023	All Members - Registered for Any Segment	10000
A11	Member has a process to identify the authority of the person who is placing orders on behalf of the client.	All Members - Registered for Any Segment	5000
A12	Risk profiling/categorization of the clients has been done as per the written down policy of the member as per the PMLA master circular.	All Members - Registered for Any Segment	Advice
A13	Member has adopted sufficient due diligence process for clients according to their risk profile as per the PMLA master circular.	All Members - Registered for Any Segment	Advice
A14	Member is having a clearly defined policy for acceptance of clients and has ensured that an account is not opened where the member is unable to apply appropriate client due diligence measures/KYC Policies.  Trading member has implemented clients identification procedures & programs at various stages.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A15	Member has identified clients of special category (CSC) as per the PMLA master circular.	All Members - Registered for Any Segment	Advice
A16	The Client has opted and signed against stock exchange as well as market segment where he intends to trade/ traded during the year.	All Members - Registered for Any Segment	Advice
A17	Copies of complete set of client registration documents executed by the clients including POA/ email id provided by clients for receiving ECN was delivered to the clients free of charge and within 7 days from the date of execution of documents by the clients	All Members - Registered for Any Segment	5000
A18	Authorizations from the client sought in non-mandatory document are separate & do have client's specific consent.	All Members - Registered for Any Segment	Advice
A19	The member has correctly uploaded & updated all UCC details including E mail ID and the Mobile number of the clients in the UCC database as per the details given by the client in the client registration documents.	All Members - Registered for Any Segment	10000
A20	The member has collected correct PAN number and verified the authenticity of such PAN issued by the Income Tax (IT) Department, for all their clients and uploaded same in UCC Database of the Exchange.	All Members - Registered for Any Segment	25000
A21	The member has correctly uploaded and updated the same E mail ID & the Mobile number of the client in the Exchange UCC records and in the Member's back office records and there are no variations. Member has periodically reconciled their backoffice records with the Exchange UCC records to avoid mismatch in the UCC of their clients and ensure that there are no variations.	All Members - Registered for Any Segment	10000
A22	Member has complied with the requirement of uploading the KYC information with the SEBI registered KRAs for all the clients on a continuous basis within the prescribed time limit as per SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011 and MIRSD/Cir-5/2012 dated April 13, 2013 and complied with the provisions of the Circular and no other procedural lapses were observed.	All Members - Registered for Any Segment	5000
A23	Member has downloaded KYC information from KRA system for new clients who are already registered with KRA	All Members - Registered for Any Segment	5000
A24	Member has uploaded the KYC data with CKYCR in respect of all accounts (except FPIs) opened during the Audit period.	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A25	Member has uploaded the KYC records to CKYCR when the updated KYC information is obtained / received from the client in case of Legal Entity's accounts (except FPIs) opened prior to April 1, 2021	All Members - Registered for Any Segment	5000
A26	Member has uploaded the KYC data with CKYCR in respect of all existing individual accounts (i.e. accounts opened prior to the Audit period). Further, member has uploaded the KYC records with CKYCR pertaining to accounts of individuals opened prior to August 01, 2016, as and when updated KYC information is obtained / received from the client.	All Members - Registered for Any Segment	5000
A27	Trading Member has prominently displayed on account opening kits, advertisement, publication, notice board and display board,portal website (if any) the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers.	All Members - Registered for Any Segment	5000
A28	Member has made available the documents relating to rights & obligations, uniform risk disclosure document, do's & don't to the clients either in electronic or physical mode as per the preference of the client and maintained acknowledgment in writing / appropriate logs of delivery for the same.	All Members - Registered for Any Segment	5000
A29	Members have displayed the documents relating to rights & obligations, uniform risk disclosure document, do's & don't in vernacular languages on their own website (if any) and copy of the same is provided to clients on request.	All Members - Registered for Any Segment	Advice
A30	Member has not uploaded same E mail ID and Mobile numbers to multiple clients except for family as defined by SEBI Circulars Ref. No. CIR/MIRSD/15/2011 dated August 02, 2011 and SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2024/169 dated December 03, 2024.	All Members - Registered for Any Segment	10000
A31	For client registered through online KYC process, member has adhered to all applicable guidelines which facilitate online KYC in accordance with SEBI Circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24,2020	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A32	Member has mapped client code with back office code	All Members - Registered for Any Segment	10000
A33	Member has included procedure for filing of complaints on SCORES and benefits of the same in the welcome kit given to investors at the time of registration.	All Members - Registered for Any Segment	Advice
A34	Member has verified their existing backoffice records with the MNRL List published on TRAI Website and in case the mobile number of their existing clients is appearing in the MNRL (Mobile Number Revocation list) List, member has updated correct mobile number in their back office records as well as in UCC database of the Exchange	All Members - Registered for Any Segment	Advice
A35	Members are required to verify, update and ensure that correct permanent address details of the clients are uploaded in UCC database of the Exchange	All Members - Registered for Any Segment	10000
A36	Member has complied with SEBI Circular CIR/MIRSD/2/2015 dated August 26, 2015 as per which "foreign financial institutions in India will be required to report tax information about US account holders / taxpayers directly to the Indian government which will, in turn, relay that information to the US Internal Revenue Service (IRS) and Guidance note on implementation of reporting requirements under rules 114F to 114h of the Income-Tax Rules, 1962 for implementation of FATCA guidelines.	All Members - Registered for Any Segment	Advice
A37	Member has collected client identification documents as prescribed by Exchange/SEBI.	All Members - Registered for Any Segment	Advice
A38	In case, in-person verification of non-resident clients is not done, attestation of KYC documents is done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General in the country where the client resides.	Members-Registered for other than Commodity Segment	NA
A39	KYC requirements as stipulated in respect of Foreign Portfolio Investors (FPIs) has been complied.	Members - Registered for Commodity Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A40	Member has complied with the applicable regulatory requirements of SEBI Circular no. SEBI/HO/IMD/DF1/ CIR/P/2019/066 and relevant Exchange circulars regarding "Participation of Portfolio Managers in Commodity Derivatives Market in India"	Members Registered for Commodity Segment	- Advice
A41	Member has complied with the applicable regulatory requirements of SEBI Circular no. SEBI/HO/IMD/DF2/ CIR/P/2019/65 and relevant Exchange circulars regarding "Participation of Mutual Funds in Commodity Derivatives Market in India"	Members Registered for Commodity Segment	- Advice
A42	Member has obtained self-declaration from their Clients on commodity wise categorization as prescribed by SEBI Circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/08 dated January 04, 2019.	Members Registered for Commodity Segment	- Advice
A43	Member has correctly uploaded commodity-wise categorization of clients on the Exchange platform based on self declaration obtained from clients.	Members Registered for Commodity Segment	- Advice
A44	Member has sensitized their investors and created investor awareness on fraudsters that are collecting data of customers who are already into trading on Exchanges and sending them bulk messages on the pretext of providing investment tips and luring them to invest with them in their bogus firms by promising huge profits. AND Member has taken necessary steps to safeguard data of the customers / investors registered with him and/or has not shared or revealed such data to unauthorized persons.	Members Registered for Commodity Segment	- Advice
A45	Member has made available the facility for online closure of trading accounts and informed their clients regarding the availability of facility for online closure of trading accounts and its guidelines through emails, SMS, weekly / fortnightly /monthly newsletters etc., if applicable	All Members Registered for Any Segment	- Advice
A46	Trading Member has ensured that the requests for account closure are received from clients either through web portal / app of the trading member through secured access with 2 factor authentication or on email through clients registered email ID.	All Members Registered for Any Segment	- Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A47	Trading member has provided the acknowledgement to the client on registered email id and / or mobile number about the receipt of closure request and not permitted any further requests for execution of trades by the client.	All Members - Registered for Any Segment	Advice
A48	Trading Member has returned all funds and released all collateral and pledged securities back to the clients and closed the trading account within 3 working days of the closure request.	All Members - Registered for Any Segment	Advice
A49	Trading member has informed the closure of the trading account to the client and update the client status in the UCC database as inactive / deleted, as applicable.	All Members - Registered for Any Segment	Advice
A50	Trading Member shall maintain and store system logs of the closure instructions received in electronic form in a secured manner and the same shall be subject to 100% internal audit.	All Members - Registered for Any Segment	Advice
A51	Member has ensured that clients whose KYC records are not found to be valid by KRA after the validation process are allowed to transact in securities market only after their KYC is validated.	All Members - Registered for Any Segment	25000
A52	Trading Member has maintained a website and URL of the same is reported to the exchange. Further, a declaration for maintenance of Website and any modification in the URL shall be reported to the Exchange within 3 days.	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A53	<p>Trading Member has displayed the following details on its website -</p> <ol style="list-style-type: none"> <li>1) Set of standard documents/ policies for information</li> <li>2) Name of the member as registered with SEBI, its own logo, if any, its registration number, and its complete address with telephone numbers.</li> <li>3) "Filing Complaints on SCORES- Easy &amp; quick               <ol style="list-style-type: none"> <li>a. Register on SCORES portal</li> <li>b. Mandatory details for filing complaints on SCORES:                   <ol style="list-style-type: none"> <li>i. Name,PAN,Address,Mobile Number, Email ID</li> <li>c. Benefits:                       <ol style="list-style-type: none"> <li>i. Effective Communication</li> <li>ii. Speedy redressal of the grievances"</li> </ol> </li> </ol> </li> </ol> </li> <li>4)Following message at a prominent place on the homepage of their website (if any) .                "Attention Investors               <ol style="list-style-type: none"> <li>1. Stock Brokers can accept securities as margin from clients only by way of pledge in the depository system w.e.f. September 01, 2020.</li> <li>2. Update your email id and mobile number with your stock broker / depository participant and receive OTP directly from depository on your email id and/or mobile number to create pledge.</li> <li>3. Check your securities / MF / bonds in the consolidated account statement issued by NSDL/CDSL every month.                    ..... Issued in the interest of Investors"</li> </ol> </li> </ol>	All Members - Registered for Any Segment	5000
A54	<p>Member having website have displayed following message on their website:-</p> <ol style="list-style-type: none"> <li>1. Message on their websites informing their clients to update their Email IDs &amp; Mobile numbers with the member.</li> <li>2. Link to voting URLs on voting on motions moved by Listed Companies, which will redirect the investor to the webpage of the respective Depository who in turn will enable access to the e-voting portals of various ESPs</li> <li>3.Risk Disclosure requirement</li> </ol>	Members-Registered for other than Commodity Segment	NA
A55	Trading Member has registered their new clients on all the active stock Exchanges after obtaining the trading preference in the prescribed format for the clients registered on or after August 01, 2023	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
A56	Trading Member has obtained express consent and/or explicit confirmation from the clients for the trading preferences in the Equity Derivatives / Currency Derivatives / Commodities Derivatives Segments by providing an option to the clients to only select / opt in at the time of onboarding of the client.	Members-Registered for other than Commodity Segment	NA
A57	Trading Member has complied with the provisions of SEBI Circular No. SEBI/HO/OIAE_IAD-1/P/CIR/2023/000000163 dated October 3, 2023 w.r.t verification of the death certificate, updation of records in KRA system, intimation of transmission of assets of deceased investor and other obligations pertaining to reporting of demise of an investor.	All Members - Registered for Any Segment	Advice
A58	Trading member has taken necessary measures for implementation to curb spam SMSes and misuse of Headers and Content Templates by unauthorized Telemarketers, as per the Instructions under Telecom Commercial Communication Customer Preference Regulations, 2018. Trading Member has complied with all the Instructions to Principal Entities under Telecom Commercial Communication Customer Preference Regulations, 2018 issued by TRAI.	All Members - Registered for Any Segment	Advice
A59	Member has marked the UCC record as Inactive in UCC database of the Exchange wherein the Client Email ID is not available/ not updated, on or before October 18, 2024.	All Members - Registered for Any Segment	Advice
B	<b>Order management and risk management systems</b>		
B1	Trading member has well documented risk management policy including policy on Margin collection from clients/ Trading members.	All Members - Registered for Any Segment	Advice
B2	Trading member has not undertaken or was not party to or has not facilitated any fund based activity to fund any secondary market transactions or margin requirements in respect of transactions executed by the trading members on behalf of their clients through financier including any associate, related or third party entities.Trading Member has not shared the data relating to transaction/obligation details of the clients with NBFCs/lending institutions.	All Members - Registered for Any Segment	Advice
B3	Checks are in place to ensure that no unauthorized orders are executed from any of the terminals.	All Members - Registered for Any Segment	10000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B4	All applicable margins are collected from respective clients in the prescribed form of funds, fixed deposit receipts, bank guarantees (only by non-individual clients in commodity derivatives as per the provisions of SEBI and Exchange circulars) and approved / liquid securities and approved commodities with appropriate haircut.	All Members - Registered for Any Segment	Advice
B5	Proper systems are in place to ensure timely collection for pay-in from the respective client as per settlement schedule.	All Members - Registered for Any Segment	10000
B6	Trading member has not outsourced their core business activities and compliance functions and adhered to the provisions of SEBI circular CIR/MIRSD/ 24/ 2011 dated 15th Dec 2011.	All Members - Registered for Any Segment	5000
B7	Member has not passed penalty to clients on account of short/non-collection of upfront margins and refunded the penalty to the clients if the same has been passed on to the clients after 11th October, 2021, except in cases where the short/non collection of upfront margin is attributable to clients viz; Cheque issued by client to member is dishonoured and/or increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients on or after November 01, 2024.	All Members - Registered for Any Segment	25000
B8	Trading Member has passed on the penalty with respect to increase in margins on account of change in hedge position by client/ expiry of some leg(s) of the hedge positions of the clients , penalty only after informing their clients of potential situations resulting in a hedge break / loss of cross margin benefits like square off by the clients / expiry of some leg(s) of the hedge positions of the clients, leading to higher margin obligations on the open position(s) in its Risk Management Policy at least 7 days in advance from November 01, 2024, or date of penalty levied by clearing corporation whichever is later.	All Members - Registered for Any Segment	10000
B9	If the Member has passed on penalty for short reporting of margins other than "upfront margins", the same is on actual basis & has provided relevant supporting documents to the client.	All Members - Registered for Any Segment	25000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B10	<p>Trading Member has drafted and implemented surveillance policy as per SEBI/Exchange circulars and the said policy is reviewed once in a year. Further the Policy should be approved by Apex Body (Board/Partners/Proprietor) and should cover:</p> <ul style="list-style-type: none"> <li>i. Receipt of Alerts from Exchange/ generated at members end.</li> <li>ii. Time frame for disposal of alerts and if there is any delay in disposal, reason for the same shall be documented.</li> <li>iii. Suspicious/ Manipulative activity identification and reporting process</li> <li>iv. Record Maintenance</li> </ul>	All Members - Registered for Any Segment	Advice
B11	Member has executed trades of clients only after keeping evidence of the client placing such order and maintained the record of the same in the manner specified by SEBI from time to time	All Members - Registered for Any Segment	10000
B12	Member has undertaken fresh documentation, due diligence and IPV where a client is reactivated after a period of 24 months of being flagged as inactive except where the client has carried activities as mentioned in the Exchange circular.	All Members - Registered for Any Segment	Advice
B13	Member complied with all the requirements prescribed for re-activation of the trading account of clients who has been flagged as inactive.	All Members - Registered for Any Segment	Advice
B14	Member has an efficient system for collecting and reporting client margin collection to the Exchange / clearing corporation as per the Exchange / clearing corporation / SEBI requirements including initial, peak, other margins, MTM.	All Members - Registered for Any Segment	25000
B15	Member has reported margin correctly and in case of false/incorrect reporting give instancewise complete details in an annexure and summary in remarks column	All Members - Registered for Any Segment	25000
B16	Proper monitoring mechanism is in place to review the client MTM losses incurred and recovery of the same	All Members - Registered for Any Segment	25000
B17	Member has framed a policy regarding treatment of inactive accounts which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same and has also displayed the same on its website, (if any) in accordance with the guidelines issued by the Exchange.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B18	Member has identified all inactive client accounts and marked / flagged as Inactive in UCC database of the Exchange.	All Members - Registered for Any Segment	Advice
B19	Quarterly MIS has been placed upto the Board (in case of Corporate Trading Member) , Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of alerts pending at the beginning of the quarter, generated during the quarter , disposed off during the quarter and pending at the end of quarter along with reasons for pendency and appropriate action taken and Board is apprised of any exception noticed during the disposal of alerts as per the Exchange Circulars.	All Members - Registered for Any Segment	Advice
B20	Member has taken indemnity insurance policy.	All Members - Registered for Any Segment	Advice
B21	Member has mandatorily used telephone recording system to record the order instructions received from clients through telephone	All Members - Registered for Any Segment	10000
B22	Member has not executed trades which do not appear to be genuine and they have appropriate internal system and control to ensure that Abnormal / Non-genuine orders/trades are not entered at unrealistic price / executed from members trading terminals	All Members - Registered for Any Segment	25000
B23	Member has adopted/maintained policy regarding pre-funded instrument as per regulatory requirements	All Members - Registered for Any Segment	Advice
B24	Member has adopted/maintained policy for assessment of activities outsourced as per regulatory requirements.	All Members - Registered for Any Segment	Advice
B25	Trading member has implemented proper internal code of conduct and adequate internal controls to ensure that proper checks and balances are in place with respect to SEBI Circular Cir/ ISD/ 1/ 2011, dated March 23, 2011 and Cir/ ISD/ 2/ 2011 dated March 24, 2011 on the subject 'Unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication.	Members-Registered for other than Commodity Segment	NA
B26	Member has implemented appropriate checks for value and / or quantity based on the respective risk profile of their clients as per the provisions of SEBI Circular CIR/ MRD/ DP/ 34/ 2012 dated December 13, 2012.	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B27	The member has put-in place a mechanism to limit the cumulative value of all unexecuted orders placed from their terminals to below a threshold limit set by them as per the provisions of SEBI Circular CIR/ MRD/ DP/ 34/ 2012 dated December 13, 2012.	Members-Registered for other than Commodity Segment	NA
B28	Member has taken adequate documentary evidences as specified in SEBI circular CIR/ MRD/DP/ 20/ 2014 dated June 20, 2014, in case of participants taking positions in CD segment in excess of the applicable position limits based on underlying exposure specified in the said circular.	Members-Registered for other than Commodity Segment	NA
B29	Member has made available the mechanism for physical settlement in stock derivatives to all their clients who wish to avail of the said facility without having any default option of mandatory/automated squaring off the positions in compliance to Exchange Circulars.	Members-Registered for other than Commodity Segment	NA
B30	Member has transactional alerts facility with respect to Exchange's circulars.	Members Registered for Commodity Segment	Advice
B31	Trading member has established groups / associations amongst clients to identify multiple accounts / common account / group of clients as per relevant Exchange's circular	Members Registered for Commodity Segment	Advice
B32	Trading member has profiled their clients and categorised the clients under one of the category namely Commercial participant (value chain participant / exporter / importer, hedger, etc) or Non - commercial participant (financial participant / trader / arbitrageur, etc). as per relevant Exchange's Circular. Further, member has monitored any sudden change in the trading pattern of the client which is not in line with the profile of client. Also, Member has kept a watch on the trading behaviour of their clients and monitored the same in view of their financial soundness/income/net-worth and business background as per relevant Exchange's circular.	Members Registered for Commodity Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B33	Trading member has a process of analysing the trading activity of the client(s) / group of clients(s) or commodity identified based on transactional alerts and wherever adverse observations are recorded, member has reported all such instances to the Exchange within 45 days of alert generation or extended time period sought from the Exchange, wherever required. Auditor shall verify the alerts generated during the audit period and provide their observations	Members Registered Commodity Segment - for	Advice
B34	Member has submitted the status of the alerts forwarded to them on a quarterly basis to the Exchange in the prescribed format within 15 days from the last trading day of the respective quarter as per Exchange's circular.	Members Registered Commodity Segment - for	Advice
B35	Member has conducted periodic analysis of trading behaviour of clients who appear repeatedly in the transactional alerts and/or have been repeatedly found to be breaching the norms prescribed by SEBI/Exchange. Further, Member has monitored any sudden trading activity in dormant account and informed such abnormality to the Exchange as per Exchange's circular.	Members Registered Commodity Segment - for	Advice
B36	Member is not involved in unauthorized or illegal trading activities / fictitious transactions or unfair trade practice including Circular Trading, cross deals, price rigging, price manipulation and other market Abuses.	Members Registered Commodity Segment - for	25000
B37	Member has not directly/indirectly referred to any past or expected future return/performance of an algorithm trading services/strategies in any form of advertisements/business communication on publicly accessible platforms such as social media/websites/digital & print media etc. and is not associated with any platform providing such reference, and has adhered to the guidelines issued vide SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022	All Members Registered for Any Segment -	10000
B38	Trading Member has conducted proper due diligence/verification before registering/accepting the clients seeking exemption of PAN including investors residing in the state of Sikkim.	All Members Registered for Any Segment -	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B39	Member has done additional due diligence and maintained documents/records for all existing and new clients, by capturing the details of devices (Computer/ Tablet/Mobile including Executable Applications, Browser based Apps, Mobile Apps) used to place/modify/cancel orders by the clients based out of Sikkim to verify if the orders are placed from 'Sikkim'	Members-Registered for other than Commodity Segment	NA
B40	Trading member has displayed "Risk Disclosure" on the login page of trading account of client if client is registered in the F&O segment.	Members-Registered for other than Commodity Segment	NA
B41	The Trading Member has a mechanism in place to validate that the request for freezing/blocking of the online access of the trading account is received from the respective client only.	All Members - Registered for Any Segment	25000
B42	The Trading Members providing internet based trading/ mobile trading/ other online access for trading have given at least two modes of the following communications to the clients through which the client may request for voluntary freezing/ blocking the online access of trading account if any suspicious activity is observed in the trading account: a) Email from registered e-mail ID-Nomenclature must be stoptrade@domainname.com b) SMS from registered mobile number c) IVR/tele calling d) Chatbot e) Trading Member's App / website f) Any other legally verifiable mechanism	All Members - Registered for Any Segment	25000
B43	Trading Member has provided facility of voluntary freezing/ blocking of Trading Accounts by Clients and implemented the provisions of Framework of voluntary freezing/blocking the online access of the trading account to their clients.	All Members - Registered for Any Segment	25000
B44	The Trading Member have maintained the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.	All Members - Registered for Any Segment	25000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
B45	Trading Member has framed the policy on voluntary freezing/blocking the online access of the trading account to their clients and same is the part of their Risk Management Policy	All Members - Registered for Any Segment	25000
B46	Trading Member has disclosed on their website the policy on voluntary freezing/blocking of the trading account.	All Members - Registered for Any Segment	25000
B47	Trading Member has communicated policy on voluntary freezing/blocking of the trading account along with the process and mode(s) to the new clients as a part of account opening kit with effect from July 01, 2024.	All Members - Registered for Any Segment	25000
B48	Member has reported short sell information to the Exchange.	Members-Registered for other than Commodity Segment	NA
B49	Member has ensured that short selling is done in securities traded in F&O segment.	Members-Registered for other than Commodity Segment	NA
B50	Member has ensured that all retail investors have disclosed short sale transactions by end of trading hours on transaction date and have honoured their obligation of delivering at the time of settlement i.e. there is no naked short selling.	Members-Registered for other than Commodity Segment	NA
<b>C</b>	<b>Contract notes, Client margin details and Statement of accounts</b>		
C1	Member has issued contract notes to clients	All Members - Registered for Any Segment	10000
C2	Contract notes are sent in the prescribed format.	All Members - Registered for Any Segment	Advice
C3	Contract notes are sent within 24 hours of the close of trading hours when the trade is executed and Proof of delivery / dispatch/ log for dispatch of Contract Notes is maintained.	All Members - Registered for Any Segment	5000
C4	Trading member has issued contract notes only for trades done under the rules, byelaws & regulations of the Exchange and not otherwise.	All Members - Registered for Any Segment	5000
C5	All prescribed details including running serial number initiated at the start of every financial year, name and signature of authorized signatory, dealing office details and brokerage are contained in contract note.	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
C6	Daily Margin statement is issued to the respective clients with the details as specified and within the prescribed time limit. and Proof of delivery / dispatch/ log for dispatch is maintained.	All Members - Registered for Any Segment	Advice
C7	Member has complied with regulatory requirements related to Electronic contract notes (ECN) if the contract notes are sent electronically as mentioned below: 1. Whether digitally signed ECNs are in accordance with provisions of IT Act, 2000? 2. Whether ECN's sent to Email accounts created / provided by clients? 3. Whether authorization for receiving ECN given by the client (if any) is signed by client and not by POA (Power of Attorney) holder? 4. Whether log report generated by the system at the time of sending contract notes is maintained? 5. ECN displayed on website	All Members - Registered for Any Segment	5000
C8	Trail of bounced mails is maintained and physical delivery / ECN through SMS / electronic instant messaging services is ensured in case of bounce mails for ECNs within stipulated time (24 hours).	All Members - Registered for Any Segment	10000
C9	Member has complied with the Guidelines on Compliance Officers as issued by the Exchange further details regarding appointment of Compliance Officer and changes there in, if any, have been informed to the exchange	All Members - Registered for Any Segment	5000
C10	Trading Member has prominently displayed on contract notes, statement of funds and securities, correspondences with the clients the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers v) the name of the compliance officer, his telephone number and e-mail address.	All Members - Registered for Any Segment	5000
C11	Trading member has not created / provided e-mail ids for clients.	All Members - Registered for Any Segment	5000
C12	Member has collected physical letters from the clients who have requested for change in e-mail id. In respect of internet clients, the request for change of email id may be made through the secured access by way of client specific user id & password.	All Members - Registered for Any Segment	10000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
C13	Member has issued Annual Global Statement to their clients within 30 days from the end of the financial year and contain details of all transactions executed by client in the financial year	All Members - Registered for Any Segment	Advice
C14	Member has sent complete 'Statement of Accounts' for funds, securities and commodities in respect of each of its clients on weekly basis as required by relevant Exchange circulars with error reporting clause and proof of delivery / dispatch log is maintained.	All Members - Registered for Any Segment	Advice
C15	Trading Member has registered themselves as Principal Entities with their respective Telecom Service Provider(s) (TSPs) and also registered their existing headers and content templates for specific header with respective Telecom Service Provider(s) (TSPs) in compliance with Exchange circulars	All Members - Registered for Any Segment	Advice
C16	There is no difference in trade rate as per TWS system / Trade File and the rate charged to clients in contract note.	All Members - Registered for Any Segment	25000
C17	Member has not issued consolidated contract notes to the client (Single entry for multiple trades/orders)	Members - Registered for Commodity Segment	Advice
C18	Member has maintained proper records in respect of brokerage (i.e. incomplete/ erroneous/ delay in entries)	All Members - Registered for Any Segment	5000
C19	Member has maintained copies / duplicates of contract notes issued to clients in physical or electronic form.	All Members - Registered for Any Segment	5000
C20	<p>If member has made margin calls to the client and the client has failed to comply with these margin calls, then the contract note issued by Member for transactions owing to non-compliance of such margin calls bear a remark specifying the same.</p> <p>Further, member has maintained a verifiable record of having made such margin calls and that the clients have not complied with the same.</p>	All Members - Registered for Any Segment	10000
C21	In case facsimile signatures are used on physical contract notes, Member has maintained well-documented & approved policy regarding its use	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
C22	Member has provided reference of the applicable regulation with regard to fit and proper (by mentioning the URL/weblink of Regulation 19 and 20 of the SCR(SECC) Regulations, 2018) as a part of contract note	Members-Registered for other than Commodity Segment	NA
C23	Member has intimated the Exchange of any change in statutory auditor within 30 days from the date of such change in the Exchange prescribed format.	Members Registered for Commodity Segment	Advice
C24	Member has paid all applicable statutory dues including GST payable in adherence to The Central Goods And Services Tax Act, 2017 within timeline prescribed. Further, member has kept records w.r.t. payment of statutory dues.	Members Registered for Commodity Segment	Advice
C25	If member is issuing Electronic Contract Notes (ECN) through SMS/electronic instant messaging services then the member has complied with relevant guidelines issued by the Exchanges.	All Members Registered for Any Segment	Advice
C26	Trading Member has taken acknowledgement on Most Important Terms and Conditions (MITC) from new clients who has onboarded from April 01, 2024	All Members Registered for Any Segment	Advice
C27	Trading member has formulated and implemented policy on "Handling of Good Till Cancelled Orders of Client" and documented in account opening form/kit under heading "Policy on Handling of Good till Cancelled Orders of clients" of Policy and Procedures Document.	Members-Registered for other than Commodity Segment	NA
C28	Trading member has displayed the Policy on "Handling of Good Till Cancelled Orders of Client" on their website/trading application.	Members-Registered for other than Commodity Segment	NA
C29	Trading Member has taken acknowledgement for communication of Policy on "Handling of Good Till Cancelled Orders of Client" for clients onboarded from December 1, 2024 onwards.	Members-Registered for other than Commodity Segment	NA
C30	Trading Member has communicated to the existing clients by December 1, 2024 about "Policy on Handling of Good Till Cancelled Orders of Client" through email or any other suitable mechanism which can be preserved In case if communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients.	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D	<b>Dealing with clients' funds and securities and Commodities</b>		
D1	Client's funds and securities & commodities are used only for the purpose of the respective client's transactions. If not, instances to be provided in remarks column.	All Members - Registered for Any Segment	25000
D2	Member has not pledged clients' securities to the Banks/NBFCs for raising funds, even with authorization by client as the same would amount to fund based activity which is in contravention of Rule 8(1)(f) & 8(3)(f) of Securities Contracts (Regulation) Rules, 1957	All Members - Registered for Any Segment	25000
D3	Client bank accounts and commodities are used for authorized purposes only. In case of any irregularity observed, mention the instances in remarks column.	All Members - Registered for Any Segment	25000
D4	Member has not accepted cash from their clients/other entities either directly or by way of cash deposit to the bank account of member. No cash payments have been made to the clients/other entities	All Members - Registered for Any Segment	25000
D5	In case where aggregate value of banker's cheque / demand draft / pay order is of Rs 50,000/- or more per client per day, then the same are accompanied with name of bank account holder and number of bank account debited, duly certified by issuing bank as per the provisions of SEBI Circular CIR/ MIRSD/ 03/ 2011, dated June 9, 2011.	All Members - Registered for Any Segment	10000
D6	Member maintains audit trail of the funds received and systems are in place to ensure that the funds are received from their respective clients only.	All Members - Registered for Any Segment	10000
D7	Receipts/payment of funds and receipt/delivery of securities/commodities are received/ transferred from/to respective clients only and no third party payment/ receipts has been accepted / made on behalf of client	All Members - Registered for Any Segment	25000
D8	Payment to clients are not made from proprietary bank accounts.	All Members - Registered for Any Segment	25000
D9	In case of any transfer of funds between client account/ s & proprietary account/ s for legitimate purposes, Member has maintained a daily reconciliation statement clearly indicating the details of funds transferred.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D10	Client's funds / fully paid securities/commodities are transferred to respective clients within one working day of pay-out from Exchange in case of no running account authorization.	All Members - Registered for Any Segment	25000
D11	The Delivery of securities to constituent is not made from Proprietary account.	All Members - Registered for Any Segment	Advice
D12	Excess Brokerage was not charged on trades executed on the Exchange.	All Members - Registered for Any Segment	5000
D13	Member has charged Brokerage for Option Contracts only on the premium amount at which the Option Contract was bought or sold and not on the strike price of the Option Contract.	All Members - Registered for Any Segment	5000
D14	Not more than one client code is allotted to a single client. (Except as permitted in the exchange's circular)	All Members - Registered for Any Segment	5000
D15	Member's Bank books and bank statements for each bank account are reconciled and reconciliation statement for the same is prepared periodically and there are no long pending outstanding reconcilable items.	All Members - Registered for Any Segment	Advice
D16	Register of Securities/ commodities and Holding statement from depositories for each DP account and warehouse records are reconciled and reconciliation statement for the same is prepared periodically.	All Members - Registered for Any Segment	5000
D17	Dividend and other corporate benefits received on behalf of clients is paid/ credited/ passed on to the respective clients account without any delay.	All Members - Registered for Any Segment	Advice
D18	Trading member has taken consent from the client regarding monthly / quarterly settlement in the running account authorisation.	All Members - Registered for Any Segment	10000
D19	Trading member has done actual settlement of clients' funds for the month/quarter as per the annual calendar for settlement (quarterly/monthly) prescribed by the Exchange.	All Members - Registered for Any Segment	5000
D20	Member has returned funds to clients having credit balance and who have not done any transaction in the 30 calendar days since the last transaction within next three working days irrespective of the date when the running account was previously settled. (applicable till January 5,2025).	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D21	Member has returned funds to clients having credit balance and who have not done any transaction in the 30 calendar days since the last transaction. The entire amount is to returned to the clients on the upcoming settlement dates of monthly running account settlement cycle as stipulated by stock exchanges (irrespective of settlement cycle preferred by the client) (applicable from January 6, 2025 onwards).	All Members - Registered for Any Segment	5000
D22	Member has sent an intimation including the details about the transfer of funds to clients by SMS & Email at the time of running account settlement of funds.	All Members - Registered for Any Segment	Advice
D23	Trading member has sent a statement of accounts containing an extract from client ledger for funds & securities along with a statement explaining the retention of funds/ securities, within five days from the date when the account is considered to be settled.	All Members - Registered for Any Segment	25000
D24	Trading member has not done any inter-client adjustment or passed any journal entries for the purpose of client level quarterly/ monthly settlement.	All Members - Registered for Any Segment	25000
D25	Member has transferred the funds to the respective clients while carrying on the actual settlement of client fund. Bank details for initiating electronic fund transfers has been obtained from new clients and also updated for existing clients and the settlement of funds is done only by way of electronic funds transfer viz., through National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc .Only in cases where electronic payment instructions have failed or have been rejected by the bank, then the stock broker has issued a physical payment instrument.	All Members - Registered for Any Segment	Advice
D26	The following statutory levies/ fee/ charges are not collected from clients in excess of actuals levied on the members. Such as-  i) Securities Transaction Tax, ii) SEBI turnover fees, If Excess is collected, please give complete details	All Members - Registered for Any Segment	10000
D27	Member has not levied Excess transaction charges to clients in the contract notes.	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D28	The running account authorization taken by trading member from client(s) is dated and signed by such clients and not by POA (Power of Attorney) holder and contains a clause which explicitly allows a client to revoke the said running account authorization at any time and would continue until such revocation.	All Members - Registered for Any Segment	5000
D29	Member has not transferred funds from DSCNBA/USCNBA to any third party or any other non-client account	All Members - Registered for Any Segment	25000
D30	Member has not transferred funds to its Group companies/ Associates from DSCNBA/USCNBA.	All Members - Registered for Any Segment	25000
D31	Payment for own trades (PRO) are not made from DSCNBA/USCNBA	All Members - Registered for Any Segment	5000
D32	Member is not operating any assured returns schemes and mobilizing deposits from investors. If yes, please provide details.	All Members - Registered for Any Segment	5000
D33	Member has not taken securities/ commodities from any client for purposes other than margin or meeting the client's obligation.	All Members - Registered for Any Segment	25000
D34	Member has ensured that the funds available in USCNBA/DSCNBA/ settlement bank accounts and balances available with Clearing Member/Clearing Corporation and funds with Exchange/ clearing corporation are not less than the funds payable to the client at all times.	All Members - Registered for Any Segment	25000
D35	The stock broker has submitted the correct details in the Risk Based Supervision data submitted to the Exchange.	All Members - Registered for Any Segment	10000
D36	Member has correctly reported to the Exchange the Securities holding balances for each of the DP account maintained by it. (Details of the difference between the actual data and the reported data should clearly be brought out)	All Members - Registered for Any Segment	Advice
D37	Trading member has closed all Client Securities accounts in compliance with relevant Exchange circulars.	All Members - Registered for Any Segment	25000
D38	PAN recorded in the Register of Securities & the Holding statement submission should match with the UCC database of the Exchange	All Members - Registered for Any Segment	25000
D39	Trading Member has upstreamed the untraceable/unclaimed clients funds to CC.	All Members - Registered for Any Segment	10000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D40	Member has closed all existing demat accounts tagged as Client Collateral and Client Margin Trading Securities accounts in compliance with relevant Exchange Circulars	All Members - Registered for Any Segment	25000
D41	Member has accepted securities as margin obligation from clients only by way of margin pledge/repledge in the depository system by opening a separate demat account for accepting margin pledge which shall be tagged as "Client Securities Margin Pledge account". in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25,2020.	All Members - Registered for Any Segment	Advice
D42	In case of bounce back of emails and non delivery of SMS, provide comments with reasons thereof after verification.  Member has taken corrective steps for the instances where SMS and/or email is/are returned undelivered/bounced back including updating the details of mobile number and email address in the Exchange UCC database so as to avoid instances of non-delivery / non-communication in future	All Members - Registered for Any Segment	5000
D43	Auditor should verify the details of generation of alerts for misuse of client funds and give specific comments with reasons thereof.	All Members - Registered for Any Segment	10000
D44	Auditor should verify whether the Member has correctly submitted the details of financial indicators and ratios for "Monitoring of Financial Strength of Stock Brokers" and give specific comments with reasons thereof. (Refer 5.1.1 and 5.1.2 as per SEBI CIRCULAR SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26,2016 )	All Members - Registered for Any Segment	10000
D45	Member has not levied any charges other than brokerage, exchange's transaction charges, applicable statutory and regulatory dues in the contract note as permitted and it's on actual basis and not in excess of actuals	All Members - Registered for Any Segment	10000
D46	Funds settled through running account settlement is transferred to the respective client's bank account and members has not run any scheme to invest the actual settlement dues (Monthly / Quarterly) with the consent of the client / through POA in any scheme or investment product including mutual funds etc.	All Members - Registered for Any Segment	25000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D47	Member has not funded its clients in contravention to the Exchange / SEBI requirements i.e. member has not granted further exposure to the clients when debit balances arise out of client's failure to pay the required amount and such debit balance has not continued beyond the fifth trading day, as reckoned from date of pay-in (Except in accordance with Margin Trading Guidelines)	All Members - Registered for Any Segment	25000
D48	Members has cautioned and created awareness amongst their clients/investors to abstain them from dealing in any schemes of unauthorised collective investments/portfolio management, indicative/ guaranteed/fixed returns / payments etc. Further Member has also displayed the messages on their respective websites under a separate banner "Advisory for investors" as per Exchange circular.	All Members - Registered for Any Segment	Advice
D49	There is no delay in payment of funds / collaterals to clients beyond 3 working days from the date of receipt of request	All Members - Registered for Any Segment	25000
D50	Member has put in place systems for dealing with conflict of interest as per SEBI circular CIR/MIRSD/ 5/ 2013 dated August 27, 2013.	Members- Registered for other than Commodity Segment	NA
D51	Member has levied delayed payment charges on client's net debit balances across all segments in accordance with the Exchange circulars	Members- Registered for other than Commodity Segment	NA
D52	Incase member has Margin Trading Facility, the securities lying in 'Client Securities under Margin Funding Account' are not pledged with any other Bank/ NBFC in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020	Members- Registered for other than Commodity Segment	NA
D53	Member has correctly posted entries in client ledgers related to trade/margin obligations, receipts and payments from/to clients are commensurate to the trades executed in the Exchange platform, statutory/ regulatory levies as per applicable guidelines on actual basis, brokerage/other allowable charges as agreed by the clients in the tariff sheet, actual dividend and other corporate benefits.	Members- Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D54	Excess Client's securities provided as early pay-in (EPI) and released by the clearing corporation/clearing member on T Day are transferred to the respective beneficiary account of their clients on the Trade day (T Day) itself in compliance with relevant circulars	Members-Registered for other than Commodity Segment	NA
D55	Securities received in payout against which payment has been made in full by the clients are not transferred to Client Unpaid Securities Account	Members-Registered for other than Commodity Segment	NA
D56	Clients Commodities received as margin are utilised for respective clients only and not utilized for execution of proprietary trades or trades in the name of Directors/ Key Promoters/ shareholders/Other Clients	Members Registered for Commodity Segment -	25000
D57	Member has maintained records of rate at which brokerage is charged and clientwise brokerage earned during the audit period.	Members Registered for Commodity Segment -	5000
D58	Dealing with Foreign Portfolio Investors (FPIs) is in compliance with guidelines of SEBI and Exchange in this regard.	Members Registered for Commodity Segment -	Advice
D59	Client funds received by the members in the client bank accounts is not invested in any Liquid Mutual Funds, Gilt Funds, Government Securities or any other liquid funds and not been considered for reporting under client asset for enhanced submission	All Members Registered for Any Segment -	25000
D60	Funds of clients having credit balance has used for margin obligation of respective client only and not for obligation of any other clients / Proprietary trading	All Members Registered for Any Segment -	25000
D61	Member has ensured that the securities available in the EPI/Pool/CUSPA are not less than the securities payable to the client at all times.	All Members Registered for Any Segment -	Advice
D62	Trading member has done correct reporting to the Exchange on the requirement pertaining to submission of UCC wise settlement details under within 10 Trading days post Settlement of Running Account of Clients Funds lying with Trading Member.	All Members Registered for Any Segment -	5000
D63	Trading member has made early pay-in of funds to the clearing corporation where clients have made an early pay-in of funds.	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D64	Intimation has been sent to the clients by SMS and Email on the registered mobile number and email id upon successful early pay-in of funds	Members-Registered for other than Commodity Segment	NA
D65	Trading Member has ensured that no Bank Guarantees has been created out of clients funds.	All Members - Registered for Any Segment	25000
D66	Member invoking client securities (under margin pledge) in case of default and only to the extent of debit balance of client.	All Members - Registered for Any Segment	Advice
D67	Trading Member has ensured that funds received from clients, whose running account has been settled, remain in the "Up Streaming Client Nodal Bank Account" and no such funds shall be used for settlement of running account of other clients.	All Members - Registered for Any Segment	10000
D68	Trading Member has ensured that all the clients' clear credit balances are upstreamed to the clearing Corporation on EOD Basis	All Members - Registered for Any Segment	10000
D69	<p>The following conditions are met if any FDRs has been created out of clients funds: -</p> <p>i. The FDR shall be created only with banks which satisfy the CC's exposure norms as specified by CCs/SEBI from time to time.</p> <p>ii. FDRs created only from 'Up Streaming Client Nodal Bank Account (USCNBA)' and has been lien-marked to one of the Clearing Corporations at all times.</p> <p>iii. The tenor of FDRs created after July 01, 2023 are not more than one year and one day; and the FDRs is pre-terminable on demand.</p> <p>iv. The principal amount of the FDR is remained protected throughout the tenure, even after accounting for all possible pre-termination costs.</p> <p>v. Member has not availed any funded or non-funded banking facilities based on FDRs created out of clients' funds</p> <p>vi. Existing FDRs (created out of clients' funds and having tenor of more than one-year) created prior to June 30, 2023 shall be allowed to be grandfathered till maturity.</p>	All Members - Registered for Any Segment	Advice
D70	Trading Member has ensured that client funds have been invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Triparty Repo Dealing and Settlement (TREPS)	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D71	Trading Member has maintained a dedicated demat account to as "Client Nodal MFOS Account" for subscription / redemption of MFOS units in case they are investing clients funds in MFOS	All Members - Registered for Any Segment	Advice
D72	Trading Member has ensured that any clear credit balance that could not be upstreamed to Clearing Corporations due to receipt of funds from clients beyond cut-off time has remained in UNSCBA and upstreamed to Clearing Corporation on the next day	All Members - Registered for Any Segment	10000
D73	Trading member complied with the provisions of SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023 with respect to bank guarantees	All Members - Registered for Any Segment	Advice
D74	Trading Member has complied as per SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022 on Handling of Clients' Securities by Trading Members issued from time to time.	Members- Registered for other than Commodity Segment	NA
D75	Member has correctly reported the data towards "Segregation and Monitoring of Collateral at Client Level" to their respective Clearing Member/Clearing Corporation	All Members - Registered for Any Segment	5000
D76	Member has not made pay-out of funds to clients in excess of their balances	All Members - Registered for Any Segment	10000
D77	Trading Member shall ensure that clients' clear credit balances not placed with CC on account of justifiable reasons and the said clear credit balances are reported in the segregation file as "Retained with TM" or "Retained with CM", then such justifiable reasons have been reported to CC by next settlement day. Also, such clients' balances reported as retained with the SBs/CMs were available in USCNBA/DSCNBA/Settlement account of the SBs/CMs and/or in transit to the CC.	All Members - Registered for Any Segment	5000
D78	Trading Member has sent communication/notification to the clients prior to flagging of their trading accounts as inactive.	All Members - Registered for Any Segment	Advice
D79	Trading Member have made efforts to trace the clients to settle client account and maintained an audit trail for such efforts made. In case of receipt of any claims from such clients, members have settled the accounts immediately and ensure that the payment/delivery is made to the respective clients only.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
D80	Trading member has created a designated UCC "SUSPE1234N" on the PAN of member in the back office (and not in the UCC database) to allocate and upstream the unidentified/suspense account funds to CCs. TM has ensured that no trades are permitted in said UCC on or after December 19,2024.	All Members - Registered for Any Segment	5000
D81	Trading member has obtained and maintained the evidence of request of pay out received from the clients.	Members-Registered for other than Commodity Segment	NA
<b>E</b>	<b>Banking and Demat account operations</b>		
E1	Member maintains separate bank account for client funds and own funds.	All Members - Registered for Any Segment	25000
E2	Member maintains separate demat account for clients securities and own securities.	All Members - Registered for Any Segment	25000
E3	Clients funds and securities & commodities are segregated from own funds and securities & commodities.	All Members - Registered for Any Segment	25000
E4	Member has reported all their Bank & DP account details to the Exchange as required by SEBI circular dated September 26, 2016. Further, closure of reported bank and demat accounts has been correctly intimated to the Exchange within prescribed timeline.	All Members - Registered for Any Segment	5000
E5	Member has named / tagged their Bank & DP accounts details to the Exchange as required by SEBI Circular Nos. dated September 26, 2016, June 22, 2017, SEBI/HO/MIRSD/MIRSD_DPIEA/P/CIR/2022/83 dated June 20, 2022, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 08, 2023, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/110 dated June 30, 2023 & SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023	All Members - Registered for Any Segment	5000
E6	Trading Member has submitted Undertaking cum Indemnity bond to Exchange empowering the Exchange to freeze the bank accounts of the Trading member in compliance to SEBI circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020, on the subject "Standard Operating Procedure in the cases of Trading Member /Clearing Member leading to default".	All Members - Registered for Any Segment	5000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
E7	Member has maintained maximum of 30 bank accounts named as USCNBA/DSCNBA across all segments and Exchanges at a time	All Members - Registered for Any Segment	10000
E8	Trading Member has submitted Undertaking/Authorisation to Exchange to access the information/statements pertaining to all bank accounts (maintained by members) from Banks	All Members - Registered for Any Segment	5000
E9	Multiple client code is not mapped with single bank/demat account or multiple demat/bank account of different entities are not mapped with a single client code (Except where permitted by the exchange)	All Members - Registered for Any Segment	10000
E10	Member has maintained USCNBA/DSCNBA with followings banks only i. Banks designated as Clearing Banks by any of the Clearing Corporations from time to time ii. Banks which are not designated as Clearing Banks however empaneled for the purpose of issuance of BGs and FDRs by any of the Clearing Corporations from time to time iii. Payment Banks licensed under Banking Regulation Act, 1949	All Members - Registered for Any Segment	Advice
E11	Member has provided a bank confirmation to the Exchanges in case the USCNBA/DSCNBA are maintained with the following banks; i. Banks which are not designated as Clearing Banks however empaneled for the purpose of issuance of BGs and FDRs by any of the Clearing Corporations from time to time. ii. Payment Banks licensed under Banking Regulation Act, 1949.	All Members - Registered for Any Segment	Advice
E12	Member has displayed details of all their active USCNBA on their website which are reported to Exchange.	All Members - Registered for Any Segment	5000
E13	Member has not allowed trading in account of minor.	All Members - Registered for Any Segment	25000
F	<b>Terminal operations and systems</b>		
F1	Trading terminals are located in the head office, branch office of the Member or at the office of AP subject to compliance of guidelines specified by the Exchanges.	All Members - Registered for Any Segment	25000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
F2	Trading Member has ensured all the terminals are operated only by Approved persons namely employees of trading member, partner/proprietor/director(s), registered authorized persons (AP) or employee of an AP and not provided TWS / CTCL terminals to unauthorised intermediaries.	All Members - Registered for Any Segment	25000
F3	Correct Terminal details are reported to the Exchange and terminals observed at the inspection location are as per the information submitted to the Exchange.	All Members - Registered for Any Segment	25000
F4	Member has ensured that associated persons functioning as compliance officer employed has obtained NISM series III A certification	All Members - Registered for Any Segment	5000
F5	Records of trading terminals are updated and correctly uploaded to the Exchange CTCL database and periodically reconciled with Exchange database	All Members - Registered for Any Segment	25000
F6	Valid NISM/ MCCP (MCX Certified Commodity Professional) / NICR (NCDEX Institute of Commodity Markets and Research) / NCFM (NSE's Certification in Financial Markets – Commodity Market Module) Certification held by employees are as per exchange requirements.	All Members - Registered for Any Segment	10000
F7	No Offices/Branches/Franchises or User ID's/ Trade Work Stations (TWS) or Trading Terminal are being used for doing unauthorized / illegal trading / fictitious transactions or any trade outside the Exchange trading platform.	All Members - Registered for Any Segment	25000
F8	Member has complied with the advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions issued by the Indian Computer Emergency Response Team (CERT-in) as per SEBI Circular no. SEBI/HO/MIRSD2/DOR/CIR/P/2020/221 dated November 03, 2020	All Members - Registered for Any Segment	Advice
F9	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/ GN/ 2010 11/ 21/ 29390 dated December 10, 2010 have valid NISM series VII certification – (Securities Operations and Risk Management Certification Examination).	Members- Registered for other than Commodity Segment	NA
F10	Member has taken adequate steps as specified by Exchange's circular to review & monitor the Trading Terminals mapped to its branch/ AP	Members- Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
F11	Members' active approved User ID and CTCL Dealer (Terminal) have valid NISM-SERIES-XVI-Commodity Derivatives Certificate	Members - Registered for Commodity Segment	Advice
F12	In case Directors / Partners/ Proprietor is not available at other location, Authorised Supervising Person is supervising the Pro-account trading at these specified location	All Members - Registered for Any Segment	Advice
G	<b>Management of branches / AP and internal control</b>		
G1	In case of closure of branch/ AP location, advance notice of the same is sent to clients.	All Members - Registered for Any Segment	Advice
G2	Member has adequate follow up mechanism in case of adverse observations during branch / AP inspections and Member has on an annual basis placed an MIS before their Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of Branch / AP inspections undertaken, irregularities observed and action taken.	All Members - Registered for Any Segment	10000
G3	Trading member has not dealt with unregistered intermediaries for transactions on the Exchange and All Authorised persons are registered with the Exchange	All Members - Registered for Any Segment	25000
G4	The member has not shared commission/ brokerage with entities with whom trading members are forbidden to do business / another trading member / employee in the employment of another trading member / person doing Intermediary activities without registration.	All Members - Registered for Any Segment	5000
G5	Member is in compliance with the circular on 'Framework for Supervision of Authorised Persons (AP's) & Branches by Members', issued by the Exchange from time to time	All Members - Registered for Any Segment	5000
G6	Member has not acted through brokers of other exchange for its clients without registering as a authorized person of these brokers	All Members - Registered for Any Segment	10000
G7	Member is not dealing with more than one member/authorized person of another exchange for proprietary trading.	All Members - Registered for Any Segment	10000
G8	Changes in authorized person details are informed to the Exchange	All Members - Registered for Any Segment	10000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
G9	There is a monitoring mechanism to identify sudden increase / decrease in client level turnover from any specific branch/ AP location.	Members-Registered for other than Commodity Segment	NA
G10	Member has submitted AP Inspections report as per the timelines prescribed by the Exchange	All Members - Registered for Any Segment	Advice
G11	Member has timely reported and provided complete/correct details of clients (UCC) mapped to the AP as per Exchange circulars	All Members - Registered for Any Segment	Advice
G12	Internal auditor shall verify whether the Member has reported the action taken by the Member of APs in case of adverse observations are found by the member in the AP inspections.	All Members - Registered for Any Segment	Advice
G13	Internal auditor shall verify sample inspection reports of APs conducted by the Trading Members for completeness of the indicative scope of AP inspection prescribed by the Exchange.	All Members - Registered for Any Segment	Advice
G14	Trading member has complied with the requirements regarding Restriction on use of certain words by Trading Members/Authorized Person in their name.	All Members - Registered for Any Segment	Advice
<b>H</b>	<b>Investor grievance handling</b>		
H1	Member is maintaining a register of investor complaints. Register of complaints / grievances contains name of client, UCC details, date, particulars of complaints, action taken by the member and if matter is referred to arbitration then the particulars thereof.	All Members - Registered for Any Segment	10000
H2	Member has a system of resolution of investor complaints in a time bound manner.	All Members - Registered for Any Segment	Advice
H3	A designated email id for investor grievance is created and informed to the investors and exchange.	All Members - Registered for Any Segment	5000
H4	Complaints received on the designated email ID are being looked into to address the same.	All Members - Registered for Any Segment	10000
H5	The member has informed the Stock Exchange/Investor about the actions taken for the redressal of grievances of the investor on monthly basis within 7 days of the subsequent month.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
H6	The member has to take adequate steps to resolve the complaints within 21 days from the date of receipt of the complaint. Please provide the details of complaints, if any, pending for more than 21 days.	All Members - Registered for Any Segment	Advice
H7	Information about the grievance redressal mechanism as specified by SEBI circular SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated July 31, 2023 (updated as on August 04, 2023) is displayed at all the offices of the Member and its Authorised Person(s) for information of the investors.	All Members - Registered for Any Segment	Advice
H8	Trading Member has ensured compliance with the SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2025/22 dated February 21, 2025 The member have created a seperate page on their website for Investor charter wherein the relevant details provided viz Vision, Mission, Services Provided by the member, Rights of Investor, Various activities of Stock Brokers with timelines, DOs and DON'Ts for Investors, Grievance Redressal Mechanism of the Member and Exchange along with the logo of trading member and Handling of Investor's claims / complaints in case of default of a Trading Member. The link to access the Investor charter is available on the home page of the website. Also member has displayed investor charter at the prominent places in the office and provided a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters etc.	All Members - Registered for Any Segment	Advice
H9	Dissemination of the provisions of the SEBI circular SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated July 31, 2023 (updated as on August 04, 2023) on Member's website.	All Members - Registered for Any Segment	Advice
H10	Member has complied with the Escalation Matrix as prescribed by SEBI/Exchanges and updated on website/mobile application of the trading member	All Members - Registered for Any Segment	Advice
H11	Member has complied with the mechanism of Online dispute resolution as per SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated December 28, 2023.	All Members - Registered for Any Segment	Advice
H12	Trading member has ongoing system to protect the investor from unauthorised schemes/frauds due to impersonation	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
H13	<p>Trading member has taken action to protect the investor from unauthorised schemes/frauds due to impersonation.</p> <p>a. Initiate step to take down such App/website/social media posts etc by filing police complaints.</p> <p>b. Issue public notices and</p> <p>c. Notify client about-such impersonation findings, guiding them to verify the authentication of offer like asking them to visit official website or tagging social media handles or calling customer care at email/phone no., etc. and advise clients not to participate /subscribe to any product/scheme being offered.</p> <p>d. Report such instances/findings along with action taken to the Exchange within 3 days after filing of police complaint through Member Portal.</p>	All Members - Registered for Any Segment	Advice
H14	Trading member has complied in terms of SCORES 2.0 New Technology to strengthen SEBI Complaint Redressal System for Investors.	All Members - Registered for Any Segment	Advice
I	<b>Maintenance of Books of Accounts</b>		
I1	Prescribed books of accounts/records including Register of securities, Securities holding statements, Exchange wise client ledgers, bank books, margin deposit book / records of margin and client master etc. are maintained as per the specified format containing the required details and for the stipulated period as per regulatory requirements.	All Members - Registered for Any Segment	5000
I2	Register of securities/ commodities is maintained client wise-scrip wise/ commodity wise/ contract wise.	All Members - Registered for Any Segment	5000
I3	All Entries for receipt and payment/ transfer of securities & Commodities are duly recorded in the register of securities & commodities.	All Members - Registered for Any Segment	5000
I4	Segment wise/Exchange wise separate books of accounts are maintained, as applicable as per relevant circulars.	All Members - Registered for Any Segment	5000
I5	Prior approval has been obtained by member for changes in directors/partners/constitution/trade name. If No, post facto application has been submitted to the Exchange for the same.	All Members - Registered for Any Segment	10000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
16	Member has obtained prior approval or intimated (as applicable) to Exchange / SEBI, as applicable in case of any change in the shareholding/ sharing pattern of the company / LLP, partnership firm with or without change in control respectively. If No, post facto application has been submitted to the Exchange for the same.	All Members - Registered for Any Segment	Advice
17	Prior approval has been obtained in case the member has traded with another member of the Exchange.  Member has not dealt with / traded with other member of the Exchange by becoming a constituent or through AP of such other member or not allowed any other member of the Exchange to be their constituent to trade without prior approval of the Exchange	All Members - Registered for Any Segment	5000
18	Member has intimated the Exchange in case they have traded with member of another stock exchange.	All Members - Registered for Any Segment	10000
19	Whether the member has incurred any advertisement expenses during the audit period and has complied with the regulations of obtaining Exchange approval before issuance of all such advertisements.	All Members - Registered for Any Segment	5000
110	The Member, its Group companies/ third party or its associate has not offered any schemes/ leagues/ competitions and has not issued any advertisement for the same. Further, the stock broker has not carried out advertisements in which celebrities form part of the advertisement.	All Members - Registered for Any Segment	5000
111	SEBI registration certificate of the Trading Member was displayed at the location of audit.	All Members - Registered for Any Segment	5000
112	Trading member has not dealt with suspended/ defaulter/ expelled members and entities prohibited from accessing market.	All Members - Registered for Any Segment	25000
113	Last submitted net worth certificate to the Exchange is correctly submitted. In case of incorrect reporting of Networth is leading to shortfall, please specify in remarks.	All Members - Registered for Any Segment	Advice
114	Member has not engaged in any activity involving any personal financial liability, other than of securities or commodities derivative or which is connected to or incidental to or consequential upon securities / commodities business	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
I15	Dividend and other corporate benefits received on behalf of clients is paid/credited/passed on to the respective clients account.	All Members - Registered for Any Segment	10000
I16	Member has maintained Net worth as prescribed by the SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022	Members-Registered for other than Commodity Segment	NA
I17	Member, its Directors, Promoters, Partners, Principal Officer, Compliance Officer and Key Management Persons, are Fit and Proper Persons as per the criteria specified by Exchange / SEBI from time to time.	All Members - Registered for Any Segment	Advice
I18	Member has intimated the details of Politically Exposed Persons (PEP) associated with the member entity in the prescribed format.(if applicable). Member is aware that it shall submitted the details to Exchange as and when there is change in any of the details of Politically Exposed Persons' (PEP).	All Members - Registered for Any Segment	10000
J	<b>Systems &amp; Procedures pertaining to Prevention of Money Laundering Act, PMLA, 2002</b>		
J1	Principal officer has been appointed and details of the same or any change thereafter was intimated to FIU & Exchange	All Members - Registered for Any Segment	Advice
J2	Designated Director has been appointed and details of the same or any change thereafter was intimated to Financial Intelligence Unit(FIU) & Exchange	All Members - Registered for Any Segment	Advice
J3	The member has adopted and implemented written guidelines prescribed under PMLA, 2002.	All Members - Registered for Any Segment	Advice
J4	The Member has adequate system in place that allows continuous monitoring of transactions and generates alerts based on set parameters for suspicious transactions.	All Members - Registered for Any Segment	Advice
J5	Adequate systems & procedures are in place to scrutinize the alerts for arriving at suspicious transactions and reporting the same to FIU.	All Members - Registered for Any Segment	Advice
J6	Member has adequate systems & procedures in place to ensure screening of employees while hiring.	All Members - Registered for Any Segment	Advice
J7	Record of transactions, its nature & value and records of reporting made to FIU are maintained and preserved by the member as prescribed under Rule 3, 7 & 8 of PMLA.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
J8	Member has ongoing training program for employees so that staff are adequately trained in AML & CFT procedure.	All Members - Registered for Any Segment	Advice
J9	Member has taken adequate measures to carry out & document risk assessment to identify, assess and mitigate its money laundering and terrorist financing risk.	All Members - Registered for Any Segment	Advice
J10	Member has complied with the requirements of the various FATF public statements and updated UNSC lists which are circulated by the exchanges	All Members - Registered for Any Segment	Advice
J11	Member has complied with the following w.r.t FIU Registration, i. Member has done the online registration with FIU-India and has got the FIU Registration no. (FIU-REID). ii. Whether all reporting entities (REs) (including the Stock-Brokers) registered in FINnet 1.0 are re-registered themselves in FINnet 2.0 module. iii. Member has updated all lines of business.	All Members - Registered for Any Segment	Advice
J12	Whether all relevant RFIs (Red Flag Indicator) have been implemented by the member per letter issued by FIU.	All Members - Registered for Any Segment	Advice
J13	Senior management approval has been obtained for starting account relationship with a PEP client or for continuing the relationship.	All Members - Registered for Any Segment	Advice
J14	Record of transactions are preserved and maintained in terms of Section 12 of Prevention of Money Laundering Act (PMLA),2002.	All Members - Registered for Any Segment	Advice
J15	The AML policy is in line with PMLA requirements.	All Members - Registered for Any Segment	Advice
J16	AML policy has been updated to reflect recent changes or has been updated with considerable delay	All Members - Registered for Any Segment	Advice
J17	Member has maintained updated designated list in electronic form and names of existing clients are checked from such list. Further, member runs a check on the given parameters on a regular basis to verify whether designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them and have informed the relevant authority in timely manner in the event of any particulars matched with list of designated individuals / entities	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
J18	Review of the appointment process of Principal Officer - Verify internal norms for appointment - Board of Director's approval for appointment - Role and responsibilities - internal norms for appointment and reappointment - Review of the nature and frequency of the reporting done between the Board or senior management with the Principal Officer and compliance dept. staff - Seniority of the Principal Officer within the TM organisation.	All Members - Registered for Any Segment	Advice
J19	Verify the trading member's policy on appointment of third party / registered intermediary for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner.	All Members - Registered for Any Segment	Advice
J20	Member has ensured that exposure to clients (i.e. open positions, Margin received, MTM loss incurred, receipts of funds etc.) is not disproportionate to client's updated financial information (i.e. Income/profit/Net worth of the client)	All Members - Registered for Any Segment	Advice
J21	Member has complied with the guidance published by FATF regarding Risk Based Approach (RBA) for Securities Sector for effective implementation of revised FATF International Standards as per Exchange Circulars.	All Members - Registered for Any Segment	Advice
J22	Names of prospective clients are checked against the names of entities/individuals against whom sanctions have been applied and member has a practice of verifying its name of clients with latest updated FATF Statements and UNSC list circulated from time to time	All Members - Registered for Any Segment	Advice
J23	Cash Transaction Report and Suspicious Transaction Report is submitted wherever applicable to FIU-IND in the prescribed format	All Members - Registered for Any Segment	Advice
J24	Trading member has adopted risk assessment while implementing client due diligence and the same is documented & updated regularly as per PMLA guidelines	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
J25	Trading member has applied enhanced due diligence measures for clients categorized as high risk and special category.	All Members - Registered for Any Segment	Advice
J26	Trading member has applied enhanced due diligence measures for clients who are residents of jurisdictions listed in Financial Action Task Force (FATF) statements.	All Members - Registered for Any Segment	Advice
<b>K</b>	<b>Transfer of trades</b>		
K1	Trades were executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa in the back office of the member. In case of such transfers, if any specific pattern is observed instances to be provided in remarks column.	All Members - Registered for Any Segment	25000
K2	All client code modifications were done to rectify a genuine error in entry of client code and no patterns were observed. If any pattern is observed, please give details.	All Members - Registered for Any Segment	Advice
K3	Systems are put in place to monitor/ prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry.	All Members - Registered for Any Segment	10000
K4	The trades modified by the member to the "ERROR" code have been settled in ERROR account and not shifted to some other client code. If not complied, please provide the details.	All Members - Registered for Any Segment	25000
K5	Trading Member has a well-documented error policy to handle client code modifications, approved by their board/ management.	All Members - Registered for Any Segment	10000
K6	Member has maintained Trade Log and Order Log	All Members - Registered for Any Segment	Advice
<b>L</b>	<b>Margin Trading</b>		
L1	Member has obtained specific approval from the exchange, in case he is providing margin trading facility to his clients.	Members-Registered for other than Commodity Segment	NA
L2	Member have clearly segregated client MTF and Non-MTF account/ledger at back-office level	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
L3	Member has provided MTF facility only for eligible securities as mentioned in the circular	Members-Registered for other than Commodity Segment	NA
L4	Sufficient margin is collected with appropriate haircut for funded securities under MTF	Members-Registered for other than Commodity Segment	NA
L5	Member has not used more than allowable exposure towards MTF	Members-Registered for other than Commodity Segment	NA
L6	Member has fulfilled minimum networth requirement criteria for MTF during the audit period	Members-Registered for other than Commodity Segment	NA
L7	Member has an efficient system for collecting and reporting client margin collection to the Exchange for MTF trades	Members-Registered for other than Commodity Segment	NA
L8	Client consent has been obtained for MTF in writing or in any irrefutable electronic method.	Members-Registered for other than Commodity Segment	NA
L9	Member has maintained separate record of details of the funds used and sources of funds for the purpose of margin trading.	Members-Registered for other than Commodity Segment	NA
L10	Collateral Stocks & funded stocks are separately identified & no comingling has been allowed.	Members-Registered for other than Commodity Segment	NA
L11	The funds used for margin trading is obtained from approved sources only.	Members-Registered for other than Commodity Segment	NA

<b>Sr No</b>	<b>Area of Verification</b>	<b>Applicability</b>	<b>Action/Penalty (in INR) for Non-Compliance</b>
L12	Trading Member has reported correct data in Daily margin trading file (MTR file).	Members-Registered for other than Commodity Segment	NA
<b>M</b>	<b>Proprietary Trading</b>		
M1	If member is doing pro trading, then member has disclosed this information to his clients.	All Members - Registered for Any Segment	Advice
M2	If member is doing pro trading from multiple locations, the member has obtained prior approval from the Exchange in this regard and necessary evidence has been obtained to confirm that pro-trading terminals are being used only from the approved location for approved purpose.	All Members - Registered for Any Segment	10000
M3	Proprietary losses have been met by the own funds & securities of the Trading Member only	All Members - Registered for Any Segment	25000
M4	All trades in own account were done in PRO code only and such trades were done through approved terminals at approved locations only	All Members - Registered for Any Segment	5000
<b>N</b>	<b>Internet Trading</b>		
N1	Member has obtained specific approval from the exchange, in case he is providing internet trading facility to his clients and Member has complied with regulatory requirements related to internet trading.	All Members - Registered for Any Segment	Advice
<b>O</b>	<b>Execution of Power of Attorney (POA)</b>		
O1	The POA executed with the client (if any) is in the favor of the member and it is not in favor of any other person.	Members-Registered for other than Commodity Segment	NA
O2	The Power of Attorney executed in favour of trading member is only limited to the purposes as allowed and adheres to the Provisions of SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020	Members-Registered for other than Commodity Segment	NA
O3	The PoA executed does not prohibit operation of trading account by client(s).	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
O4	The Member has adopted sufficient internal controls to ensure that POA is not misutilised.	Members-Registered for other than Commodity Segment	NA
O5	Flagging of POA has been undertaken in the UCC with respect of all clients registered after February 13th, 2015	Members-Registered for other than Commodity Segment	NA
O6	Member has complied with respect to SEBI circular on Execution of 'Demat Debit and Pledge Instruction' for transfer of securities towards deliveries /settlement obligation and pledging/repledging of securities with effect from September 01, 2022 and Mutual Fund transactions/Tendering shares in open offers with effect from November 18, 2022	All Members - Registered for Any Segment	Advice
O7	Trading member has not directly / indirectly compelled the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI."	All Members - Registered for Any Segment	Advice
P	<b>Securities Lending &amp; Borrowing Scheme</b>		
P1	Member has obtained specific approval from the exchange for offering SLBS.	Members-Registered for other than Commodity Segment	NA
P2	Member has complied with regulatory requirements related to SLBS.	Members-Registered for other than Commodity Segment	NA
Q	<b>Other items</b>		
Q1	Change in Address (registered / correspondence/branch office), contact details (if any) and authorised signatories are carried out with intimation to the Exchange by submitting the specified documents as per the formats and updation in the Exchange portal is done within 15 working days from the date of such changes carried out by the member.	All Members - Registered for Any Segment	Advice
Q2	Exchange Market data has not been used other than for legitimate purposes	All Members - Registered for Any Segment	25000

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
Q3	Member has correctly provided PAN of all their Directors, Key Management Personnel and dealers to the Stock Exchanges within the prescribed timelines and any change in those details are correctly intimated to the Stock Exchanges within seven days of such change.	All Members - Registered for Any Segment	10000
Q4	Adverse comments in Statutory Audit Report of Corporate Member have been considered.	All Members - Registered for Any Segment	Advice
Q5	In case of submission Aadhar card as a proof during client registration, member have adhered to the Exchange guidelines that includes: a. consent letter b. Aadhaar card number should be redacted or blacked out or masked	All Members - Registered for Any Segment	5000
Q6	Member has not used MCX / NCDEX Logo/Emblem	Members - Registered for Commodity Segment	Advice
Q7	ROC related non - compliances are not observed	Members - Registered for Commodity Segment	Advice
Q8	Comments /observation on any other specific area which is not covered under any of the above area of verification.	Members - Registered for Commodity Segment	Advice
Q9	Member is not involved in fund lending/borrowing activities- with the exception of those in connection with or incidental to or consequential upon the commodities business	Members - Registered for Commodity Segment	Advice
Q10	Member has discontinued the usage of pool accounts for transactions in the units of Mutual Funds and ensured the following. i. not accept mandates for SIPs or Lumpsum transactions in their name; ii. accepted cheque payments from investors issued in favor of the respective SEBI recognized Clearing Corporations or mutual fund scheme(s) only. iii. not accepted or handled funds or units of investors in their proprietary accounts or pool accounts in any form or manner.	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
Q11	In case of clients registered for transactions in units of Mutual Funds on the Stock Exchanges Platforms (demat transactions), member has ensured the following during client registration. i. KYC Compliant ii. FATCA declaration obtained from client. iii. Ultimate Beneficial Owner (UBO) details obtained in case of non-individual client. iv. Bank account and Demat account details obtained with Third Party Validation (TPV) v. Email id and mobile number obtained.	Members-Registered for other than Commodity Segment	NA
Q12	Trading Member has updated the details of KMP to the Exchange as per Exchange circulars issued from time to time.	All Members - Registered for Any Segment	Advice
Q13	Compliances related to Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds (circular ref- SEBI circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 6, 2022 & SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023 (circular ref- SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/86 dated June 13, 2023)	Members-Registered for other than Commodity Segment	NA
Q14	Whether Member has placed the disciplinary action letter received from Exchanges/SEBI before Board for consideration.	All Members - Registered for Any Segment	Advice
Q15	Trading Member has reported cases admitted in NCLT against member or its promoters to the Exchange within one week of the admission of such case.	All Members - Registered for Any Segment	Advice
Q16	Member who provides any investment advice to its clients incidental to its primary activity has complied with the general obligation(s) and responsibilities as specified in Chapter III of the SEBI (Investment Advisers) Regulations, 2013.	All Members - Registered for Any Segment	Advice
R	<b>Compliances related to Online Bond Platform</b>		
R1	The entity has appointed a Company Secretary as a compliance officer	Members-Registered for other than Commodity Segment	NA
R2	The entity has appointed at least two qualified key managerial personnel with experience of at least three years in the securities market	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
R3	The entity has obtained a SEBI Complaints Redress System (SCORES) authentication and has put in place a well-defined mechanism to address grievances that may arise or likely arise while carrying out OBP operations.	Members-Registered for other than Commodity Segment	NA
R4	Trading Member has establish necessary systems and frame suitable policies, in writing, for registration of users/ investors/ sellers on the OBP, execution of transactions and orders, roles and responsibilities of investors and sellers, risk management and control, liability framework for OBP, investors and sellers in case of breach of the policies, restrictions or other requirements that may apply for accessing the OBP	Members-Registered for other than Commodity Segment	NA
R5	Member has entered into an agreement in writing where he allows third party sellers of debt securities to use the OBP to sell such securities, defining inter-se relationship and sets out their mutual rights, liabilities and obligations relating to such assignments.	Members-Registered for other than Commodity Segment	NA
R6	The entity shall comply with Know Your Client (KYC) requirements and verify the identity of its investors and sellers	Members-Registered for other than Commodity Segment	NA
R7	All Orders with respect to listed debt securities placed on OBP are mandatorily routed through the Request for Quote platform (RFQ) of the recognised Stock Exchange(s) and settled through the respective Clearing Corporations All Orders with respect to debt securities proposed to be listed through a public offering placed on OBP shall be mandatorily routed and settled through the stock exchange mechanism.	Members-Registered for other than Commodity Segment	NA
R8	Trading member has issued order receipt, deal sheet and quote receipt with all the precribed details	Members-Registered for other than Commodity Segment	NA
R9	The entity shall ensure that investors and sellers are also regularly updated on the status of transactions electronically through SMS, email etc.	Members-Registered for other than Commodity Segment	NA

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
R10	The entity shall ensure compliance with the minimum disclosure requirements as specified in SEBI circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022	Members-Registered for other than Commodity Segment	NA
R11	The entity undertakes to ensure that its advertisements shall be in conformity with the Advertisement Code as specified in SEBI circular nos. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022 and SEBI/HO/DDHS/POD1/P/CIR/2023/194 dated December 28, 2023 and Chapter XXI of SEBI Master Circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024.	Members-Registered for other than Commodity Segment	NA
R12	The entity has adequate grievance redress mechanism for redressal of grievances of the investors within 21 days from the date of the receipt of the complaint and complied with the provisions of the Exchange circular in this regard.	Members-Registered for other than Commodity Segment	NA
R13	Entity has a comprehensive risk management framework covering all aspects of its operations and shall ensure that risks associated with its operations are identified properly and managed prudently.	Members-Registered for other than Commodity Segment	NA
R14	Entity has establish appropriate safeguards and procedures to deal with exigencies like suspension or cessation of trading in debt securities, cancellation of orders or transactions by the investors and sellers, malfunctions or erroneous use of its systems by investors and sellers, or other unforeseen situations	Members-Registered for other than Commodity Segment	NA
R15	The entity undertakes to identify and disclose on its OBP, all instances of conflict of interest, if any, arising from its transactions or dealings with related parties	Members-Registered for other than Commodity Segment	NA
R16	Trading members have undertaken at least 25% of their total secondary market trade by value in CBs in that month by placing /seeking quotes through OTO or OTM mode on the RFQ platform of stock exchanges for all trades in proprietary capacity.	Members-Registered for other than Commodity Segment	NA
S	<b>Additional surveillance obligations (Applicable for TMs where the no. of active UCCs is greater than 50000)</b>		

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
S1	Trading Member has adequately staffed/resourced its surveillance function depending on the size, nature and complexity of its business.	All Members - Registered for Any Segment	Advice
S2	Trading member has formulated transactional alert as per indicative themes and factors prescribed for generating alerts. The Alerts generation thresholds are reviewed and recalibrated, wherever required, at least once in a year to ensure adequacy of the same.	All Members - Registered for Any Segment	Advice
S3	Trading member has adequate systems in place to ensure that proprietary account are used only for proprietary trades and reviewed by their PO/DD/CO/CSO.	All Members - Registered for Any Segment	Advice
S4	Trading member has exercised caution during allotment of trading terminals, maintained attendance sheet or Webcam/CCTV in terminal room and conducted mandatory surprise visit/random inspections.	All Members - Registered for Any Segment	Advice
S5	Trading Member has established and maintained documented processes and systems to detect potential mule accounts/suspicious activity. Trading member has made standard operating procedure (SOP) for individual clients and non individual clients.	All Members - Registered for Any Segment	Advice
S6	Trading member has informed their senior management upon knowledge of any fraud, market abuse or suspicious activity and sends mandatorily appropriate communication to all the employees.	All Members - Registered for Any Segment	Advice
S7	Trading member has escalation and reporting mechanism for reporting of the status of alerts.	All Members - Registered for Any Segment	Advice
S8	Trading member has accountability grid for different types of suspicious behaviour.	All Members - Registered for Any Segment	Advice
S9	Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the audit period and record the observations with respect to the same in the internal audit report.	All Members - Registered for Any Segment	5000
S10	The Trading Member has identified surveillance department as critical and physically protected to allow only authorised access. TM has adopted Chinese Wall policies and procedures to prevent unauthorized exchange of information between critical and non-critical departments.	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
S11	Trading member has formulated and implemented a whistle blower policy duly approved by the Apex Body.	All Members - Registered for Any Segment	Advice
S12	Proprietary account are used only for proprietary trades and reviewed by their PO/DD/CO/CSO.	All Members - Registered for Any Segment	5000
S13	Quarterly MIS has been placed by the QSB before its Apex body i.e. Audit Committee or the Board of Directors or persons of other equivalent or analogous rank, for reviewing the compliance with provisions of the framework under this chapter of these regulations and to verify the adequacy and efficiency of the systems for internal control and reporting.	All Members - Registered for Any Segment	Advice
S14	Member has presented to the appropriate Committee or BOD on regular basis, if there is any deviation in internal controls, risk management policy, surveillance policy, policy for onboarding of clients along with the proposed corrective actions. Principal Officer (PO) / Designated Director (DD) / Compliance Officer (CO) / Chief Surveillance Officer (CSO), to submit a deviation report to its Apex body and Stock Exchanges.	All Members - Registered for Any Segment	Advice
T	<b>Compliance status of last inspection carried out by SEBI/ Exchanges/ Internal Auditor</b>		
T1	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by SEBI. Further whether Member has complied with the qualifications/violations made in last SEBI inspection report.	All Members - Registered for Any Segment	Advice
T2	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by Exchange. Further Member has complied with the qualifications/violations made in last Exchange inspection report.	All Members - Registered for Any Segment	Advice
T3	Member has taken corrective steps to rectify the deficiencies observed in the latest half yearly internal audit report or complied with the direction issued by the Exchange in the action letter if any.	All Members - Registered for Any Segment	Advice
U	<b>Comments of the auditor on any other area or any other Internal Audit conducted for the Trading member during the Audit period</b>		
U1	Comments of the auditor on any other area or any other Internal Audit conducted for the Trading member during the Audit period	All Members - Registered for Any Segment	Advice

Sr No	Area of Verification	Applicability	Action/Penalty (in INR) for Non-Compliance
V	The last half years Internal Audit Report was placed/ approved by the Board/ Proprietor/ partners.		
V1	The last half years Internal Audit Report was placed/ approved by the Board/ Proprietor/ partners.	All Members - Registered for Any Segment	Advice