

Circular No.: NSDL/POLICY/2022/167

November 29, 2022

Subject: Amendments to Business Rules of NSDL under Chapter 18.1 - Enhancement of penalty structure for Depository Participants.

Attention of Participants are invited to NSDL circular No. NSDL/POLICY/2021/0072 dated July 15, 2021 read along with circular no. NSDL/POLICY/2022/001 dated January 03, 2022 regarding Surveillance Obligations for Depository Participants.

In the aforesaid circular Participants are advised to put in place a surveillance framework and obligation has been casted on Participants with respect to various parameters such as framing surveillance policy, generating and processing surveillance alerts, Quarterly reporting of alerts to Depository, etc. Further, the aforesaid circular also provides for imposition of penalties for late/non submission of quarterly reports and/or disciplinary actions for non-fulfillment of surveillance obligations by Participants.

In this regard, Participants are hereby informed that the amendments have been made in the Business Rules of NSDL pertaining to the addition of new penalty heads for Participants w.r.t surveillance obligations as prescribed at Business Rule 18.1.1 as enclosed in **Annexure A**.

Participants are requested to take note that the aforesaid amendment is effective from December 01, 2022.

For and on behalf of

National Securities Depository Limited**Arockiaraj
Manager**

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015



Annexure A

18.1

18.1.1 The Depository may impose a penalty on the Participant to the extent indicated for non-compliance as described below:

Sr. No.	Nature of Non-compliance	Penal Action in ₹/ Action
31.	Surveillance policy is not framed or not reviewed periodically.	<p>Rs.2,500/- per occasion.</p> <p>If repeated non-compliance found in consecutive period. Rs 5,000/- per occasion.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.</p>
32.	Depository Participant has not provided approved status of the alerts on a quarterly basis to Depository within 15 days from end of the quarter.	<p>Rs.1,000/- per occasion</p> <p>Rs.1,000/- per occasion plus additional Rs.500/- for any delay per fortnight</p> <p>Rs.2,000/- per occasion plus additional Rs.1,000/- for any delay per fortnight if repeated delay found in consecutive period.</p> <p>If same deviation is observed for three consecutive periods, matter would be referred to Member Committee.</p>