

NSE Clearing Limited

(Formerly known as National Securities Clearing Corporation Ltd.)

Circular

DEPARTMENT: COMPLIANCE

Download Ref No: NCL/CMPL/51038

Date: January 14, 2022

Circular Ref. No: 01/2022

All Members

Sub: Guidelines to Clearing Members for effective oversight over trading members cleared by Clearing Members – Clarifications

This is in continuation of NCL circular NCL/CMPL/49287 dated August 13, 2021 on Strengthening oversight on Clearing Members.

It is hereby further clarified that in order to comply with the requirements given in clause d, e and f of the Annexure 1 of the above referred circular, the Clearing Members (CM) may place reliance on an internal audit report submitted by the Trading Member (TM), on a quarterly basis to the Clearing Member.

The indicative scope of internal audit/checklist has been enclosed as Annexure 1. It is hereby further clarified that such internal audit may be carried out by independent qualified Chartered Accountants or Company Secretaries or Cost & Management Accountants who are in practice and do not have any interest in or relation with the Trading Member other than the Internal Audit assignment and who qualify with the eligibility criteria as prescribed vide NSE circular no. 60/2021 dated December 13, 2021 (download reference no. NSE/INSP/50574).

It is further clarified that the Clearing Member may place reliance on half yearly internal audit report submitted by Trading Members to the Exchange and relevant extract shared with the Clearing Member.

The CM shall review the internal audit report and observations, if any and submit the periodic reports to its Risk Management Committee.

The CM may conduct surprise inspection of TM cleared by him based on any rumours / adverse news in the media about the TM or any other concern/ alerts as arising out of the above points by the CM during the course of business.

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The CM should continue to report the concerns identified by them during the oversight over Trading Members to the concerned Clearing Corporation.

For and on behalf of
NSE Clearing Limited
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