

NSE Clearing Limited
Department : SECURITIES LENDING & BORROWING SCHEME (SLBS)

Download Ref No : NCL/CMPT/46788

Date : December 23, 2020

Circular Ref. No : 095/2020

All Participants and Custodians,

Sub: - Levy of penalties - SLB Scheme

This is in partial modification to NCL circular 43084 dated January 01, 2020, Participants are hereby informed to take note of the penalties which shall be levied in SLB scheme for below mentioned violations.

I. Penalty for Self trades

- a) This has reference to circular 32414 dated May 19, 2016 regarding Self trades in SLB scheme.
- b) Self-trades are prohibited in the NCL SLB scheme and participants have been notified about the same. Penalty shall be levied at the rate of Rs.15,000/- per trade to the participant.

II. Penalty for Position limit violation

- a) NSE Clearing Ltd. issues caution letter in case of position limit violation in a security or further increase in open position despite open position limit violation till date.
- b) The penalty in case of increase in open position at member level / at client level in a security, shall be levied as per below grid. For this purpose, one instance would be calculated as a breach due to increase of the position limit, as monitored on end-of-day basis. No additional penalty per day shall be levied, if a participant fails to close-out open positions that are in violation.

Instance of violation in calendar Month	Penalty
2 nd to 5 th instance	Rs.5,000/- per instance
6 th to 10 th instance	Rs.10,000/- per instance
11 th instance onward	Rs.10,000/- per instance. Additionally, the participant will be referred to the Relevant Committee for suitable action

- c) The penalty shall not be applicable on first instance of open position exceeding the limit in a calendar month and also if an outstanding position exceeds the position limit on the date of revision of the position limit (in case where the position limit is reduced due to revision).

NSE Clearing Limited
III. Penalty for failure to upload unique client code

- a) Participants are required to upload client details on UCI online portal by the date of execution of transactions.
- b) A penalty of Rs.10,000/- per instance shall be levied for non-upload of client details before end of trade date.

IV. Penalty for Security pay-in shortages

- a) Penalty of 0.05% per day of value of security valued at close price of trade date in capital market segment shall be levied for each instance of shortages by the Participant. This penalty shall be applicable for all securities pay-in obligation including both legs of SLB transactions.

V. Penalty for Funds pay-in shortages

- a) Funds pay-in arises due to shortage in pay-in of lending fee, rollover fee or lending price, margin pay-in, close out or valuation debit pay-in.
- b) In case of default, a penalty at the rate of 0.07% per day for each instance of overnight fund shortage shall be levied.

VI. Penalty for Margin violation

- a) Following penalty shall be levied on a monthly basis in respect of margin violation instances during market hours:

Instances of Disablement	Penalty to be levied
1st instance	0.07% per day
2nd to 5th instance of disablement	0.07% per day +Rs.5000/- per instance from 2nd to 5th instance
6th to 10th instance of disablement	0.07% per day+ Rs. 10,000 per instance from 6th to 10th instance
11th instance onwards	0.07% per day + Rs.10000/- per instance from 11th instance onwards. Additionally, the participant will be referred to the Relevant Committee for suitable action

The circular shall be effective for transactions executed from Jan 01, 2021.

Participants and Custodians are advised to take note of the above.

**For and on behalf of
NSE Clearing Limited**

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Associate Vice President

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