

ARCL Penalty/Financial Disincentives Framework - Annexure 1



No Sr.	Violations	Applicable to Clearing Member (CM) / Participant (P)	Penalty/Financial Disincentive/ Disciplinary action for violation/non- compliance	Penalty/Financial Disincentive/ Disciplinary action for violation/non- compliance	Penalty/Financial Disincentive/ Disciplinary action for Repeat violation/non- compliance
			First time	Second time	Repeat
1	Fund Shortages ≤ Rs. 25 crores beyond 4:30pm on settlement day	CM and P	0.07% per day on value of outstanding shortages.		
2	Fund Shortages > Rs. 25 crores beyond 4:30pm on settlement day	CM and P	0.07% per day on value of outstanding shortages. The trading facility of the Clearing Members/ Participants will be withdrawn until fulfilment of the obligation.		
3	Mark to Market Shortages ≤ Rs. 5 lakhs	CM and P	0.07% per day of value of outstanding shortages. If the amount due is not provided by the Pay-in time on the next business day, the trading facility will be withdrawn.		
4	Mark to Market Shortages > Rs. 5 lakhs	CM and P	0.07%/day of value of shortages If the amount due is not paid by 8.30 am on the next business day, the trading facility will be withdrawn		
5	Non - Submission of Half Yearly Net Worth Certificate / AUM submission*	CM and P	Warning	Rs. 100/- per day for month starting from the due date for submission. Rs.500/- per day after one month of non- submission until submission.	Rs. 100/- per day for month starting from the due date for submission. Rs.500/- per day after one month of non- submission until submission.
6	Non - Submission of Internal Audit Certificate*	CM	Warning	Rs. 100/- per day for month starting from the due date for submission. Rs.500/- per day after one month of non- submission until submission.	Rs. 100/- per day for month starting from the due date for submission. Rs.500/- per day after one month of non- submission until submission.

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7	Net worth - reported is below the minimum eligibility criteria	CM	Warning with a timeline of 60 days from the warning letter date for resubmission of net worth meeting the eligibility criteria Relevant risk management procedures will be applicable.	Warning with a timeline of 60 days from the warning letter date for resubmission of net worth meeting the eligibility criteria Rs. 100/- per day for month starting from the original due date for submission. Rs.500/- per day after one month from the original due date until submission. Relevant risk management procedures will be applicable.	Warning with a timeline of 60 days from the warning letter date for resubmission of net worth meeting the eligibility criteria Rs. 100/- per day for month starting from the original due date for submission. Rs.500/- per day after one month from the original due date until submission. Relevant risk management procedures will be applicable.
8	Non-appointment of Compliance Officer*	CM and P	Warning	Rs. 10,000/-	Rs. 15,000/-
9	Failure to hold valid NISM Series IIIA certificate by the Compliance officer during the inspection period*	CM	Warning plus direction to submit the certificate within 45 days.	Rs.2,500/- plus direction to submit the certificate within 45 days.	Rs.10,000/- plus direction to submit the certificate within 45 days.
10	Submission of information for inspection a) Delay/incorrect submission of documents / data/records sought for inspection*	CM and P	Advisory		

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	b) Any non-compliances noted in the course of inspections conducted by the ARCL*		As per applicable actions for relevant violations listed in this circular		
11	Non adoption / Maintenance of prescribed policies / books / ledgers / journals / cash and bank book / margin deposit details / Register of complaints / Register of transaction*	CM and P	Warning	Rs. 5,000/-	Rs. 10,000/-
12	Incomplete / non-display of details by member viz: Notice Board/name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id, SEBI Registration certificate / other prescribed details*	CM	Warning	Rs.1,000/-	Rs. 2,000/-
13	Any other violation / non-compliance / non-adherence to the Rules, Bye laws, Regulation of ARCL, circulars issued by SEBI/ARCL, non-	CM and P	Warning	Rs. 25,000/- and submission of Internal Auditor report certifying that necessary corrective measures are taken as directed by ARCL.	Rs. 50,000/- and submission of Internal Auditor's report certifying that necessary corrective measures are taken as directed by ARCL

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	compliance with directives/advisory issued by ARCL*			Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Clearing Member/Participant can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default/ expulsion.	Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Clearing Member/Participant can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default / expulsion.
14	Non-payment of statutory dues/duties/fees etc. (related to clearing & settlement related activities)	CM and P	Warning	Rs. 10,000/-	Rs.20,000/-
15	Non - Submission of Annual Reports*	CM and P	Warning	Rs. 100/- per day for month starting from the original due date for submission. Rs.500/- per day after one month from the original due date until submission.	Rs. 100/- per day for month starting from the original due date for submission. Rs.500/- per day after one month from the original due date until submission.

ARCL: AMC Repo Clearing Limited

Note: Violations marked “*” above will be tagged as “Financial disincentives” as these being “Procedural lapses / technical errors”