
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/COMPLIANCE-012/2024

Date : August 20, 2024

Subject : System Audit of Professional Clearing Members (PCMs)

This is with reference to NCCL circular no. NCCL/COMPLIANCE-009/2024 dated June 24, 2024 & NCCL/COMPLIANCE-010/2024 dated July 12, 2024 inter-alia containing SEBI's circular ref. no: SEBI/HO/MRD/TPD/P/CIR/2024/84 dated June 20, 2024 on System Audit of Professional Clearing Members (PCMs).

Further, National Commodity Clearing Limited in consultation with other Clearing Corporations has formulated a uniform penalty structure for:

1. Non-submission of system audit report within the due date
2. Penalties/disciplinary action(s)/charges for non-compliances/non-closure reported in System Audit Report
3. Applicable Penalty for each High/Medium/Low risk non-compliance, which has not been closed in ATR (i.e. within six months of submission of due date of preliminary audit report).

The penalty structure shall be effective for the System Audit report submissions from the FY 2023-24 onwards. The details of penalty structure are enclosed as **Annexure-1**.

Further, the submissions shall be made to the email ID inspection@nccl.co.in with the subject line as "System Audit Report- Name of the Member (Member Code) – FY 20__ - 20__".

Professional Clearing Members (PCMs) are requested to take note of the above and comply

For and on behalf of

National Commodity Clearing Limited

Ketan Jadhav
Assistant Vice President

For further information /clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
 2. Customer Service Group by e-mail to : contactus@nccl.co.in
-

Annexure - 1

Penalty Structure

Penalties /disciplinary action(s)													
Sr. No.	Details of Violation/contravention	Penalty/disciplinary actions	Penalty/disciplinary action in case of repeat violation/contravention										
1	Non-submission of System Audit Report within the due date	<ul style="list-style-type: none"> For 1st week (calendar days) after due date, Charges of Rs. 2,500/- per day Charges of Rs. 5000/- per day from second week after due date In case of non-submission within three weeks from the due date of submission, New Trading member/CP Code registration to be prohibited till the date of submission of report. 	In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%. In case of non-submission for within three weeks from the due date of submission, New Trading member/CP Code registration to be prohibited till date of submission of report.										
2	Penalties/disciplinary action(s)/ charges for non-compliances/ non-closure reported in System Audit Report	<table border="1"> <thead> <tr> <th colspan="2">Applicable Penalty for each High/Medium/Low risk Non-Compliance reported</th> </tr> <tr> <th>Risk rating reported by auditor</th> <th>System Audit Report</th> </tr> </thead> <tbody> <tr> <td>High Risk</td> <td>₹ 15,000/-</td> </tr> <tr> <td>Medium Risk</td> <td>₹ 7,500/-</td> </tr> <tr> <td>Low Risk</td> <td>₹ 2,500/-</td> </tr> </tbody> </table>		Applicable Penalty for each High/Medium/Low risk Non-Compliance reported		Risk rating reported by auditor	System Audit Report	High Risk	₹ 15,000/-	Medium Risk	₹ 7,500/-	Low Risk	₹ 2,500/-
Applicable Penalty for each High/Medium/Low risk Non-Compliance reported													
Risk rating reported by auditor	System Audit Report												
High Risk	₹ 15,000/-												
Medium Risk	₹ 7,500/-												
Low Risk	₹ 2,500/-												
3	Applicable Penalty for each High/Medium/Low risk non-compliance, which has not been closed in ATR (i.e. within six months of submission of due date of preliminary audit report)	<table border="1"> <thead> <tr> <th colspan="2">Applicable Penalty for each High/Medium/Low risk Non-Compliance reported</th> </tr> <tr> <th>Risk rating reported by auditor</th> <th>System Audit Report</th> </tr> </thead> <tbody> <tr> <td>High Risk</td> <td>₹ 30,000/-</td> </tr> <tr> <td>Medium Risk</td> <td>₹ 15,000/-</td> </tr> <tr> <td>Low Risk</td> <td>₹ 5,000/-</td> </tr> </tbody> </table>		Applicable Penalty for each High/Medium/Low risk Non-Compliance reported		Risk rating reported by auditor	System Audit Report	High Risk	₹ 30,000/-	Medium Risk	₹ 15,000/-	Low Risk	₹ 5,000/-
Applicable Penalty for each High/Medium/Low risk Non-Compliance reported													
Risk rating reported by auditor	System Audit Report												
High Risk	₹ 30,000/-												
Medium Risk	₹ 15,000/-												
Low Risk	₹ 5,000/-												