
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange

Circular No : NCDEX/COMPLIANCE-56/2025

Date : October 10, 2025

Subject : Ease of Doing Business - Rationalization and Standardization of penalties levied on Trading Members

1. This is with reference to Exchange Circular No. NCDEX/COMPLIANCE-111/2023 dated October 19, 2023, and other circulars issued by the Exchange from time to time wherein disciplinary actions under NCDEX Rule-6 viz. "*Disciplinary proceedings, penalties, suspension and expulsion*" were prescribed covering regulatory non-compliances with respect to various functions of the Exchange.
 2. With the objective of standardizing the disciplinary framework applicable to Trading Members across exchanges, SEBI constituted a working group, comprising of members from all Exchanges and Stockbroker associations (ANMI, BBF & CPAI). After detailed deliberations, a uniform structure for actions across exchanges has been prescribed.
 3. The list of violations / non-compliances, their classification and the corresponding prescribed actions, approved by SEBI are available in the downloads section on the Exchange website https://ncdex.com/quick_links/download as "**Annexure A- Uniform Penalty Structure**"
 4. The provisions of this circular shall be applicable with immediate effect as under:
 - i. On all cases under process / all non-compliances identified or determined after the date of the circular where penalty is being reduced.
 - ii. On all other cases where the date of violation falls after the date of the circular.
 - iii. On all submission-based compliances where due date falls after the date of the circular.
 5. Trading members are requested to note that actions on all procedural lapses / technical errors are classified as 'Financial disincentive' (mentioned in Annexure A- Uniform Penalty Structure) on determination of such lapses / errors for all reporting purposes.
 6. Trading Members may please note that the violations / non-compliances, where the penal actions / financial disincentives are not prescribed in Annexure A- Uniform Penalty Structure, such cases shall continue to be placed before Member Committee ("MC"), and the decisions of the MC shall be communicated to Trading Members by way of Action Letters / Orders.
 7. The actions like disablement of the trading terminals, prohibition on onboarding of new clients, blocking collateral etc. shall continue to be applicable as per existing provisions/process for the following:
 - i. Violations mentioned in Annexure A - Uniform Penalty Structure
 - ii. Monitoring corrective actions taken by Trading Member pursuant to SEBI inspection (NCDEX Circular No. NCDEX/COMPLIANCE-035/2025 dated June 27, 2025 and other circulars issued from time to time)
 - iii. Under SEBI SOP Circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020, regarding Trading Member / Clearing Member leading to default.
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8. Trading Members must take note of the violations / non-compliances notified in the Letter of Observations (LO), Intimation of Observation (IO) and Show Cause Notice (SCN) along with the indicative penalties / penal actions / financial disincentives. It is in the interest of the Trading Members to submit complete, accurate and correct information in response to Exchange communications along with complete documentary evidence to substantiate their response within the timelines specified in the LO / IO / SCN. Upon receipt of Trading Members' response to LO / SCN, the Exchange shall consider the same as final and complete the enforcement actions by issuing an Action Letter / Orders. Failure to submit a response to the LO / SCN within the prescribed timelines would be construed as "No additional information is available", and the Exchange shall proceed to complete the enforcement action based on the available documents. It is brought to the notice of the Trading Members that any failure to adhere to the timelines, unless extended by the Exchange as specified in Exchange Communications, may be treated as non-cooperation, and appropriate disciplinary proceedings may be initiated.
 9. The amount collected in the form of penalty and financial disincentives shall be credited to Investor Protection Fund Trust (IPFT) of the Exchange.
 10. The provisions of the current circular supersede the earlier penalty circulars, except as mentioned in point 7 above.

Members are advised to take note of the same and put in place systems and procedures so as to ensure adherence to the compliance requirements.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
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For further information/clarifications, please contact

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