

ANNEXURE I

USER MANUAL FOR ELECTRONIC REPORTING FOR ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML) APPLICATIONS AND SYSTEMS OFFERED AND USED BY MEMBERS (Electronic NSE interface for Trading Members)

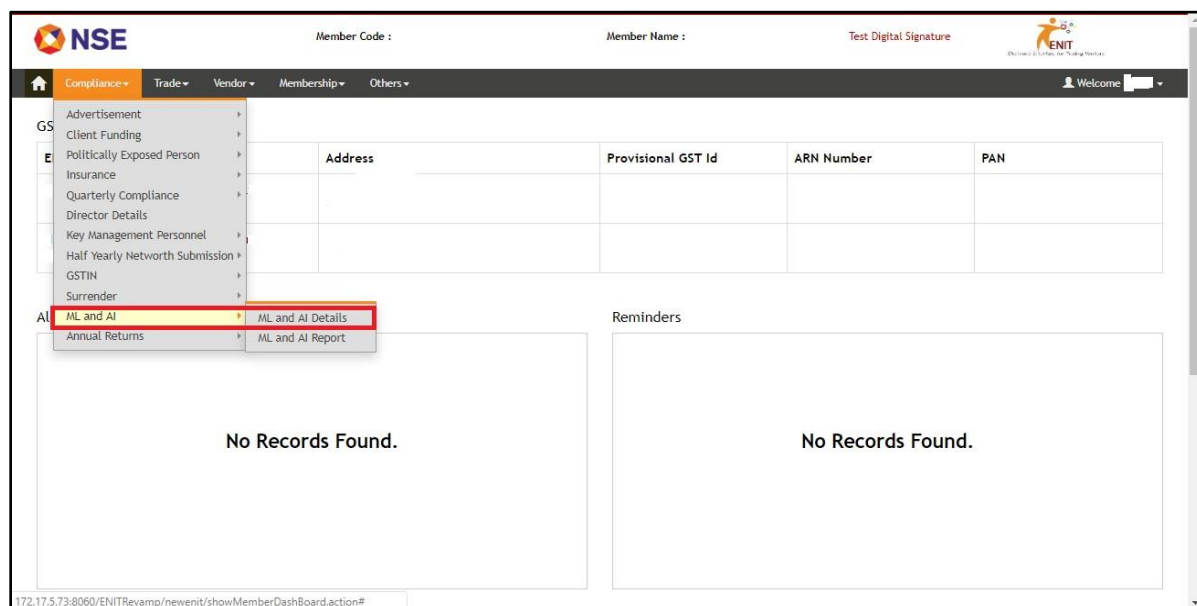
1.1 Quarterly Compliance for ML and AI

Trading members need to do the Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by them for every quarter. Using this module, user can submit the details.

1.1.1 ML and AI

[A] Open 'ML and AI' screen:

1. Login with correct member credentials.
2. Click on 'Compliance'.
3. Go to 'ML and AI'.
4. Select 'ML and AI details' & click on it.



User is required to suitably select the option for last two questions which are common to all the systems

ON SYSTEMS TO BE ASSAILED BY SEBI: ON JULY 2019 INTERVIEW SYSTEM security control requirements?

Describe the application / system and how it uses AI / ML as portrayed in the product offering *

What safeguards are in place to prevent abnormal behavior of the AI or ML application / System *

Application / System name*

Date from when the Application / System was used*

Type of area where AI or ML is used*

Does the system involve order initiation, routing and execution?*

Does the system fall under discretionary investment or Portfolio management activities?*

Does the system disseminate investment or trading advice or strategies?*

Is the application/system used in area of Cyber Security to detect attacks *

What claims have been made regarding AI and ML Application / System , if any? *

What is the name of the Tool / Technology that is categorized as AI and ML system / Application and submissions are declared vide this response*

How was the AI or ML project implemented *

Are the key controls and control points in your AI or ML application or systems in accordance to circular of SEBI that mandate cyber security control requirements?*

Is the AI / ML system included in the system audit, if applicable?*

Describe the application / system and how it uses AI / ML as portrayed in the product offering *

What safeguards are in place to prevent abnormal behavior of the AI or ML application / System *

Does system audit report comply to circular no. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019 of SEBI? ☐ Yes ☐ No ☐ NA

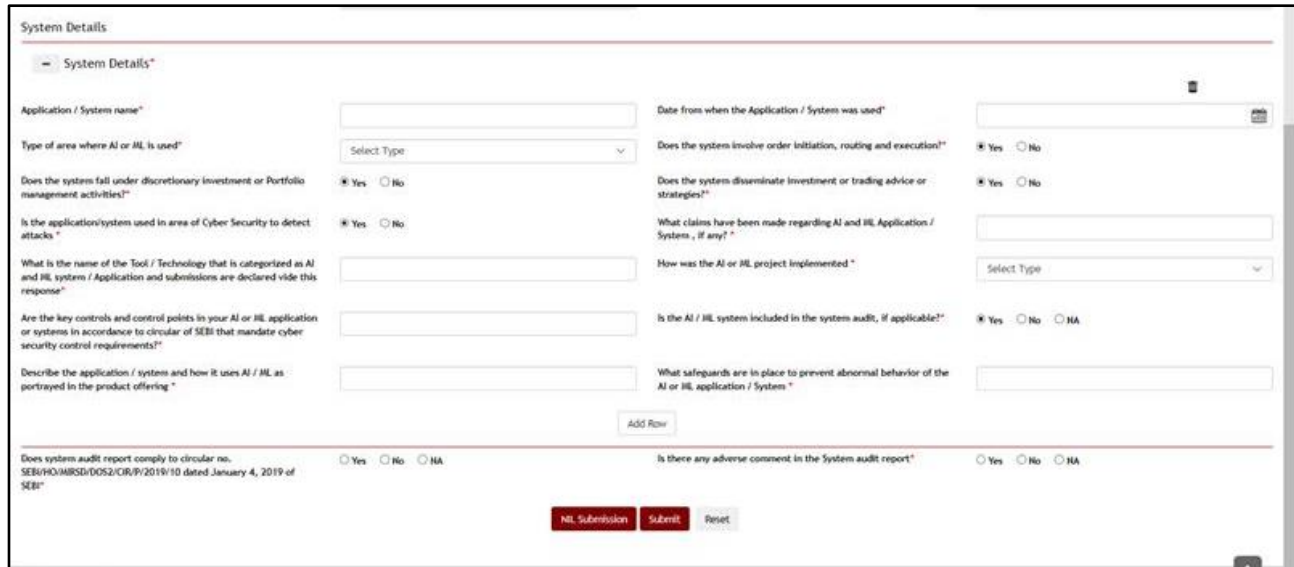
Is there any adverse comment in the System audit report? ☐ Yes ☐ No ☐ NA

Same are as below:

Does system audit report comply to circular no. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019 of SEBI* Yes/No/NA

Is there any adverse comment in the System audit report* Yes/No/NA

If AI-ML systems are not used by members and user wants to report accordingly, user needs to click on NIL submission



[B] Submitting the details:

1. Once user has finished filling the details and clicked on Submit OR
2. User has clicked on NIL submission

The successful alert is seen when user submits the details successfully. It will also generate a Reference No. as follow:

