

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/50574	Date: December 13, 2021
Circular Ref. No: 60/2021	

To All Members,

Sub: Internal Audit of Trading members / Clearing members

This has reference to Exchange circulars NSE/INSP/2008/70 (download reference no. NSE/INSP/11172) dated August 22, 2008 and NSE/INSP/2008/74 (download reference no. NSE/INSP/11537) October 23, 2008, wherein all trading members / clearing members were directed to carry out complete internal audit on a half yearly basis by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants, who are in practice and do not have any conflict of interest with the trading member. Further, SEBI vide circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, has prescribed additional requirements in relation to internal auditors viz. appointment and rotation of Internal Auditors, monitoring of quality of Internal Audit Reports etc.

In the recent past, Exchange while reviewing the internal audit reports submitted by members, has observed deviations between the findings of the internal audit reports and the Exchange inspection reports. Hence, it has been decided to prescribe below additional eligibility criteria for the auditors qualified to conduct internal audit of members as per above mentioned circulars.

S. No	Eligibility Criteria	Effective Date (Applicable for IAR submissions from Half year ending)
1	The firm or at least one of the partners should have a minimum of 10 years' experience in carrying out audits	March 31, 2022
2	The Auditor/ Audit firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/law enforcement agency.	
3	Auditors and/or its employees or partners signing the internal audit report shall have a valid NISM-Series-XIV: Internal Auditors for Stockbrokers Certification	September 30, 2022

National Stock Exchange of India Limited

All members are hereby advised to take note of the above.

**For and on behalf of
National Stock Exchange of India Limited**

**Swati Sopare
Senior Manager - Inspection**

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

Regional Office	E MAIL ID
Ahmedabad (ARO)	inspectionahm@nse.co.in
Chennai (CRO)	inspection_cro@nse.co.in
Delhi (DRO)	delhi_inspection@nse.co.in
Kolkata (KRO)	inspection_kolkata@nse.co.in
Mumbai (WRO)	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in