

EXTRACTS OF THE AGENDA OF THE 92ND MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON WEDNESDAY, JULY 24, 2024, AT 01.00 P.M. AT 6TH FLOOR, NAMAN CHAMBERS, G BLOCK, PLOT NO- C-32, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI, MAHARASHTRA 400051

➤ **To approve amendment to Business Rules for introduction of new penalty head**

NSDL vide circular no. NSDL/POLICY/2021/0075 dated July 19, 2021 has informed Participants about SEBI advise that Participants which are offering online account opening, shall introduce the facility for online closure of demat accounts in accordance with the prescribed guidelines and that clients should be informed regarding the availability of facility for online closure of demat accounts through emails, SMS, weekly / fortnightly / monthly newsletters etc.

The aforesaid SEBI guidelines were required to be implemented from September 01, 2021.

The above compliance requirements are covered in the scope of inspection and audit imposed on the Participant. While both the Depositories were deliberating on the penalty framework, a need was felt to introduce a new penalty head for non-compliances observed with respect to Online account closure facility provided by Participants.

Accordingly, after deliberations and discussions, both the depositories have agreed upon the below mentioned penalty head and penal action proposal for the aforesaid non-compliance.

Sr. No.	Nature of non-compliances	Proposed penal Action
1.	Online account closure of demat account facility is not made available by Participants offering the online demat account opening facility as per the guidelines issued by the Depositories.	₹25,000/- per occasion

Sr. No.	Nature of non-compliances	Proposed penal Action
2.	Non execution of online account closure request of clients with or without holdings on the online closure portal provided by Participants within the stipulated timelines.	₹5,000/- per account If such deviation is observed in two consecutive inspections, penalty would be ₹10,000/- per account If such deviation is observed in three consecutive inspections, matter would be referred to Member Committee for review.

Once approved, the amendment to Business Rule 18.1.1 by inserting the new penalty head provisions shall be submitted to SEBI for approval.

The Regulatory Oversight Committee through circular resolution dated July 17, 2024 approved this proposal and recommended the same for approval of the Board.

The Board is requested to review and approve the same.