

National Stock Exchange of India

Circular

Department: Compliance	
Download Ref No: NSE/COMP/64294	Date: October 01, 2024
Circular Ref. No: 75/2024	

To All Members,

Sub: Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries

This is with reference to the SEBI circular no. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019 and Exchange Circular NSE/COMP/59700 dated December 12, 2023 regarding the reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries.

Accordingly, Trading Members using Algorithm software are required to submit the details on the captioned matter for the period April 01, 2024 to September 30, 2024.

The submission of AI/ML applications is mandatory for all active Trading Members using Algorithm software (i.e. those who have executed even a single trade during the half year period as mentioned above) irrespective of whether they are using AI/ML systems or not. The Trading Members who are not using AI/ML systems are also required to report NIL submission.

Kindly note, submission of AI/ML reporting should be done through the ENIT module. The URL for accessing ENIT portal is <https://enit.nseindia.com/MemberPortal/>

Members are hereby informed and advised to submit the report through **NEW ENIT > COMPLIANCE > 'ML and AI' > ML and AI Details**. The ENIT link for submission shall remain active **from October 01, 2024 till October 15, 2024**. The user manual for submission of AI/ML data or NIL reporting is as attached as Annexure I.

Kindly note that failure to report AI/ML details within the prescribed timeline would be treated as non-compliance and attract a penalty of Rs. 10,000/- for respective period.

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All members are advised to ensure submission on or before October 15, 2024.

For any support, please reach out to the helpdesk on 1800 266 0050 (Select IVR option 3) or email at memcompliance_support@nse.co.in.

For and on behalf of
National Stock Exchange of India Limited

Swati Sopare
Chief Manager

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)

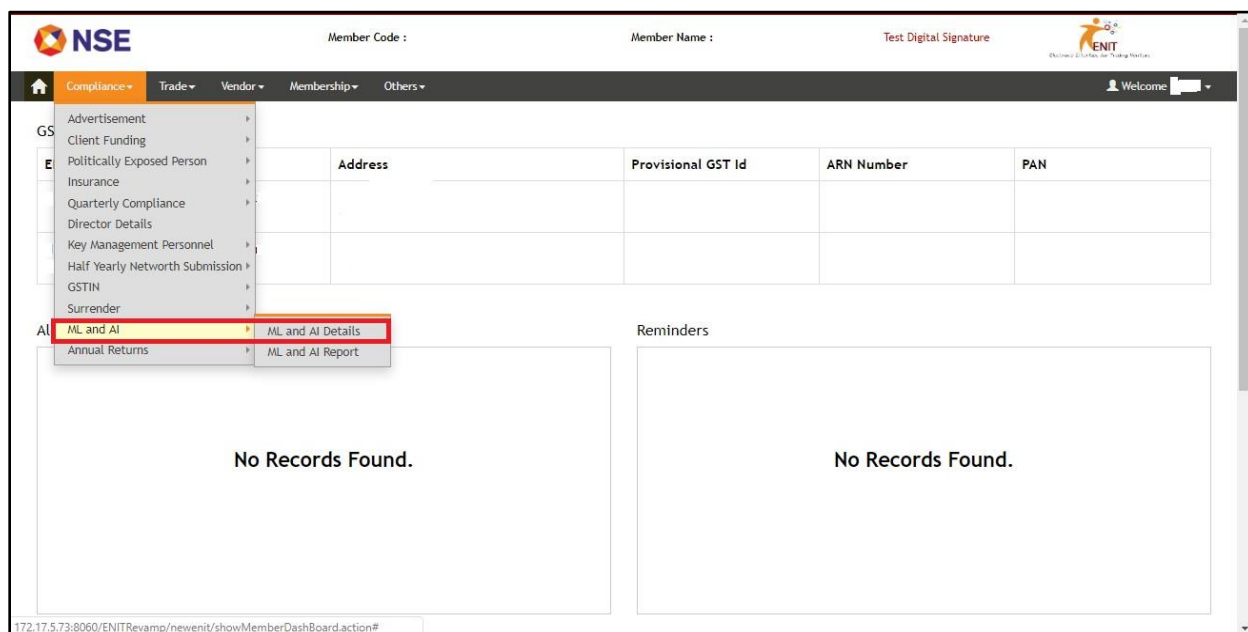
1.1 Half yearly/Annual Compliance for ML and AI

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 half year/annually as applicable. 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.



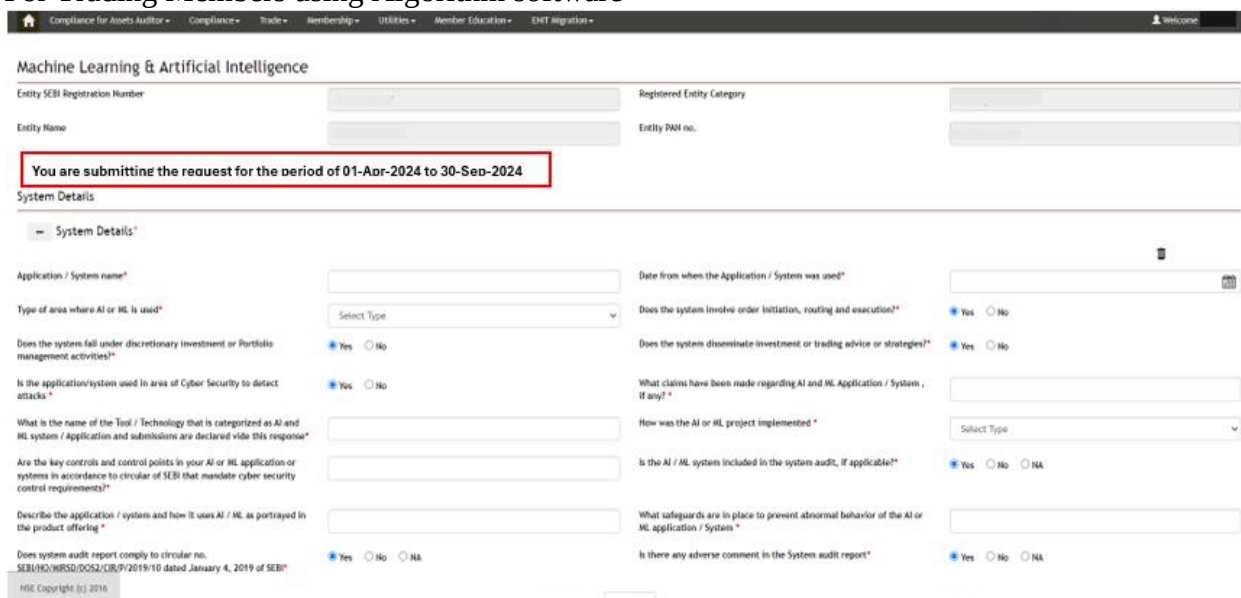
The screenshot shows the NSE Member Dashboard. The top navigation bar includes the NSE logo, Member Code, Member Name, Test Digital Signature, and a Welcome message. The main menu on the left has 'Compliance' selected, which has opened a dropdown menu. In this menu, 'ML and AI' is highlighted, and its sub-menu is visible, showing 'ML and AI Details' and 'ML and AI Report'. The 'ML and AI Details' option is highlighted with a red box. The main content area is divided into two sections, both displaying 'No Records Found.' The URL at the bottom of the browser window is 172.17.5.73:8060/ENITRevamp/newent/showMemberDashBoard.action#.

Below screen will open & user has to fill all editable fields. This form will contain dropdowns, texts and fields to be filled.

‘Name of Trading Member, Entity SEBI Reg. No., Entity PAN No. and Registered Entity Category’ are the auto populated fields which are disabled.

The submission period (as applicable) will be populated on the screen as highlighted below in red.

*For Trading Members using Algorithm software



User needs to fill/select other details as required in the form under ‘System Details 1’.

In case user wants to report more than one such AI-ML system, user needs to click on ‘Add Row’ button and a new ‘System Details 2’ will be available to fill the details. Similarly, user can create as many ‘System Details’ as he wants – by clicking on ‘Add Row’ button.

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

System Details

System Details*

Application / System name*

Type of area where AI or ML is used*

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

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

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

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?*

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

Date from when the Application / System was used*

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

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

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

How was the AI or ML project implemented *

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

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/MRSD/DOS2/CIR/P/2019/10 dated January 4, 2019 of SEBI*

Is there any adverse comment in the System audit report*

Add Row

NIL Submission

Submit

Reset

[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 follows:

Machine Learning & Artificial Intelligence

Period*

Entity SEBI Registration Number

Entity Name

System Details

System Details*

Application / System name*

Type of area where AI or ML is used*

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

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

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

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?*

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

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

Registered Entity Category

Trading Member

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

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

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

How was the AI or ML project implemented *

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

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

Is there any adverse comment in the System audit report*

Confirmation

ML and AI request has been submitted successfully. Your reference id is

OK

When AIML submission is done successfully, the same will reflect under “ML and AI Report” section.

*Note – AIML Submission done till 01-Jul-2023 are quarterly submissions. Subsequent submissions made are half yearly/annually.



Member Code :
Member Name :
Test Digital Signature

Compliance for Assets Auditor
Compliance
Trade
Membership
Utilities
Member Education
ENIT Migration
Welcome

Machine Learning & Artificial Intelligence Report

Member Name

Member Code

Submission From Date

Submission End Date

Period Start Date

AIML Submissions done till 01-Jul-2023 are quarterly submissions. Subsequent submission made are half yearly.

Search
Reset

Sr. No.	Ref No	Member Code	Member Name	Period Start Date	Period End Date	Submission E
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