
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No : NCDEX/COMPLIANCE-035/2025

Date : June 27, 2025

Subject : Monitoring corrective actions taken by the Trading Members pursuant to Inspection by SEBI

This is in reference to inspections of the Trading Members conducted by Securities and Exchange Board of India (SEBI), including joint inspection along with the Stock Exchanges. Following these inspections, SEBI will forward the violations brought out during inspection(s), which require corrective measures, to one of the concerned Stock Exchanges (hereinafter referred to as Assigned Stock Exchange) for further necessary action, along with the timelines for taking such corrective measures.

Pursuant to the above and notwithstanding SEBI's discretion to take disciplinary actions for non-compliance(s) reported during inspection, SEBI shall advise the Assigned Stock Exchange to monitor the timeliness and completeness of corrective actions taken by the Trading Members. Accordingly, in consultation with SEBI and other Stock Exchanges, Trading Members are hereby informed that upon receiving communication from SEBI, the Exchange shall intimate the same to the Trading Member and commence monitoring the implementation of these corrective actions according to the timeline prescribed by SEBI.

In view of the above, the Trading Members are required to take all the necessary corrective actions as directed by SEBI and submit the compliance status report to the Assigned Stock Exchange in the format prescribed in **Annexure 1** (*Compliance Status Report on the Corrective Actions Taken*) within the prescribed timelines.

The Trading Members shall note that in the event of any non-compliance / non-implementation of the SEBI directives and / or non-adherence to the timelines prescribed by SEBI with respect to corrective actions, the following action shall be initiated by the Assigned Stock Exchange:

Period of continued non-compliance / non- submission beyond prescribed or permitted time by SEBI (No. of calendar days)	Applicable action (per calendar day and per instance of continued non- compliance)
1 to 15	Warning + Notice for applicability of monetary penalty
16 to 30	Monetary penalty of Rs. 2,500 per day + Notice for prohibition of new clients
31 to 45	Prohibition on onboarding of new clients until all observations are complied* + Notice for disablement of proprietary trading terminals in all segments in addition to prohibition of new clients

46 onwards	Prohibition on onboarding of new clients until all observations are complied* + Disablement* of proprietary trading terminals in all segments until all observations are complied
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**Prohibition on onboarding of new clients and / or disablement of proprietary trading terminals in all segments shall be done across Exchanges.*

The above action shall be levied on:

- I. Observation (s) where Trading Member has not implemented or has delayed the implementation of corrective actions.
- II. Observation(s) where Trading Member has not submitted compliance certificate, construing the same as not complied.

The action taken by the Assigned Stock Exchange is without prejudice to SEBI's right to take any disciplinary action in the matter.

Further, Trading Members shall ensure that during their half yearly internal audit in which the "Compliance Status Report on the Corrective Actions Taken" is submitted by the Trading Member to the Assigned Stock Exchange, the Exchange empaneled internal auditor shall check the veracity of the said Compliance Status Report and submit a certificate as per **Annexure 2 (Certificate of Compliance on the Corrective Actions Taken by Trading Member)** certifying the corrective actions taken by the Trading Member as directed by SEBI along with the corresponding half yearly internal audit report.

Assigned Stock Exchange shall verify the instances pertaining to the above-mentioned audit period during subsequent comprehensive inspection by the Exchange which may include said audit period to confirm the correctness of "Compliance Status Report on the Corrective Actions Taken" submitted by Trading Members and the said compliances certified by the Exchange empaneled internal auditor vide "Certificate of Compliance on the Corrective Actions Taken by Trading Member".

If the empaneled internal auditor identifies any observation that contradicts the compliance status report submitted by the Trading Member (i.e. *Compliance Status Report on the Corrective Actions Taken*) and/or if the Exchange during subsequent comprehensive inspection identifies any observation that contradicts with the compliance certificate certified by the empaneled internal auditor (i.e. *Certificate of Compliance on the Corrective Actions Taken by Trading Member*) or if the Trading Member fails to submit the Internal Audit Report (IAR), the Assigned Stock Exchange under intimation to SEBI shall take:

- a. Applicable action on the respective observation as per the penalty circulars issued by the Assigned Stock Exchange from time to time.
- b. Most stringent action as per the above grid considering that corrective actions as per the SEBI direction have not been taken by the Trading Member and the non-compliance has continued for more than 45 days from the date of submission of compliance status report by the Trading Member and / or compliance certificate certified by empaneled internal auditor till the date of inspection.
- c. Necessary action against the empaneled internal auditor as per the extant framework of the Assigned Stock Exchange including recommending necessary action to other Stock Exchange where such an internal auditor may be empaneled.

The provisions of this circular shall be applicable with effect July 01, 2025.

Trading Members are hereby advised to take note of the above.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Senior Vice President – Inspection & Enforcement

Enclosed:

Annexure 1: Format for submitting compliance status on corrective actions taken by the Trading Members

Annexure 2: Format of auditor's certificate for certifying compliance status on corrective actions taken by the Trading Members

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

Annexure 1**Format for submitting compliance status on corrective actions taken by the Trading Members**

[Certificate to be issued on the letter head of Trading Member signed by the compliance officer]

COMPLIANCE STATUS REPORT ON THE CORRECTIVE ACTIONS TAKEN BASED ON THE FINDINGS OF SEBI INSPECTION

To,
National Commodity & Derivatives Exchange Limited.

Reference to SEBI communication:
Reference to Exchange communication:

This is to certify the status of the implementation of the corrective actions stipulated by SEBI that was intimated via above referred communication.

All observations requiring corrective actions as prescribed by SEBI	Compliance status after considering Management comments (Complied /Not complied)
Observation 1	
Observation 2	

Date:
Signature of the Compliance Officer:
Name of the Compliance Officer:
Designation: Compliance Officer

Annexure 2

Format of auditor's certificate for certifying compliance status on corrective actions taken by the Trading Members

Certificate to be issued on the letter head of empaneled auditor with the Exchange

CERTIFICATE OF COMPLIANCE ON THE CORRECTIVE ACTIONS TAKEN BY TRADING MEMBER BASED ON THE FINDINGS OF SEBI INSPECTION

We have examined the relevant books of accounts, records and documents maintained by M/s. _____, a member of the National Commodity & Derivatives Exchange Limited for the following segment to verify and certify on compliances of corrective action taken by the trading member on findings of SEBI inspection.

Segment	SEBI registration number
Commodity	

The purpose of this Audit is to examine that the processes, procedures followed, and the operations carried out by the Trading Member are as per the applicable Acts, Rules, Regulations, Bye-laws and Circulars prescribed by SEBI and the Stock Exchanges.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this audit. In our opinion, proper books of accounts, records and documents, as per the regulatory requirement, have been maintained by the member, so far as it appears from examination of the books.

Based on the scrutiny of relevant books of accounts, records and documents, and to the best of our knowledge and explanations given to us, we certify that the Member has complied with the relevant provisions of SEBI Act, 1992, Securities Contracts (Regulation) Act 1956, Securities Contracts (Regulation) Rules 1957, SEBI (Stock Brokers) Regulations, 1992 and various circulars of SEBI and with the Rules, Bye laws, Regulations of NCDEX and various circulars issued by the Stock Exchange except otherwise mentioned in the **Annexure A** to this report.

We declare that the audit firm meets the eligibility criteria as prescribed by the Exchange circular in force.

Further, we declare that we do not have any direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management, other than the proposed audit assignment and also confirm that we do not perceive any conflict of interest in such relationship / interest while conducting audit of the said member.

In our opinion and to the best of our information and according to the explanations given to us by the proprietor / partners / directors / compliance officer, the Report and Compliance Certificate provided by us as per the Annexure and subject to our observations, which covers the entire scope of the audit, is true and correct.

Audit Firm Name:

Firm Registration Number:

PAN of Firm:

Signature of the Auditor:
 Name of the Auditor:
 Designation:
 Membership Number:
 UDIN Number:
 PAN of Auditor:
 Date:
 Place:

Annexure A

STATUS OF COMPLIANCE ON THE CORRECTIVE ACTIONS TAKEN BY TRADING MEMBER BASED ON THE FINDINGS OF SEBI INSPECTION

Name of the Trading Member (TM)	
TM Code	
Name of the Auditor	
Auditor Designation (Proprietor / Partner)	
Type of Entity (Proprietor / Partnership)	
Auditor Address	
Auditor Firm Name	
Auditor Firm Registration No	
Auditor's Membership No	
SEBI Letter / Email Date prescribing corrective actions	DD-MMM-YY
Audit period under review	From: DD-MMM-YY To: DD-MMM-YY
Period of conducting audit	From: DD-MMM-YY To: DD-MMM-YY

All observations requiring corrective actions as prescribed by SEBI	Compliance status after considering Management comments (Complied / Not complied)
Observation 1	
Observation 2	