



Circular Reference Number	ARCL/Compliance/2024-25/126
Circular Date	March 05, 2025
Department	Compliance

To
All Members and Participants

Subject: Uniform penalty structure for Clearing Members and Participants

In terms of Chapter V of ARCL Rules “Disciplinary Proceedings, Penalties, Suspension and Expulsion, AMC Repo Clearing Limited (ARCL) is authorized to initiate action against members/participants for any violation, non-compliance, disobedience, non-payment of dues etc. Accordingly, it is proposed to impose penalties (both monetary and non-monetary) for various violations / non-compliances. The ARCL Penalty Norms are prescribed in Annexure 1.

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

For and on behalf AMC Repo Clearing Limited.

Authorized Signatory
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ARCL Penalty Norms -Annexure 1



No Sr.	Violations	Penalty/disciplinary action for first time Violation	Penalty/disciplinary action in case of Repeat violation/contravention
1	Fund Shortages ≤ Rs. 25 crores	0.07% / day on value of shortages. Applicable to Members and Participants	
2	Fund Shortages > Rs. 25 crores	0.07% / day on value of shortages. The trading facility of the Members/ Participants will be withdrawn. Applicable to Members and Participants	
3	Mark to Market Shortages ≤ Rs. 5 lakhs	0.07%/day of value of shortages. If the amount due is not provided by the next business day, the trading facility will be withdrawn. The position of the Members/Participants will be closed out as per the Shortage Handling mechanism of the clearing corporation. Applicable to Members and Participants.	
4	Mark to Market Shortages > Rs. 5 lakhs	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of value of shortages If the amount due is not paid by 8.30 am on the next business day, the trading facility will be withdrawn. The position of the Members/Participants will be closed out as per the Shortage Handling mechanism of the clearing corporation. Applicable to Members and Participants.	
5	Non - Submission of Half Yearly Net Worth Certificate	Rs. 100/- per day for month starting from the final due date for submission. Rs.500/- per day after one month of non-submission until submission.	

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		Applicable to Members and Participants	
6	Non - Submission of Internal Audit Certificate	Rs. 100/- per day for month starting from the final due date for submission. Rs.500/- per day after one month of non-submission until submission. Applicable to Members.	
7	Net worth - Discrepancy in computation of net worth leading to shortfall	Warning and advise to maintain the prescribed net worth within a period of a month from the due date of submission along revised net worth certificate from its auditors. Applicable to Members and Participants.	CC will remove the exposure limit for the member/participant in the Repo Segment till the revised net worth certificate is submitted from its auditors.
8	Non-appointment of Compliance Officer	Rs. 10,000/- for the first instance. Applicable to Members and Participants.	2nd time - 50% escalation 3rd time - 100% escalation
9	Failure to hold valid NISM Series IIIA certificate by the Compliance officer during the inspection period	Rs.2,500/- plus direction to submit the certificate within 45 days. Applicable to Members.	Rs.10,000/-
10	Submission of information for inspection a) Delay in submission of documents / data/records sought for inspection b) Non-cooperation in providing data / records / documents to inspecting officials for inspection resulting in non-completion of inspection.	a) Rs.100/- per day starting from final due date for submission of data/records/ documents. b) Monetary penalty of Rs. 10000 besides not allowing member to clear trades till the time of completion of inspection/ surrender/ cessation of membership/ Declaration as default/ Expulsion.	a) Rs.1000/- per day starting from final due date for submission of data/records/ documents sought for inspection. b) Monetary penalty of Rs. 1 lakh besides not allowing member to clear trades till the time of completion of inspection/Surrender/cessation of membership/ Declaration as default/ Expulsion.

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	c) Wrong / incorrect submission of data towards Inspection	c) Penalty may vary from warning to Rs.25000 on case-to-case basis. Applicable to Members and Participants.	c) Penalty may vary from Rs.25000 lakh to Rs. 2.50 Lakhs on case-to-case basis
11	Non adoption / Maintenance of prescribed policies / books / ledgers / journals / cash and bank book / margin deposit details / Register of complaints / Register of transaction	Rs. 5000/- one time Applicable to Members and Participants.	2nd time - 50% escalation 3rd time - 100% escalation
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	Rs.1000/- Applicable to Members.	2nd time - 50% escalation 3rd time - 100% escalation
13	Clearing member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case-to-case basis based on nature of non-compliances. Applicable to Members.	To be decided on a case-to-case basis based on nature of non-compliances.
14	Any other violation / non-compliance / non-adherence to the Rules, Bye laws, Regulation of ARCL, circulars issued by SEBI/ARCL, non-compliance with directives/advisory issued by ARCL	Monetary penalty of minimum Rs. 25000 and maximum upto Rs. 5 lakh and submission of Compliance Officer certifying that necessary corrective measures are taken as directed by ARCL Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Member can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default/ expulsion	50% escalation and submission of Internal Auditors certifying that necessary corrective measures are taken as directed by ARCL Depending upon gravity of violation, the Relevant Authority may also impose any other regulatory measures like Member can be suspended/ expelled / declared defaulter in accordance with the provisions governing suspension/ declaration of default / expulsion

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		Applicable to Members and Participants.	
15	Non-payment of statutory dues/duties/fees etc. (related to clearing & settlement related activities)	Warning Applicable to Members and Participants.	2nd time – Rs. 10,000/- 3rd time – Rs.20,000/-