
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No. : NCDEX/Member Tech Compliance-003/23

Date : August 21, 2023

Subject : Penalties/Disciplinary action(s) for Non-submission of VAPT Report and/or Compliance Report and/or non-closure of open vulnerabilities.

This is with reference to the SEBI Circular Nos. SEBI/HO/MIRSD/TPD/P/CIR/2022/80 dated June 07, 2022 SEBI/HO/MIRSD/MIRSDPoD-1/P/CIR/2023/24 dated February 06, 2023 and Exchange Circular no. NCDEX/RISK- 006/2022 dated August 24, 2022, NCDEX/TECHNOLOGY-065/2018 dated December 04, 2018, NCDEX/COMPLIANCE-010/2023 dated February 07, 2023 and NCDEX/COMPLIANCE-023/2023 dated March 06, 2023 and NCDEX/COMPLIANCE-056/2023 dated June 02, 2023 on "Modification Cyber Security & Cyber Resilience framework for Stock Brokers / Depository Participants", "Enhanced Obligations and Responsibilities on Qualified Stock Brokers (QSBs) – Comprehensive operating guidelines".

In order to ensure strict adherence to the regulatory requirements by Members with the prescribed framework applicable for VAPT submission and timely closure of vulnerabilities, following penalty has been prescribed and shall come into effect from submissions of FY 2023-24 (Including Half yearly for QSB's) and onwards.

Table – A – Non-submission of VAPT report and/or compliance report within below specified dates by Members (other than QSB's):

Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of repeated violation
<p>Non-submission of VAPT report on or before December 31 and/or Compliance report on or before March 31.</p>	<p>1.Charges Rs. 1,500/- per day till first 7 calendar days or submission of report, whichever is earlier.</p> <p>2.Charges of Rs. 2,500/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier.</p> <p>3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.</p> <p>4.The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>	<p>In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%.</p> <p>In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.</p> <p>The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>

Table – B – Non-submission of VAPT report and/or compliance report within below specified dates by QSB’s Members:

Details of Violation	Penalty/disciplinary actions	Penalty/disciplinary action in case of repeated violation
<p>Non-submission of VAPT report on or before June 30/December 31 and/or Compliance report on or before September 30/March 31.</p>	<p>1.Charges Rs. 3,000/- per day till first 7 calendar days or submission of report, whichever is earlier.</p> <p>2.Charges of Rs. 5,000/- per day from 8th calendar day to 21st calendar day or submission of report, whichever is earlier.</p> <p>3.In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued.</p> <p>4.The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>5.In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>	<p>In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%.</p> <p>In case of non-submission of report till 21st calendar days, new client registration shall be prohibited and notice of 7 calendar days for disablement of trading facility till submission of report, shall be issued. The disablement notice issued to the member will be shared with all the Exchanges for information.</p> <p>In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.</p>

Table C - Penalty/Disciplinary actions applicable in case of non-closure of per open vulnerabilities as reported in VAPT report within period of 3 months as specified hereunder:-

Categories of Risks	For All Members (other than QSBs)	For QSB Members
	Non closure of open vulnerabilities by March 31	Non closure of open vulnerabilities by March 31 (for HY September 30) and by September 30 (for HY March 31)
High/critical Risk	Rs.50,000/-	Rs.1,00,000/-
Medium Risk	Rs.25,000/-	Rs.50,000/-
Low Risk	Rs.10,000/-	Rs.20,000/-

Apart from the monetary penalty mentioned above, if **High/Critical/Medium** vulnerability is not closed by member within 21 days from the due date of submission of compliance report, new client registration shall be prohibited and notice of 7 days for disablement of trading facility shall be issued. If the vulnerability is not closed during this notice period, then member shall be disabled in all segments till closure of the vulnerability. The disablement notice issued to the member will be shared with all the Exchanges for information.

The penalty/disciplinary action as mentioned above shall come into effect from submissions of FY 2023-24 (Including Half yearly for QSB's) and onwards.

All members are advised to take note of the above and put in place adequate systems and procedures to ensure strict adherence to the compliance requirements.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Ravindra Shetty
Senior Vice President – Member Tech Compliance

For further information / clarifications, please contact

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