

**National Stock Exchange Of India Limited****Department : Inspection**

Download Ref No: NSE/INSP/46757

Date : December 21, 2020

Circular Ref. No: 78/2020

To All Trading Members,

**Sub: Penalty structure for Non closure of Client Collateral / Client Margin Trading Securities demat accounts**

This has reference to SEBI circular nos. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 and SEBI/HO/MIRSD/DOP/ CIR/P/2020/88 dated February 25, 2020 and May 25, 2020 respectively wherein the members were required to close all existing demat accounts tagged as 'Client Margin/ Collateral' and Client Margin Trading Securities demat accounts by August 31, 2020.

Exchange has formulated an indicative penalty structure for any non-compliance of the provisions of the aforementioned circulars. The penalty structures are enclosed at **Annexure A**. The structure is indicative in nature and the Relevant Authority of the Exchange may, on case to case basis and based on the gravity of the violation, deal with such non-compliances.

All Members are advised to take note of the above and comply.

**For and on behalf of****National Stock Exchange of India Limited****Subhankar Chowdhury  
Senior Manager-Inspection**

In case of any clarifications, Members may contact our below offices:

<b>Regional Office</b>	<b>E MAIL ID</b>
Ahmedabad (ARO)	<a href="mailto:inspectionahm@nse.co.in">inspectionahm@nse.co.in</a>
Chennai (CRO)	<a href="mailto:inspection_cro@nse.co.in">inspection_cro@nse.co.in</a>
Delhi (DRO)	<a href="mailto:delhi_inspection@nse.co.in">delhi_inspection@nse.co.in</a>
Kolkata (KRO)	<a href="mailto:inspection_kolkata@nse.co.in">inspection_kolkata@nse.co.in</a>
Mumbai(WRO)	<a href="mailto:compliance_wro@nse.co.in">compliance_wro@nse.co.in</a>
Central Help Desk	<a href="mailto:compliance_assistance@nse.co.in">compliance_assistance@nse.co.in</a>

**Annexure A****Penalty structure for Non closure of Client Collateral / Client Margin Trading Securities demat accounts**

<b>Details of contravention</b>	<b>Disciplinary Action/Charges</b>
Non-closure of existing Client Margin/ Collateral account and Client Margin Trading Securities account	Rs. 50,000/- per account (where Members are unable to provide reasonable explanation). Member to be disabled in all Exchanges in case account is not closed within one month of levy of penalty
Non-Reporting of closure of existing demat accounts to Exchange/s within one week from closure in the prescribed format	Penalty of Rs. 5,000/- per annum and warning to be issued to Member and direction to report such details to the Exchange.