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**NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

Circular to all trading members of the Exchange

Circular No. : NCDEX/Member Tech Compliance-005/23

Date : October 09, 2023

Subject : Revised Penalties/Disciplinary action(s) for Non-submission of Cyber Security and Cyber Resilience Audit Report related submissions

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This is with reference to the SEBI circulars no. SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018 and SEBI/HO/MIRSD/DOP/CIR/P/2019/109 dated October 15, 2019 and Exchange circulars no. NCDEX/TECHNOLOGY-065/2018 dated December 4, 2018, NCDEX/TECHNOLOGY011/2019 dated March 25, 2019, NCDEX/RISK- 002/2019 dated October 18, 2019 and NCDEX/COMPLIANCE-023/2023 dated March 06, 2023 on "Cyber Security & Cyber Resilience Framework for Members". Members are required to submit Cyber Security and Cyber Resilience audit report as per the norms specified therein.

Audit report is required to be submitted to the Exchange in digitally signed copy. The said reports are to be sent as an attachment only to email ID: [infosec@ncdex.com](mailto:infosec@ncdex.com)

In this regard, members are requested to take note of the revised framework of penalties/disciplinary action(s)/charges related to Delayed/Non submission of preliminary audit report, Action Taken Report (ATR), Follow on Audit Report and non-closure of reported observations.

Non/late submission of Cyber Security and Cyber Resilience Audit Report shall attract penal charges as mentioned in **Annexure A**. Also, each High/Medium/Low risk non-compliance not closed in ATR shall attract penal charges as mentioned in **Annexure B**.

For and on behalf of

**National Commodity & Derivatives Exchange Limited**

**Ravindra Shetty**  
**Senior Vice President – Member Tech Compliance**

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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)

**Annexure A**
**Penalty/Disciplinary action for Delayed / Non-submission of Preliminary audit / ATR / Follow-on audit Report**

<b>Details of Violation</b>	<b>Period of violation</b>	<b>Penalty/disciplinary actions</b>	<b>Penalty/disciplinary action in case of repeated violation</b>
Delay / Non submission of Preliminary audit/ATR / Follow on audit report as recommended by the auditor in case of cyber security and cyber resilience audit report.	From 1 <sup>st</sup> day to 7 <sup>th</sup> day:	Charges Rs. 1,500/- per day for Non QSB & Rs. 3,000/- per day for QSB from the due date till first 7 calendar days or submission of report, whichever is earlier.	In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%.
	From 8 <sup>th</sup> day to 21 <sup>st</sup> day:	Charges of Rs. 2,500/- per day for Non QSB & Rs.	Levy of applicable monetary penalty along
		5,000/- per day for QSB from 8th calendar day after the due date to 21st calendar day or submission of report, whichever is earlier.	with an escalation of 50%.
	From 22 <sup>nd</sup> day onwards:	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.	
	After 28 <sup>th</sup> day:	In case of non-submission of report by 28th calendar day, Member shall be disabled in all segments till submission of report.	

**Penalty/Disciplinary action for Non- closure of observations reported in Cyber Security and Cyber Resilience Audit Report****a. Monetary penalty:**

- **Applicable penalties for each High/Medium/Low risk non-closure of non-Compliances, which have not been closed in ATR (i.e., within prescribed timelines of submission of due date of preliminary audit report)**

<b>Risk rating reported by auditor</b>	<b><u>Non QSB</u> Cyber Audit Report (in Rs.)</b>	<b><u>QSB</u> Cyber Audit Report (in Rs.)</b>
High Risk	50,000	100,000
Medium Risk	25,000	50,000
Low Risk	5,000	10,000

**b. Other actions:**

In case observations are not closed by member within three weeks from the due date for submission of Action Taken Report (ATR), new client registration to be prohibited and notice of 7 days for disablement of trading facility till closure of observation(s).

The penalty/disciplinary action as mentioned above shall come into the effect from the submission of the half year ended September 2023 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.