

‘PART-C’

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Exhibit-1

Annexure-I	Know Your Client (KYC) Application Form (NSE/INSP/25392)
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ANNEXURE-I

KNOW YOUR CLIENT (KYC) APPLICATION FORM

For Non-Individuals

Please fill this form in **ENGLISH** and in **BLOCK LETTERS**.

PHOTOGRAPH

Please affix the recent passport size photographs and sign across it

A. IDENTITY DETAILS

1. Name of the Applicant: _____
2. Date of incorporation: _____ (dd/mm/yyyy) & Place of incorporation: _____
3. Date of commencement of business: _____ (dd/mm/yyyy)
4. a. PAN: _____ b. Registration No. (e.g. CIN): _____
5. Status (please tick any one):
Private Limited Co./Public Ltd. Co./Body Corporate/Partnership/Trust/Charities/NGO's/FI/ FII/HUF/AOP/ Bank/Government Body/Non-Government Organization/Defense Establishment/BOI/Society/LLP/ Others (please specify) _____

B. ADDRESS DETAILS

1. Address for correspondence: _____

City/town/village: _____ Pin Code: _____ State: _____ Country: _____
2. Contact Details: Tel. (Off.) _____ Tel. (Res.) _____ Mobile No.: _____ Fax: _____ Email id: _____
3. Specify the proof of address submitted for correspondence address: _____
4. Registered Address (if different from above): _____

City/town/village: _____ Pin Code: _____ State: _____ Country: _____

C. OTHER DETAILS

1. Name, PAN, residential address and photographs of Promoters/Partners/Karta/Trustees and whole time directors: _____
2. a) DIN of whole time directors: _____
b) Aadhaar number of Promoters/Partners/Karta: _____

DECLARATION

I/We hereby declare that the details furnished above are true and correct to the best of my/our knowledge and belief and I/we undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am/we are aware that I/we may be held liable for it.

Name & Signature of the Authorised Signatory

Date: _____ (dd/mm/yyyy)

FOR OFFICE USE ONLY

☐ Originals verified and Self-Attested Document copies received

(.....)
Name & Signature of the Authorised Signatory
Date

Seal/Stamp of the intermediary

ANNEXURE-II

SARAL

ACCOUNT OPENING FORM FOR RESIDENT INDIVIDUALS TRADING IN CASH SEGMENT

PHOTOGRAPH

Please affix your recent passport size photograph and sign across it

I KYC - Please fill this form in BLOCK LETTERS.

A. IDENTITY DETAILS

1. Name of the Applicant: _____
2. Father's/ Spouse Name: _____
3. a. Gender: Male/ Female b. Marital status: Single/ Married c. Date of birth: ____ (dd/mm/yyyy)
4. Nationality: _____
5. a. PAN: _____ b. Aadhaar Number, if any: _____
6. Specify the proof of Identity submitted: _____

B. ADDRESS DETAILS

1. Residence/ Correspondence Address: _____ City/town/village: _____
Pin Code: _____ State: _____ Country: _____
2. Contact Details: Tel. (Off.) _____ Tel. (Res.) _____ Mobile No.: _____ Fax: _____ Email id: _____
3. Permanent Address (if different from above address): _____
City/town/village: _____ Pin Code: _____ State: _____ Country: _____
4. Specify the proof of address submitted for residence/correspondence /permanent address: _____

DECLARATION

I hereby declare that the details furnished above are true and correct to the best of my knowledge and belief and I undertake to inform you of any changes therein, immediately. In case any of the above information is found to be false or untrue or misleading or misrepresenting, I am aware that I may be held liable for it.

Signature of the Applicant Date: ____ (dd/mm/yyyy)

☐ Originals verified and Self-Attested Document copies received (.....)

Name & Signature of the Authorised Signatory
Seal/Stamp of the intermediary

Date

II OTHER DETAILS:

1. Bank account details:

Bank Name	Branch address	Bank account no.	Account Type: Saving/Current/	MICR Number	IFSC code

2. Demat account details: (In case the client does not have DP account, this column may be crossed)

DP name	NSDL/CDSL	Beneficiary name	DP ID	BO ID

3. Whether DP account is also to be opened with the same intermediary (Yes/No)

4. Trading Preferences: Please sign the relevant boxes where you wish to trade.

Exchange	Sign	Exchange	Sign	Exchange	Sign
NSE		BSE		MCX-SX	

5. Mode of receiving Contract Note/ Statement of Account: Physical / Electronic (Please indicate your preference).....

6. Standing instructions to receive credits automatically into my BO account (Yes/No)

7. Nomination details (Name, PAN, Address and Phone no. of nominee); relationship with the nominee (If nominee is a minor, details of Guardian like name, address, phone no. and signature of Guardian may be obtained)

I have understood the contents of policy and procedures document, tariff sheet, 'Rights and Obligations' document and 'Risk Disclosure Document'. I do hereby agree to be bound by such provisions as outlined in these documents. I have also been informed that the standard set of documents has been displayed for information on stock broker's designated website.

Signature of the Applicant Date: ____ (dd/mm/yyyy)

CONTRACT NOTE CUM TAX INVOICE
(Tax Invoice under Section 31 of GST Act)

NAME OF THE MEMBER, LOGO OF THE MEMBER
SEBI REGISTRATION NO. ADDRESS, TELEPHONE NO, FAX NO AND WEBSITE
NAME OF COMPLIANCE OFFICER HIS/ HER EMAIL & TELEPHONE NO., EMAIL ID FOR INVESTOR COMPLAINT
DEALING OFFICES ADDRESS, TELEPHONE NO, FAX NO

CONTRACT NOTE NO.			Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment
TRADE DATE		SETTLEMENT NO.			
		SETTLEMENT DATE			
Name of the Client Address of the Client State/State Code (Place of supply) PAN of Client UCC of Client Trading Back office code* GST Identification No. of client (if available)		GIVE EXCHANGE-WISE / SEGMENTWISE SETTLEMENT NO. & DATES			

	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment
*Trading/ Back Office Code (If Different from UCC)				

Sir/ Madam,

I / We have this day done by your order and on your account the following transactions:

Order No.	Order Time	Trade No.	Trade Time	Security/ Contract description	Buy (B)/ Sell (S)	Quantity	Gross Rate/ Trade Price Per unit (Rs)	Brokerage per Unit (Rs)	Net Rate per Unit (Rs)	Closing Rate per Unit(only for Derivatives) (Rs.)	Net Total (Before Levies) (Rs)	Remarks
Name Of Exchange & Segment												
Position Brought Forward in case of Derivatives (Where applicable)												
Trade 1												
Trade 2												
Trade N												
Name Of Exchange & Segment												
Position Brought Forward in case of Derivatives (Where applicable)												
Trade 1												
Trade 2												
Trade N												
Name Of Exchange & Segment												

Position Brought Forward in case of Derivatives (Where applicable)											
Trade 1											
Trade 2											
Trade N											

	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment	Name Of Exchange & Segment	TOTAL (Net)
PAY IN/ PAY OUT OBLIGATION							
Taxable value of supply							
Securities Transaction Tax (Rs.)							
CGST*	Rate						
	Amount (Rs.)						
SGST*	Rate						
	Amount (Rs.)						
IGST*	Rate						
	Amount (Rs.)						
UTT*	Rate						
	Amount (Rs.)						
Exchange Transaction Charges (Rs.)							
SEBI turnover Fees. (Rs.)							
Stamp Duty (Rs.)							
Net amount receivable by Client / (payable by Client) (Rs.)							

* CGST:-Central GST; SGST: - State GST; IGST:-Integrated GST; UTT: - Union Territory Tax. Details of trade-wise levies shall be provided on request.

Transactions mentioned in this contract note cum bill shall be governed and subject to the Rules, Bye-laws and Regulations and Circulars of the respective Exchanges on which trades have been executed and Securities and Exchange Board of India from time to time. The Exchanges provide Complaint Resolution, Arbitration and Appellate arbitration facilities at the Regional Arbitration Centres (RAC). The client may approach its nearest centre, details of which are available on respective Exchange's website. Please visit www.nseindia.com for NSE, www.bseindia.com for BSE and www.msei.in for MSEI.

Date:

Yours faithfully,

Place:

For _____ (Name of Trading Member)

PAN of Trading Member	
GSTIN of Trading Member	
Description of Service	
Accounting code of services	

CONTRACT NOTE CUM TAX INVOICE
(Tax Invoice under Section 31 of GST Act)
(FOR NEGOTIATED TRADES IN DEBT SEGMENT OF NSE) (PURSUANT TO REGULATION 3.5)

NAME OF THE MEMBER, THE MEMBER CODE, LOGO OF THE MEMBER SEBI REGISTRATION NO. ADDRESS, TELEPHONE NO, FAX NO AND WEBSITE
NAME OF THE COMPLIANCE OFFICER HIS/HER EMAIL & TELEPHONE NO, EMAIL ID FOR INVESTOR COMPLAINT
DEALING OFFICE ADDRESS, TELEPHONE NO, FAX NO

	CONTRACT NOTE NO. TRADE DATE SETTLEMENT DATE
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To

Name of the Constituent

Address of the Constituent

State/State Code (Place of supply)

PAN of Constituent

Unique Client Code No.

Trading Code No. of the Constituent

GST identification No. of Constituent (If available)

Counterparty Broker Name	
Counterparty Participant Name	

Sir/ Madam,

I / We have this day done by your order and on your account the following transactions:

Order No.	Order Time	Trade No.	Trade Time	ISIN No.	Security description	B/S*	Total Face value (Rs. In Lakhs)	Quantity	Trade Price per Security (Rs)	Value (Rs.)	Accrued Interest (Rs)	Gross Total (Rs)	Brokerage (Total) (Rs)
										(1)	(2)	3=(1+2)	(4)

*B= Buy; S= Sell

OTHER LEVIES, (AS APPLICABLE) - (5): _____

Particulars		Amount
(6)	Taxable Value of Supply	
(7)	CGST*	
	Rate	
	Amount (Rs.)	
	SGST*	
	Rate	
	Amount (Rs.)	
	IGST*	
	Rate	
	Amount (Rs.)	

	UTT*	Rate	
		Amount (Rs.)	

* CGST:-Central GST; SGST: - State GST; IGST:-Integrated GST; UTT: - Union Territory Tax. Details of trade-wise levies shall be provided on request.

Particulars	Amount (In Rs.)
Total Amount payable to the Trading Member (4+5+7)	
Total Amount Payable / Receivable in Settlement (3)	
Gross Total	

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage permitted by the Exchange and indicated separately.

This contract shall be governed and is subject to the Rules, Bye-laws and Regulations and Circulars of National Stock Exchange of India Limited/NSCCL and Securities and Exchange Board of India from time to time. The contract note shall be issued only for trades confirmed by the Exchange.

Date:

Place:

Yours faithfully,

For _____ (Name of Trading Member)

PAN of Trading Member	
GSTIN of Trading Member	
Description of Service	
Accounting code of services	

Name & Signature of Partner / Proprietor / Authorized Signatory

Place:

For _____ (Name of Trading Member)

(PAN No. and Service Tax No. of Trading Member)

Name & Signature of Partner / Proprietor / Authorized Signatory

CONTRACT NOTE CUM TAX INVOICE
(Tax Invoice under Section 31 of GST Act)
(FOR NEGOTIATED TRADES IN DEBT SEGMENT OF NSE) (PURSUANT TO REGULATION 3.5)
To be issued by Members acting as Principals to a transaction

NAME OF THE MEMBER, THE MEMBER CODE, LOGO OF THE MEMBER
SEBI REGISTRATION NO. ADDRESS, TELEPHONE NO, FAX NO AND WEBSITE
NAME OF THE COMPLIANCE OFFICER HIS/HER EMAIL & TELEPHONE NO, EMAIL ID FOR INVESTOR COMPLAINT
DEALING OFFICE ADDRESS, TELEPHONE NO, FAX NO

	CONTRACT NOTE NO. TRADE DATE SETTLEMENT DATE
--	---

To
Name of the Constituent
Address of the Constituent
State/State Code (Place of supply)
PAN of Constituent
Unique Client Code No.
Trading Code No. of the Constituent
GST identification No. of client (If available)

Sir/ Madam,
I / We have on this day entered in to the following transactions with yourself as Principal(s) to Principal(s):

Order No.	Order Time	Trade No.	Trade Time	ISIN No.	Security description	B/S*	Total Face value (Rs. In Lakhs)	Quantity	Trade Price per Security (Rs)	Value (Rs.)	Accrued Interest (Rs)	Gross Total (Rs)	Brokerage (Total) (Rs)
										(1)	(2)	3=(1+2)	(4)

*B= Buy; S= Sell

OTHER LEVIES, (AS APPLICABLE) - (5): _____

Particulars		Amount
(6)	Taxable Value of Supply	
(7)	CGST*	Rate
		Amount (Rs.)
	SGST*	Rate
		Amount (Rs.)
	IGST*	Rate
		Amount (Rs.)

	UTT*	Rate	
		Amount (Rs.)	

* CGST:-Central GST; SGST: - State GST; IGST:-Integrated GST; UTT: - Union Territory Tax. Details of trade-wise levies shall be provided on request.

Particulars	Amount (In Rs.)
Total Amount payable to the Trading Member (4+5+7)	
Total Amount Payable / Receivable in Settlement (3)	
Gross Total	

Brokerage has been charged as stated and has been at rates not exceeding the official scale of brokerage permitted by the Exchange and indicated separately.

This contract shall be governed and is subject to the Rules, Bye-laws and Regulations and Circulars of National Stock Exchange of India Limited/NSCCL and Securities and Exchange Board of India from time to time. The contract note shall be issued only for trades confirmed by the Exchange.

Date:

Place:

Yours faithfully,

For _____ (Name of Trading Member)

PAN of Trading Member	
GSTIN of Trading Member	
Description of Service	
Accounting code of services	

Name & Signature of Partner / Proprietor / Authorized Signatory

Clarification on Brokerage, Statutory Levies and Regulatory Levies & Charges

1. Following levies/ brokerage can only be charged to client in the contract note:
 - a. **Statutory levies:** These are charges levied by Central/ State governments eg. Service Tax, Security Transaction Tax (STT), Stamp Duty, etc. and may be recovered from client only at actuals paid/ Payable.
 - b. **Regulatory levies/charges:** These are charges levied by SEBI / Exchanges / Clearing Corporations eg. SEBI turnover fees, Exchange transaction charges, etc. If such charges are separately recovered from client, they may be specified in contract notes or may be given under the head "Other levies, if any". The above charges may be recovered from client only at actuals paid/ Payable.
 - c. **Brokerage** can be charged as may be mutually agreed between member & client subject to maximum permissible by the Exchange and brokerage rates should be mentioned in a tariff sheet.
2. Brokerage can be charged as under

Capital Market Segment-

As per circulars no NSE/ CMT/ 001 dated 28-Oct-1994 and NSE/INSP/3685 dated 17-Oct-2002, the maximum brokerage chargeable by a Trading Member in relation to trades effected in the securities admitted to dealings on the CM segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies.

Where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

Futures contracts –

As per Regulation 3.7.2 of the Regulations (F&O segment) of the Exchange and Circular no. NSE/FOTRD/001 (download ref no. 1688) dated 08-Jun-2000 and Currency Derivative Circular dated 26-Aug-2008, NSE/INSP/11184 the maximum brokerage chargeable by a trading member in relation to trades executed on the Exchange shall be 2.5% of the contract value exclusive of statutory levies

Option contracts –

As per circular no NSE/F&O/0098/2005 (download ref no. 5978) dated 30-Mar-05, and Circular no. NSE/INSP/2006/56 download ref no NSE/INSP/8338 dated 05-Jan-07 the trading member shall charge brokerage for option contracts on the premium amount at which the option contract was bought or sold and not on the strike price of the option contract. It is hereby clarified that brokerage on options contracts shall not exceed 2.5% of the premium amount or Rs.100/- (per lot) whichever is higher

3. As per circular no NSE/INSP/2006/44 (download ref no. 7330) and NSE/INSP/2006/45 (download ref no. 7329) dated 30-Mar-2006 Service Tax, other statutory and regulatory levies, if required, may be given under the head "Other levies, if any". Brokerage charged shall be given for every trade.
4. As per circular no NSE/INSP/2006/44 (download ref no. 7330) dated 30-Mar-2006 contract description' shall have the details viz. instrument type, underlying (symbol), expiry date, strike price and option type in case of Options Contract and in case of Futures Contract, instrument name underlying (symbol) and expiry date in the manner as provided by the Exchange.
 - eg.(i) Contract description for a typical futures contract - FUTIDX NIFTY 30MAR13
 - (ii) Contract description for a typical options contract- OPTSTKHINDLEVER 30MAR13 250 CE

5. ***Issue of Contract Note at weighted average price:***

As per circular no NSE/CMO/0023/98 (download ref no.00670) dated 12-Nov-98 in case of multiple trades resulting from single order, at the request of the clients, the trading member may issue contract notes with weighted average price (WAP) as per the following procedure:

- The trading member shall be allowed to issue a contract note at weighted average price of all the trades executed for a single order. The weighted average price (WAP) shall be computed as per the following formula

$$\text{WAP (Four decimals)} = \frac{\text{Total value of the shares traded for an order}}{\text{Total number of shares traded for an order}}$$

- The member shall mention the words “as per annexure” in the place provided for order no., trade no., order time and trade time in the format of the contract note.
- A separate Annexure to the contract note should be issued to the clients containing details of all individual trades such as the contract number, Order number, Trades number, Trade time, Traded Quantity and Trade price, Symbol, Series, for a given order for which a weighted average price (WAP) is provided in the contract note.

6. Members may give additional details in the contract notes without compromising with the minimum details as prescribed in the format.

Format – Daily Margin Statement to be issued to clients**Client Code:****Client Name:****Exchange:**

Segment	Trade day	Margins available till T day					Margin required by Exchange/NSCCL end of T day			Excess / Shortfall w.r.t. Requirement by Exchange / NSCCL	Additional Margin required by member as per RMS	Margin Status (Balance with Member / Due from client)
		Funds	Value of Securities (after haircut)	Bank Guarantees / FDR	Any other approved form of Margins*	Total Margins Available	Initial Margin	Exposure Margin	Total Margin			
		A	B	C	D	E= (A+B+C+D)	F	G	H=(F+G)	I=E-H	J	K=(I-J)

*approved form as may be specified by the Exchange/NSCCL from time to time

Notes:

1. Daily Margin Statement to be issued within one working day from T day
2. Daily Margin statement to mention the name, email id, telephone number and address of compliance officer
3. Detailed exhibits for the margin collected may be provided to the clients. In case of securities (scrip name, qty, value) Bank Guarantee (BG no, amount, expiry date) and FDR's (FDR No., Amount and Maturity date)

Format – Pledging Statement to be issued to clients

A	B	C	D					E	F	G	H
Date	Client Code	Ledger debit at the end of trade day*	Collateral of client available with Broker					Pledged Quantity	Pledged Value	Borrowing	Details of Pledgee
			ISIN/ Security Name	Previous day's closing price	Total Quantity	Total Value (Total Quantity * Previous day closing price)	Total Value (Adjusted for applicable haircut)				

NOTICE BOARD FORMAT:**FOR STOCK BROKERS / DEPOSITORY PARTICIPANTS**

Dear Investor,

In case of any grievance / complaint against the Stock Broker / Depository Participant:

- Please contact Compliance Officer of the Stock Broker/ Depository Participant (Name) / email-id (xxx.@email.com) and Phone No. - 91-XXXXXXXXXXXX.
- You may also approach CEO/ Partner/Proprietor (Name) / email-id (xxx.@email.com) and Phone No. - 91-XXXXXXXXXXXX.
- If not satisfied with the response of the Stock Broker/ Depository Participant, you may contact the concerned Stock Exchange / Depository at the following -

	Web Address	Contact No	Email-id
BSE	www.bseindia.com	xxxxxxx	xxx@bseindia.com
NSE	www.nseindia.com	xxxxxxx	xxx@nse.co.in
MCX-SX	www.mcx-sx.com	xxxxxxx	xxx@mcx-sx.com

	Web Address	Contact No	Email-id
CDSL	www.cdslindia.com	xxxxxxx	xxx@cdslindia.com
NSDL	www.nsdl.co.in	xxxxxxx	xxx@nsdl.co.in

- You can also lodge your grievances with SEBI at <http://scores.gov.in>. For any queries, feedback or assistance, please contact SEBI Office on Toll Free Helpline at 1800 22 7575 / 1800 266 7575.

i) CERTIFICATE FOR INTERNAL AUDIT

We have examined the relevant books of accounts, records and documents maintained by M/s. _____, (name of the trading/clearing member) bearing SEBI registration number _____) a member of the National Stock Exchange of India Limited for the following segments to fulfill the internal audit requirement as prescribed by SEBI vide Circulars dated 22 August 2008 & 21 October 2008 for the half year ended_____.

Segment (Cash Segment/Derivatives Segment / Debt Segment /Currency Derivatives/Securities Lending & Borrowing segment)	Activity (Trading/Clearing/Trading and Clearing)	SEBI registration number

The purpose of this Audit is to examine that the processes, procedures followed and the operations carried out by the Trading Member/Clearing Member are as per the applicable Acts, Rules, Regulations, Bye-laws and Circulars prescribed by SEBI and the stock exchange.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this Internal Audit. In our opinion proper books of accounts, records and documents, as per the regulatory requirement have been maintained by the member, so far as it appears from examination of the books.

We have conducted the audit within the framework provided by SEBI/Stock Exchange for the purpose of this Internal Audit.

To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud / non-compliance /violation by the Member is observed during the course of this Audit.

Based on the scrutiny of relevant books of accounts, records and documents , we certify that the Member has complied with the relevant provisions of SEBI Act, 1992, Securities Contracts (Regulation) Act 1956, Securities Contracts (Regulation) Rules 1957, SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and various circulars of SEBI. The Member has complied with the Rules, Bye laws, Regulations of NSE and various circulars issued by the Stock Exchange and the Clearing Corporation.

We declare that we do not have any direct / indirect interest in or relationship with the member or its share holders / directors / partners / proprietors / management, other than the proposed Internal Audit assignment and also confirm that we do not perceive any conflict of interest in such relationship / interest while conducting internal audit of the said member.

In our opinion and to the best of our information and according to the explanations given to us by the proprietor/partner (s)/director (s)/ compliance officer, the Report provided by us as per the Annexure and subject to our observations, which covers the entire scope of the Audit, is true and correct.

Company Secretary / Cost and Management Accountant / Chartered Accountant
(Seal & Signature)

(Name of the Proprietor / Partner)
Membership no. / CP. No.
Place:-
Date:-

ii) GUIDELINES AND FORMAT OF INTERNAL AUDIT REPORT SPECIFYING THE MINIMUM SCOPE TO BE COVERED.

The Trading Member _____ (*Name of the member*) is servicing ____ number of active non institutional clients, ____ number of active Institutional clients and also doing/ not doing proprietary trading/only doing proprietary trading. . _____ no. of clients have been registered by the Member during the Audit period.

The Member is providing/not providing Internet trading facility, Margin Trading facility, DMA facility, Algo trading facility, CTCL facility and is also using Co-location facility (*strike off whichever is not applicable*).

Member has ____ no. of branches in the beginning of the audit period, ____ no. of branches was opened during the period, ____ no. of branches were closed during the period. Member has inspected _____ branches, _____ Sub Brokers and _____ APs during the inspection. (Strike off whichever is not applicable). The Member operates _____ number of Bank accounts and _____ number of DP accounts.

S.No.	Area of Verification	Observations of Internal Auditor		Management Comments	
		{ C -Complied NC N.A- Not Applicable}	Remarks in case of observation	Whether Auditor comments accepted Y- Yes N- No	Remarks (Para wise, where auditor has reported non-compliance)
1	Client registration documentation /Anti Money Laundering compliance				
a	All relevant Client Registration Documents executed with clients in compliance with SEBI circulars and supporting collected from the clients are available and are easily retrievable.	C		Y	
b	UCC is allotted to all the clients registered during the audit period & the same is timely uploaded to the Exchange.	C		Y	
c	No clauses are included in any of the documents executed with the clients- a) which dilutes responsibility of member or b) which is in conflict with any of the clauses in mandatory documents, Rules, Bye-laws, Regulations, Notices, Guidelines & Circulars issued by SEBI & Exchanges or c) which is not in the interest of the Investor.	C		Y	

d	All the mandatory clauses/documents and Annexures such as KYC, details relating to trading account , rights and Obligation, Dos and Don'ts , RDD and Tariff sheet as stipulated by SEBI/Exchanges have been included in the mandatory section of the Account opening kit executed with the clients.	C		Y	
e	In-person verification is done by Employee, Sub broker or Authorised person only and the date of verification, name, designation and signature of the official who has done in-person verification and the Rubber Stamp is incorporated in the client registration form. In case, in-person verification of non-resident clients is not done, attestation of KYC documents is done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General in the country where the client resides.	C		Y	
f	Any changes in address, bank account or demat account is carried out on receipt of written request along with documentary proof from the respective client.	C		Y	
g	Trading member has taken documentary evidence in support of financial information provided by the client for equity derivative segment.	C		Y	
h	Client details including financial details are reviewed periodically and updated for clients in compliance with Exchange circulars.	C		Y	
i	Trading code and the unique client code allotted to a client and the e-mail furnished by the client for the purpose of receiving ECN and other details, are communicated by the trading member through the client account opening form or otherwise in writing to the client.	C		Y	
j	Member has identified the beneficial owners of the client (non-individuals) and has taken reasonable measures to verify the identity of such person as per SEBI Circular CIR/MIRSD/2/2013 dated January 24, 2013.	C		Y	
k	Member has a process to identify the authority of the person who is placing orders on behalf of the client.	C		Y	
l	Risk profiling of the clients has been done as per the written down policy of the trading member as per the PMLA master circular.	C		Y	
m	Member has adopted sufficient due diligence process for clients according to their risk profile as per the PMLA master circular.	C		Y	

n	Member is having a clearly defined policy for acceptance of clients and has ensured that an account is not opened where the member is unable to apply appropriate client due diligence measures/KYC Policies.	C		Y	
o	Member has identified clients of special category (CSC) as per the PMLA master circular.	C		Y	
p	The Client has opted and signed against stock exchange as well as market segment where he intends to trade/traded during the year.	C		Y	
q	Copies of complete set of client registration documents including POA executed by the client was delivered to the client free of charge and within 7 days of upload of UCC.	C		Y	
r	Authorizations from the client sought in non-mandatory document are separate & do have client's specific consent.	C		Y	
s	Trading members had displayed the set of standard documents/policies on their own website for information.	C		Y	
t	The member has uploaded the E mail ID and the Mobile number of the client in the UCI database as per the details given by the client in the client registration documents.	C		Y	
u	The member has uploaded the same E mail ID & the Mobile number of the client in the Exchange UCC records and in the Member's back office records and there are no variations.	C		Y	
v	Member having websites have prominently displayed a message on their websites informing their clients to update their E mail IDs & Mobile numbers with the member.	C		Y	
w	Member has complied with the requirement of uploading the KYC information with the SEBI registered KRAs for all the clients on a continuous basis within the prescribed time limit as per SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011 and MIRSD/Cir-5/2012 dated April 13, 2012 and complied with the provisions of the Circular.	C		Y	
x	Member has downloaded KYC information from KRA system for new clients who are already registered with KRA	C		Y	
xi	Member has uploaded the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016 by October 31, 2016	C		Y	
xii	Member has uploaded the KYC data of individual clients registered prior to August 01, 2016 with CKYC by December 31, 2016	C		Y	

xiii	Trading Member has prominently displayed on account opening kits, Website Advertisement, publication, notice board and display board, portal website (if any) the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers.	C		Y	
xiv	Member has made available the documents relating to rights & obligations, uniform risk disclosure document, do's & don't to the clients (registered after August 01, 2016) either in electronic or physical mode as per the preference of the client.	C		Y	
xv	Member has maintained appropriate logs in case the documents relating to rights & obligations, uniform risk disclosure document, do's & don't are sent electronically to the clients, registered after August 01, 2016	C		Y	
xvi	Members have displayed the documents relating to rights & obligations, uniform risk disclosure document, do's & don't in vernacular languages on their own website.	C		Y	
2	Order management and risk management systems				
a	Trading member has well documented risk management policy including policy on Margin collection from clients/Trading members.	C		Y	
b.	Member has a sound system for collecting and reporting client margin collection to the Exchange as per the Exchange/Clearing Corporation requirement. In case of any irregularity observed, mention the instances where false reporting is observed.	C		Y	
c.	Member has not funded its clients in contravention to Exchange/SEBI requirement. (Exchange's circular no. NSE/MEMB/261 dated 27-May-97 and NSE/INSP/20638 dated Apr 26, 2012.	C		Y	
d	Member has correctly reported details of client funding, if any, to the exchange.	C		Y	
e	Trading member has not undertaken or was not party to or has not facilitated any fund based activity through financier including any associate, related or third party entities.	C		Y	
f	Checks are in place to ensure that no unauthorized orders are executed from any of the terminals.	C		Y	

g	In case of dormant accounts, if the account is reactivated then there are checks in place to ensure that account is operated by the relevant client only.	C		Y	
h	Initial and other margins are collected from respective clients in the prescribed form of funds, fixed deposit receipts, bank guarantees and approved/liquid securities with appropriate haircut.	C		Y	
i	Proper systems are in place to ensure timely collection for pay-in from the respective client as per settlement schedule.	C		Y	
j	Proper monitoring mechanism is in place to review long outstanding debit balances in clients' account and recovery of the same. Give age wise analysis of debts outstanding for more than 30 days and the recovery pattern for the same.	C		Y	
k	Trading member has implemented proper internal code of conduct and adequate internal controls to ensure that proper checks and balances are in place with respect to SEBI Circular Cir/ISD/1/2011, dated March 23, 2011 and Cir/ISD/2/2011 dated March 24, 2011 on the subject 'Unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication.	C		Y	
l	Trading member has not outsourced their core business activities and compliance functions and adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15 th Dec 2011.	C		Y	
m	The member has not recovered from the clients excess amount towards short margin penalty levied by the Exchange/ Clearing Corporation in the derivative segment.	C		Y	
n	In case the member has passed on the short margin penalty to the clients, the member has provided the relevant supporting documents to the clients.	C		Y	
o	Member has drafted and implemented Surveillance policy as per the Exchange Circular Ref: NSE/INVG/22908 dated March 07, 2013.	C		Y	
p	The member has put-in place a mechanism to limit the cumulative value of all unexecuted orders placed from their terminals to below a threshold limit set by them as per the provisions of SEBI Circular CIR/MRD/DP/34/2012 dated December 13, 2012.	C		Y	
q	Member has implemented appropriate checks for value and / or quantity based on the respective risk profile of their clients as per the provisions of SEBI Circular CIR/MRD/DP/34/2012 dated December 13, 2012.	C		Y	
r	Where the Member or its group entities holds more than 1% of share capital of a listed company, the same has been disclosed to the Exchange as per circular No. NSE/INVG/25130 dated November 29, 2013.	C		Y	

s	Member has taken adequate documentary evidences as specified in SEBI circular CIR/MRD/DP/20/2014 dated June 20, 2014 in case of participants taking positions in CD segment in excess of the applicable position limits based on underlying exposure specified in the said circular.	C		Y	
3	Contract notes, Client margin details and Statement of accounts				
a	Contract notes are sent in the prescribed format and within specified time limit.	C		Y	
b	Trading member has issued contract notes only for trades done under the rules, byelaws & regulations of the Exchange and not otherwise.	C		Y	
c	All prescribed details including running serial number, name and signature of authorized signatory, dealing office details and brokerage are contained in contract note.	C		Y	
d	Daily Margin statement is issued to the respective clients with the details as specified.	C		Y	
e	Proof of delivery / dispatch/ log for dispatch of Contract Notes/ Statement of Accounts/ daily margin is maintained.	C		Y	
f	Member has complied with regulatory requirements related to Electronic contract notes (ECN) if the contract notes are sent electronically.	C		Y	
g	Trail of bounced mails is maintained and physical delivery is ensured in case of bounce mails for ECNs.	C		Y	
h	Complete statement of accounts for funds and securities are issued on a quarterly basis to clients (wherever applicable), with error reporting clause.	C		Y	
i	Details regarding appointment of Compliance Officer and changes there in, if any, have been informed to the exchange.	C		Y	
j	Trading Member has prominently displayed on contract notes, statement of funds and securities, correspondences with the clients the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers, v) the name of the compliance officer, his telephone number and e-mail address.	C		Y	
k	Trading member has not created/provided e-mail ids for clients.	C		Y	

l	Member has collected physical letters from the clients who have requested for change in e-mail id.	C		Y	
m	In case facsimile signatures are used on physical contract notes, Member has maintained well-documented & approved policy regarding its use	C		Y	
n	Member has sent text of Regulation 19 & 20 of SECC Regulations, 2012 to clients dealing with listed Stock Exchanges along with the contract notes	C		Y	
o	Member has sent text of Schedule II of the SEBI (Intermediaries) Regulations, 2008 to clients listed depositories along with the contract notes	C		Y	
4	Dealing with clients' funds and securities				
a	Client's funds and securities are used only for the purpose of the respective client's transactions. If not instances to be provided separately.	C		Y	
b	Pledge of client securities is done only through Depository system in compliance with Regulation 58 of the SEBI (Depositories and Participants) Regulations, 1996. (Applicable from July 01, 2017 onwards)	C		Y	
c	Member has pledged securities of only those clients who have a debit balance in their ledger. (Applicable from July 01, 2017 onwards)	C		Y	
d	Member has credited the funds raised against the pledged client securities only to client bank account of the Member. (Applicable from July 01, 2017 onwards)	C		Y	
e	Funds raised by pledging client securities were utilised for respective client only. List of instances to be provided separately in case of non-utilisation of proceeds for respective client.	C		Y	
f	Member has sent statement of pledge & funds raised to clients as and when their securities are pledged/unpledged (Applicable from July 01, 2017 onwards)	C		Y	
g	Constituent beneficiary account or client bank accounts are used for authorized purposes only. In case of any irregularity observed, mention the instances in detail separately.	C		Y	
h	No cash dealings with clients are done in violation of the prescribed norms.	C		Y	

i	In case where value of banker's cheque / demand draft / pay order aggregate is of Rs 50,000 or more per client per day, then the same are accompanied with name of bank account holder and number of bank account debited, duly certified by issuing bank as per the provisions of SEBI Circular CIR/MIRSD/03/2011, dated June 9, 2011.	C		Y	
j	Member maintains audit trail of the funds received and systems are in place to ensure that the funds are received from their respective clients only.	C		Y	
k	Receipts/payment of funds and receipt/delivery of securities are received/transferred from/to respective clients only.	C		Y	
l	Payment to clients are not made from proprietary bank accounts.	C		Y	
m	In case of any transfer of funds between client account/s & proprietary account/s for legitimate purposes, Member has maintained a daily reconciliation statement clearly indicating the details of funds transferred. (Applicable from July 01, 2017 onwards)	C		Y	
n	In case of any transfer of securities between client account/s & proprietary account/s for legitimate purposes, Member has maintained a stock transfer register clearly indicating the day-wise details of securities transferred. (Applicable from July 01, 2017 onwards)	C		Y	
o	Client's funds / securities are transferred to respective clients within one working day of payout from Exchange in case of no running account authorization.	C		Y	
p	Constituent securities received as margin is not utilized for execution of proprietary trades or trades in the name of Directors/ Key Promoters/ shareholders.	C		Y	
q	The Delivery of securities to constituent is not made from Proprietary account.	C		Y	
r	Excess Brokerage was not charged on trades executed on the Exchange.	C		Y	
s	Not more than one client code is allotted to a single client.	C		Y	
t	Member's Bank books and bank statements for each bank account are reconciled and reconciliation statement for the same is prepared periodically and there are no long pending outstanding reconcilable items.	C		Y	
u	Register of Securities and Holding statement from depositories for each DP account are reconciled and reconciliation statement for the same is prepared periodically.	C		Y	

v	Dividend and other corporate benefits received on behalf of clients is paid/credited/passed on to the respective clients account without any delay.	C		Y	
w	Trading member has taken consent from the client regarding monthly /quarterly settlement in the running account authorisation.	C		Y	
x	Trading member has done actual settlement of funds & securities as consented by the client (monthly/quarterly) in the running account authorisation.	C		Y	
y	Trading member has sent statement of accounts for funds/securities containing an extract from the client ledger for funds & securities displaying all receipts/deliveries of funds/securities while settling the account explaining retention of funds/securities. (Applicable for settlement of accounts undertaken prior to July 01, 2017)	C		Y	
z	Trading member has sent a statement of accounts containing an extract from client ledger for funds & securities along with a statement explaining the retention of funds/securities, within five days from the date when the account is considered to be settled. (Applicable w.e.f. July 01, 2017 onwards)	C		Y	
aa	Trading member has not done any inter-client adjustment for the purpose of client level quarterly/monthly settlement.	C		Y	
ab	While settling the client accounts, Member has ensured that funds have been transferred to the clients through electronic transfer mode only except where the electronic payment instructions have failed or have been rejected by the bank (Applicable w.e.f. July 01, 2017 onwards)	C		Y	
ac	The following statutory levies/ fee/ charges are not collected from clients in excess of actuals levied on the members. Such as- i) Securities Transaction Tax, ii) SEBI turnover fees, iii) Exchange Transaction Charges If Excess is collected, please give complete details.	C		Y	
ad	The running account authorization taken by trading member from client(s) is dated and contains a clause which explicitly allows a client to revoke the said running account authorization at any time and would continue until such revocation.	C		Y	
ae	Member has put in place systems for dealing with conflict of interest as per SEBI circular CIR/MIRSD/5/2013 dated August 27, 2013.	N.A		Y	
af	Member has not transferred funds from client bank account to any third party or any other non-client account	C		Y	

ag	Member has not transferred funds to its Group companies/ Associates from client bank accounts.	C		Y	
ah	Payment for own trades (PRO) are not made from client bank accounts.	C		Y	
ai	Member is not operating any assured returns schemes and mobilizing deposits from investors. If yes, please provide details.	C		Y	
aj	Member has not taken securities from any client for purposes other than margin or meeting the client's obligation.	C		Y	
ak	Member has ensured that the funds & securities available in the client bank/s and client beneficiary account/s together with balances available with clearing Member and funds with clearing corporation are not less than the funds and securities payable to the client at all times.	C		Y	
5	Banking and Demat account operations				
a	Member maintains separate bank account for client funds and own funds. Also separate beneficiary account for clients securities and own securities are maintained by the member.	C		Y	
b	Clients funds and securities are segregated from own funds and securities.	C		Y	
c	Member has reported all their Bank & DP account details to the Exchange as required by SEBI circular dated September 26, 2016 & NSE circulars dated October 14, 2016 & October 26, 2016	C		Y	
d	Member has named/tagged their Bank & DP accounts details to the Exchange as required by SEBI circular dated September 26, 2016, June 22, 2017 & NSE circulars dated October 14, 2016 & October 26, 2016 & June 23, 2017	C		Y	
6	Terminal operations and systems				
a	Trading terminals are located in the head office, branch office of the Member or the office of sub broker only.	C		Y	
b	Trading terminals are operated by approved persons/approved users with valid NCFM/BCSM/NISM certification.	C		Y	
c	Correct Terminal details are reported to the Exchange.	C		Y	
d	Member has ensured that associated persons functioning as compliance officer employed has obtained NISM series III A certification : - Within one year from the date of his/her employment after March 11, 2013. - By March 10, 2015 for compliance offices employed as on the date of SEBI notification (i.e. March 11, 2013)	C		Y	

e	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 have valid NISM series VII certification – (Securities Operations and Risk Management Certification Examination).	C		Y	
f	Member has taken adequate steps as specified by Exchange circular NSE/INSP/28434 dated December 24, 2014. to review & monitor the Trading Terminals mapped to its branch/AP/Sub Broker	C		Y	
7	Management of branches / sub brokers and internal control				
a	In case of closure of branch(if any), advance notice of the same is sent to clients.	C		Y	
b	There is a monitoring mechanism to identify sudden increase / decrease in client level turnover from any specific branch.	C		Y	
c	Periodic inspection of branch / sub broker/AP is conducted and reports are maintained.	C		Y	
d	Member has adequate follow up mechanism in case of adverse observations during branch / sub broker/AP inspections.	C		Y	
e	Trading member has not dealt with unregistered intermediaries for transactions on the Exchange.	C		Y	
f	The member has not shared commission/ brokerage with entities with whom trading members are forbidden to do business / another trading member / employee in the employment of another trading member.	C		Y	
8	Investor grievance handling				
a	Member is maintaining a register of investor complaints.	C		Y	
b	Member has a sound system of resolution of investor complaints in a time bound manner.	C		Y	
c	A designated email id for investor grievance is created and informed to the investors and exchange.	C		Y	
d	Complaints received on the designated email ID are being looked into to address the same.	C		Y	
e	The member has informed the Stock Exchange/ Investor about the actions taken for the redressal of grievances of the investor.	C		Y	
f	The member has to take adequate steps to resolve the complaints within 30 days from the date of receipt of the complaint.	C		Y	

g	Information about the grievance redressal mechanism as specified by SEBI circular CIR/MIRSD/3/2014 dated August 28, 2014 is displayed at all the offices of the Member for information of the investors	C		Y	
9	Maintenance of Books of Accounts				
a	Prescribed books of accounts, registers, records and client master are maintained with the required details and for the stipulated period as per regulatory requirements.	C		Y	
b	Register of securities is maintained client wise-scrip wise.	C		Y	
c	All Entries for receipt and payment/transfer of securities are duly recorded in the register of securities.	C		Y	
d	Exchange wise separate books of accounts are maintained.	C		Y	
e	Prior approval has been obtained by member for change in shareholding/ directors/constitution.	C		Y	
f	Prior approval has been obtained in case the member has traded with another member of the Exchange.	C		Y	
g	Member has intimated the Exchange in case they have traded with member of another stock exchange.	C		Y	
h	All advertisements are issued after prior permission of the Exchange and specifically comply with NSE circular NSE/COMP/31391 dated December 18, 2015 /BSE notice no. 20151217-17 dated December 17, 2015.	C		Y	
i	The Member, its Group companies/ third party or its associate has not offered any schemes/ leagues/ competitions and has not issued any advertisement for the same. Further, the stock broker has not carried out advertisements in which celebrities form part of the advertisement.	C		Y	
j	Notice board & SEBI registration certificate of the Trading Member was displayed at the location of audit.	C		Y	
k	Trading member has not dealt with suspended/defaulters/expelled members and entities prohibited from accessing market.	C		Y	
10	Systems & Procedures pertaining to Prevention of Money Laundering Act, PMLA, 2002				
a	Details of appointment of Principal Officer & Designated Director and any changes therein are intimated to FIU-India.	C		Y	
b	The member has adopted and implemented written guidelines prescribed under PMLA, 2002.	C		Y	

c	The Member has adequate system in place that allows continuous monitoring of transactions and generates alerts based on set parameters for suspicious transactions.	C		Y	
d	Adequate systems & procedures are in place to scrutinize the alerts for arriving at suspicious transactions and reporting the same to FIU.	C		Y	
e	Member has adequate systems & procedures in place to ensure screening of employees while hiring.	C		Y	
f	Record of transactions, its nature & value and records of reporting made to FIU are maintained and preserved by the member as prescribed under Rule 3, 7 & 8 of PMLA.	C		Y	
g	Member has ongoing training program for employees so that staff are adequately trained in AML & CFT procedure.	C		Y	
h	Member has taken adequate measures to carry out & document risk assessment to identify, assess and mitigate its money laundering and terrorist financing risk.	C		Y	
i	Member has complied with the requirements of the various FATF public statements and updated UNSC lists which are circulated by the exchanges	C		Y	
j	Member has done the online registration with FIU-India and has got the FIU Registration no.	C		Y	
11	Transfer of trades				
a	Trades were executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa in the back office of the member. In case of such transfers, if any specific pattern is observed instances to be provided separately.	C		Y	
b	All client code modifications were done to rectify a genuine error in entry of client code and no patterns were observed. If any pattern is observed, please give details.	C		Y	
c	Systems are put in place to monitor/ prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry. Please give details of such preventive system.	C		Y	
d	The trades modified by the member to the "ERROR" code have been settled in ERROR account and not shifted to some other client code. If not complied, please provide the details.	C		Y	

e	Trading Member has a well-documented error policy to handle client code modifications, approved by their board/management.	C		Y	
12	Margin Trading				
a	Member has obtained specific approval from the exchange, in case he is providing margin trading facility to his clients.	C		Y	
b	Member has complied with regulatory requirements related to margin trading.	C		Y	
13	Proprietary Trading				
a	If member is doing pro trading, then member has disclosed this information to his clients.	C		Y	
b	If member is doing pro trading from multiple locations, the member has obtained prior approval from the Exchange in this regard.	C		Y	
14	Internet Trading				
a	Member has obtained specific approval from the exchange, in case he is providing internet trading facility to his clients.	C		Y	
b	Member has complied with regulatory requirements related to internet trading.	C		Y	
15	Execution of Power of Attorney (POA)				
a	The POA executed with the client (if any) is in the favor of the member and it is not in favor of any other person.	C		Y	
b	The Power of Attorney executed in favour of trading member is only limited to the purposes as allowed and adheres to the Provisions of SEBI Circular CIR/MRD/DMS/13/2010 and CIR/MRD/DMS/28/2010.	C		Y	
c	The PoA executed does not prohibit operation of trading account by client(s).	C		Y	
d	The Member has adopted sufficient internal controls to ensure that POA is not misutilised.	C		Y	
e	Flagging of POA has been undertaken in the UCC with respect of all clients registered after February 13th, 2015	C		Y	
16	Operations of Professional Clearing member/ Members clearing trades of other trading members				
a	All the mandatory clauses have been included in CM - TM agreement (wherever applicable).	C		Y	
b	The Clearing member custodial participant agreements are executed in prescribed formats (wherever applicable).	C		Y	
c	Statement of accounts has been sent to trading member/custodial participants.	C		Y	

d	The clearing member had collected appropriate and adequate margins in prescribed forms from respective trading members.	C		Y	
e	Margin collection reported to Exchange is in accordance with margins actually collected from trading member.	C		Y	
f	Exposure allowed to trading members was based on requisite margins available with the clearing member.	C		Y	
17	Securities Lending & Borrowing Scheme				
a	Member has obtained specific approval from the exchange for offering SLBS.	C		Y	
b	Member has complied with regulatory requirements related to SLBS.	C		Y	
18	Compliance status of last inspection carried out by SEBI/ Exchanges/ Internal Auditor				
a	Member has complied with the qualifications/violations made in last SEBI inspection report.	C		Y	
b	Member has complied with the qualifications/violations made in last Exchange inspection report.	C		Y	
c	Member has complied with the qualifications/violations made in latest half yearly Internal Audit report.	C		Y	
19	Comments of the auditor on any other area	C		Y	
20	The last half years Internal Audit Report was placed/ approved by the Board/ Proprietor/ partners.	C		Y	

We certify that we have conducted the audit by adhering to the samples size as prescribed by the Exchange. We do not validate the management comments provided by the member in the above report.

We have taken management explanations wherever the information available on the underlying documents were not sufficient to arrive at a decision on the level of compliance.

In addition to the above we would like to draw attention of the concerned persons to following issues which in our considered view is a high risk item:

S.No.	Observation	Remarks

For _____ (Name of the Audit Firm)

Signature of the Auditor: _____

Name of the Auditor : _____

Membership No : _____

Stamp of the Audit Firm : _____

iii) PREScribed SAMPLE SIZE

S. no.	Particulars	Indicative Sample Size	Methodology for Sample selection
1	Client registration documentation /Anti Money Laundering compliance		
a	All relevant Client Registration Documents executed with clients in compliance with SEBI circulars and supporting collected from the clients are available and are easily retrievable.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
b	UCC is allotted to all the clients registered during the audit period & the same is timely uploaded to the Exchange.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
c	No clauses are included in any of the documents executed with the clients- a) which dilutes responsibility of member or b) which is in conflict with any of the clauses in mandatory documents, Rules, Bye-laws, Regulations, Notices, Guidelines & Circulars issued by SEBI & Exchanges or c) Which is not in the interest of the Investor?	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1

d	All the mandatory clauses/documents and Annexures such as KYC, details relating to trading account , rights and Obligation, Dos and Don'ts , RDD and Tariff sheet as stipulated by SEBI/Exchanges have been included in the mandatory section of the Account opening kit executed with the clients.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
e	In-person verification is done by Employee, Sub broker or Authorised person only and the date of verification, name, designation and signature of the official who has done in-person verification and the Rubber Stamp is incorporated in the client registration form In case, in-person verification of non-resident clients is not done, attestation of KYC documents is done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General in the country where the client resides.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
f	Any changes in address, bank account or demat account is carried out on receipt of written request along with documentary proof from the respective client	Lower of 25 clients or 100% wherever changes have been made.	Client accounts were changes have been made by the Member.
g	Trading member has taken documentary evidence in support of financial information provided by the client for equity derivatives segment.	Refer Sampling Criteria 1	Clients registered during the audit period in derivative segment. Refer Sampling Criteria 1
h	Client details including financial details are reviewed periodically and updated for clients in compliance with Exchange circulars.	Refer Sampling Criteria 3	Top traded clients during the audit period.

i	Trading code and the unique client code allotted to a client and the e-mail furnished by the client for the purpose of receiving ECN and other details, are communicated by the trading member through the client account opening form or otherwise in writing to the client.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
j	Member has identified the beneficial owners of the client (non-individuals) and has taken reasonable measures to verify the identity of such person as per SEBI Circular CIR/MIRSD/2/2013 dated January 24, 2013	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
k	Member has a process to identify the authority of the person who is placing orders on behalf of the client.	Refer Sampling Criteria 3	Top traded clients during the audit period.
l	Risk profiling of the clients has been done as per the written down policy of the trading member as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
m	Member has adopted sufficient due diligence process for clients according to their risk profile as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
n	Member is having a clearly defined policy for acceptance of clients and has ensured that an account is not opened where the member is unable to apply appropriate client due diligence measures/KYC Policies.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
o	Member has identified clients of special category (CSC) as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
p	The Client has opted and signed against stock exchange as well as market segment where he intends to trade/traded during the year.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
q	Copies of complete set of client registration documents including POA executed by the client was delivered to	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1

	the client free of charge and within 7 days of upload of UCC.		
r	Authorizations from the client sought in non-mandatory document are separate & do have client's specific consent.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
s	Trading members had displayed the set of standard documents/policies on their own website for information.	Audit Period	-
t	The member has uploaded the E mail ID and the Mobile number of the client in the UCI database as per the details given by the client in the client registration documents.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
u	The member has uploaded the same E mail ID & the Mobile number of the client in the Exchange UCC records and in the Member's back office records and there are no variations.	All clients registered as at the end of the Audit period	Step-1 – Obtain the UCC records uploaded to the Exchange containing the client code, name, PAN, segment, E mail ID and mobile number etc. Step-2 - Obtain the back office record of client list containing the client code, name, PAN, segment, E mail ID and mobile number etc. Step- 3 Compare whether the mobile numbers & E mail ID updated in both the list are same for each client.
v	Member having websites have prominently displayed a message on their websites informing their clients to update their E mail IDs & Mobile numbers with the member.	Member's Website	Examination of Member website (if any)
w	Member has complied with the requirement of uploading the KYC information with the SEBI registered KRAs for all the clients on a continuous basis within the prescribed time limit as per SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011 and MIRSD/Cir-5/2012 dated April 13, 2013 and complied with the provisions of the Circular.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
x	Member has downloaded KYC information from KRA system for new clients who	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1

	are already registered with KRA		
xi	Member has uploaded the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016 by October 31, 2016	Audit Period	1. Check whether KYC date of the sample clients (Refer Sampling Criteria 1) registered during the Audit period are uploaded 2. Check whether KYC data of the clients registered on or after August 1, 2016 are pending to be uploaded.
xii	Member has uploaded the KYC data of individual clients registered prior to August 01, 2016 with CKYC by December 31, 2016	All clients	Identify whether there are any clients registered prior to August 01, 2016 whose KYC details are yet to be uploaded with CKYC
xiii	Trading Member has prominently displayed on account opening kits, Website Advertisement, publication, notice board and display board, portal website (if any) the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers.	Audit Period	-
xiv	Member has made available the documents relating to rights & obligations, uniform risk disclosure document, do's & don't to the clients (registered after August 01, 2016) either in electronic or physical mode as per the preference of the client.	Refer Sampling Criteria 1 (Applicable for clients registered on or after August 1, 2016)	Clients registered during the audit period. Refer Sampling Criteria 1
xv	Member has maintained appropriate logs in case the documents relating to rights & obligations, uniform risk disclosure document, do's & don't are sent electronically to the clients, registered after August 01, 2016	Refer Sampling Criteria 1 (Applicable for clients registered on or after August 1, 2016)	Clients registered during the audit period. Refer Sampling Criteria 1
xvi	Members have displayed the documents relating to rights & obligations, uniform risk disclosure document, do's & don't in vernacular languages on their own website.	As on day of audit	-

2.	Order management and risk management systems		
a	Trading member has well documented risk management policy including policy on Margin collection from clients/Trading members.	Audit Period	-
b.	Member has a sound system for collecting and reporting client margin collection to the Exchange as per the Exchange/Clearing Corporation requirement. In case of any irregularity observed, mention, in remarks, the instances where false reporting is observed.	Refer Sampling Criteria 2	Top clients in each segment (F&O and CD Segment) with highest upfront margin obligation. Step-1: Identify top 6 dates (one date in each month of the Audit period) with highest upfront margin requirement in each segment (FO and CD Segment). Step-2 : Out of the 6 dates selected, identify top clients (sample size to be based on sampling criteria 2) in each segment, with highest margin obligation
c.	Member has not funded its clients in contravention to Exchange/SEBI requirement. (Exchange's circular no. NSE/MEMB/261 dated 27-May-97 and NSE/INSP/20638 dated Apr 26, 2012.	Refer Sampling Criteria 3	• 50 % of the minimum sample should be the top debit balance clients (across all segments) as on the end of the Audit period. • At least 25% of the minimum sample should be out of top clients in FO segment with highest upfront margin requirement. • At least 25% of the minimum sample should be out of top clients in CD segment with highest upfront margin requirement. In case the minimum number is not available in a particular criterion, then clients shall be selected based on the remaining criteria.
d	Member has correctly reported details of client funding, if any, to the exchange.	Audit Period	-
e	Trading member has not undertaken or was not party to or has not facilitated any fund based activity through financier including any associate, related or third party entities, in contravention of guidelines pertaining to Margin trading	Audit Period	Methodology : 1. Identify instances where Member has taken instruction from any financier to execute trades in client accounts or transfer client's funds/securities 2. Check whether member is a party to any agreement/ arrangement, directly or indirectly, entered into between their clients and any

			person to fund the client transactions 3. Check whether the member has obtained any authorisation or POA, for operating the depository/bank accounts of clients or has operated such accounts under a financing arrangement between the client and any person 4. Whether member has acted as a conduit or front for financing any secondary market transactions entered into by their clients, directly or indirectly.
f	Checks are in place to ensure that no unauthorized orders are executed from any of the terminals.	Audit Period	Check whether adequate systems/measures are in place to ensure that orders are received from respective clients only. Undertake a process walkthrough to understand the order placing mechanism and the process of issuing trade/order confirmations.
g	In case of dormant accounts, if the account is reactivated then there are checks in place to ensure that account is operated by the relevant client only.	Audit Period	Check whether an appropriate inactive account policy is in place and appropriate documentation is taken/process is adopted for reactivation of a dormant account.
h	Initial and other margins are collected from respective clients in the prescribed form of funds, fixed deposit receipts, bank guarantees and approved/liquid securities with appropriate haircut.	Refer Sampling Criteria 2	Select clients based on the methodology stipulated in point 2 (b). Verify whether the margin reported as collected is available with the Member in approved forms only and as stipulated by Exchange/SEBI from time to time.
i	Proper systems are in place to ensure timely collection for pay-in from the respective client as per settlement schedule.	Audit Period	1. Identify instances of client defaults during the audit period. In case of frequent defaults seek reasons from Member and identify any process gaps. 2. Ascertain the process adopted by the Member to recover outstanding balances from their clients
j	Proper monitoring mechanism is in place to review long outstanding debit balances in clients' account and recovery of the same.	Top 25 (or 100% whichever is lower) clients with debit balance	1. Undertake an ageing analysis of the outstanding debit balance of the sample clients as on the last day of the Audit period. 2. Ascertain the process adopted by the Member to recover outstanding balances from their clients 3. Report if more than 50% of the debit balance is outstanding for more than 3 months.

k	Trading member has implemented proper internal code of conduct and adequate internal controls to ensure that proper checks and balances are in place with respect to SEBI Circular Cir/ ISD/1/2011, dated March 23, 2011 and Cir/ISD/2/2011 dated March 24, 2011 on the subject 'Unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication.	Audit Period	Verify whether the Member has put in place adequate internal controls as per SEBI Circular Cir/ ISD/1/2011, dated March 23, 2011 and Cir/ISD/2/2011 dated March 24, 2011 to control the circulation of Unauthenticated news.
l	Trading member has not outsourced their core business activities and compliance functions and adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15 th Dec 2011.	Audit Period	Report if Member has not adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15 th Dec 2011 relating to outsourcing of their core business activities and compliance functions.
m	The member has not recovered from the client's excess amount towards short margin penalty levied by the Exchange/ Clearing Corporation in the derivative segment.	Audit Period	1. Identify maximum 25 instances where short margin reporting penalty has been levied on the Member during the audit period. 2. Check how the Member has passed on the penalty to the concerned clients 3. While passing on the penalty check whether relevant supporting documents has been provided to the client 4. Report in case any excess penalty amount is levied on the client.
n	In case the member has passed on the short margin penalty to the clients, the member has provided the relevant supporting documents to the clients.	Audit Period	1. Identify maximum 25 instances where short margin reporting penalty has been levied on the Member during the audit period. 2. Check how the Member has passed on the penalty to the concerned clients 3. While passing on the penalty check whether relevant supporting documents has been provided to the client Report in case any excess penalty amount is levied on the client.

o	Member has drafted and implemented Surveillance policy as per the Exchange Circular Ref: NSE/INVG/22908 dated March 07, 2013.	Audit Period	1. Check whether the Member has drafted a Surveillance policy as per the Exchange Circular Ref: NSE/INVG/22908 dated March 07, 2013 2. Check whether the policy is approved by its Board/Partners/Proprietor. 3. Verify whether the member has implemented the provisions of the policy and taken adequate steps to monitor and report the alerts generated 4. The Member has prepared a quarterly MIS for the alerts generated/disposed/pending and the same is placed before the Board/Partners/Proprietor
p	Member has implemented appropriate checks for value and / or quantity based on the respective risk profile of their clients as per the provisions of SEBI Circular CIR/MRD/DP/34/2012 dated December 13, 2012.	Audit Period	-
q	The member has put-in place a mechanism to limit the cumulative value of all unexecuted orders placed from their terminals to below a threshold limit set by them as per the provisions of SEBI Circular CIR/MRD/DP/34/2012 dated December 13, 2012.	Audit Period	-
r	Where the Member or its group entities holds more than 1% of share capital of a listed company, the same has been disclosed to the Exchange as per circular No. NSE/INVG/25130 dated November 29, 2013	Audit Period	-
s	Member has taken adequate documentary evidences as specified in SEBI circular CIR/MRD/DP/20/2014 dated June 20, 2014 in case of participants taking positions in CD segment in excess of the applicable position limits based on underlying exposure specified in the said	10 clients who have taken positions during the Audit Period	Top 10 clients who have taken positions during the Audit Period

	circular.		
3	Contract notes, Client margin details and Statement of accounts		
a	Contract notes are sent in the prescribed format and within specified time limit.	10 days per segment	1. Obtain trade data for 10 dates (each segment) and PODs/e logs for the corresponding dates. 2. The dates shall be the top 10 dates with highest clientele turnover during the Audit period. 3. Compare the trade data with the PODs/ E logs to see that contract notes have been issued to all the traded clients within 24 hrs.
b	Trading member has issued contract notes only for trades done under the rules, byelaws & regulations of the Exchange and not otherwise.	10 days per segment	1. Examine as per methodology specified under point 3(a). 2. Check whether any contract notes have been issued without any corresponding trades
c	All prescribed details including running serial number, name and signature of authorized signatory, dealing office details and brokerage are contained in contract note.	Audit Period	Obtain sample contract note issued by the Member during the inspection and verify whether the same complies with the format specified by NSE/SEBI from time to time and applicable for the audit period.
d	Daily Margin statement is issued to the respective clients with the details as specified.	10 days per segment	1. Obtain PODs/e logs for sending the daily margin statement in derivative segment for sample 10 dates. 2. Check from the POD/ E logs whether daily margin statement have been issued to all clients who have traded/have open positions in FO/CD Segments on those dates
e	Proof of delivery / dispatch/ log for dispatch of Contract Notes/ Statement of Accounts/ daily margin is maintained.	10 ays per segment	1. Obtain PODs/e logs for sending the daily margin statement in derivative segment for sample 10 dates. 2. Check from the POD/ E logs whether daily margin statement have been issued to all clients who have traded/have open positions in FO/CD Segments on those dates
f	Member has complied with regulatory requirements related to Electronic contract notes (ECN), if the contract notes are sent electronically.	Audit Period	Check whether electronic contract notes are sent : 1. To those clients who have opted for the same 2. Electronic contract notes are sent on the E mail IDs provided by the client 3. Check whether the logs maintained by the Member clearly states the

			status of the issue of contract notes
g	Trail of bounced mails is maintained and physical delivery is ensured in case of bounce mails for ECNs.	Audit Period	1. In case the Member has a practice of sending ECNs, verify whether bounced mail logs are maintained 2. In case there are no bounce mails, it needs to be checked whether system has a provision to generate bounce logs in case any ECNs gets undelivered. 3. In case of any bounce mails, ascertain whether Member has re-send the same or issued physical contract notes to such clients.
h	Complete statement of accounts for funds and securities are issued on a quarterly basis to clients (wherever applicable), with error reporting clause.	Quarterly statement for the quarter ended June 2017 & Sep 2017	Check for sample 25 clients for each quarter
i	Details regarding appointment of Compliance Officer and changes there in, if any, have been informed to the exchange.	Audit Period	-
j	Trading Member has prominently displayed on contract notes, statement of funds and securities, correspondences with the clients the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers, v) the name of the compliance officer, his telephone number and e-mail address.	Audit Period	Obtain sample contract note, statement of funds & securities, correspondences with clients issued by the Member during the audit period and verify whether the same complies with the format specified by NSE/SEBI from time to time and applicable for the audit period.
k	Trading member has not created/provided e-mail ids for clients.	E logs for 10 days per segment	Steps to be followed : 1. Obtain the E logs for sample 10 days for each segment 2. The dates shall be the top 10 dates with highest clientele turnover during the Audit period. 3. Additionally, from the client registration documents, check for sample 10 clients (who have been registered and traded during audit period) whether Emails on which the contract notes have been sent are provided by the client only.

l	Member has collected physical letters from the clients who have requested for change in e-mail id.	Audit Period	Check for all instances of changes in E mail IDs by the Member
m	In case facsimile signatures are used on physical contract notes, Member has maintained well-documented & approved policy regarding its use	Audit Period	-
n	Member has sent text of Regulation 19 & 20 of SECC Regulations, 2012 to clients dealing with listed Stock Exchanges along with the contract notes	Audit Period	Transaction undertaken in the Audit Period
o	Member has sent text of Schedule II of the SEBI (Intermediaries) Regulations, 2008 to clients listed depositories along with the contract notes	Audit Period	Transaction undertaken in the Audit Period
4	Dealing with clients' funds and securities		
a	Client's funds and securities are used only for the purpose of the respective client's transactions. If not, instances to be provided in remarks column.	10 days	1. Top 10 dates with highest clientele funds pay-in obligation and top 10 dates with highest clientele securities deliverable obligation (Value-wise) 2. Check for each dates whether respective client funds/securities were used for meeting their obligations on the Exchange
b	Pledge of client securities is done only through Depository system in compliance with Regulation 58 of the SEBI (Depositories and Participants) Regulations, 1996. (Applicable from July 01, 2017 onwards)	Audit Period	To be verified from the client beneficiary account of the Member
c	Member has pledged securities of only those clients who have a debit balance in their ledger. (Applicable from July 01, 2017 onwards)	Audit Period	Obtain the list of clients whose securities have been pledged, its value and the funds raised for each client. Check whether such clients had debit balances in their account during the Audit period when funds were raised by pledging their securities.
d	Member has credited the funds raised against the pledged client securities only to client bank account of the Member. (Applicable from July 01, 2017 onwards)	Audit Period	Verify as to where the funds raised after pledging of client securities are being credited.

e	Funds raised by pledging client securities were utilised for respective client only. List of instances to be provided in remarks column in case of non-utilisation of proceeds for respective client.	Mention the date checked	1. Identify the date on which maximum funds were raised by the Member after pledging the client securities. 2. Check on the date, whether the funds raised were used for respective client only. 3. In case funds are raised from multiple sources, then the date on which maximum funds are raised, taking all sources together, shall be identified.
f	Member has sent statement of pledge & funds raised to clients as and when their securities are pledged/unpledged (Applicable from July 01, 2017 onwards)	Audit Period	1. Obtain the client wise list of securities pledged from the Member (quantity wise) as on the last working date of each month (w.e.f July 2017). 2. Check whether there is any change in the quantity of securities pledge of any client. 3. Whether Member has sent the pledge statement to such clients.
g	Constituent beneficiary account or client bank accounts are used for authorized purposes only. In case of any irregularity observed, mention the instances in remarks column.	Audit Period	All Constituent beneficiary account and client bank accounts to be checked
h	No cash dealings with clients are done in violation of the prescribed norms.	Audit Period	Cash book maintained by the Member to be verified
i	In case where value of banker's cheque / demand draft / pay order aggregate is of Rs 50,000 or more per client per day, then the same are accompanied with name of bank account holder and number of bank account debited, duly certified by issuing bank as per the provisions of SEBI Circular CIR/MIRSD/03/2011, dated June 9, 2011.	Audit Period	All instances of receipt of banker's cheque / demand draft / pay order aggregate is of Rs 50,000 or more per client per day.
j	Member maintains audit trail of the funds received and systems are in place to ensure that the funds are received from their	Audit Period	Select 10 clients with maximum fund payments to the Member during the Audit period.

	respective clients only.		
k	Receipts/payment of funds and receipt/delivery of securities are received/transferred from/to respective clients only.	Audit Period	-
l	Payments to clients are not made from proprietary bank accounts.	Audit Period	-
m	In case of any transfer of funds between client account/s & proprietary account/s for legitimate purposes, Member has maintained a daily reconciliation statement clearly indicating the details of funds transferred. (Applicable from July 01, 2017 onwards)	(Applicable from July 01, 2017 onwards)	Verification of transfer/JV entries between client accounts and proprietary accounts.
n	In case of any transfer of securities between client account/s & proprietary account/s for legitimate purposes, Member has maintained a stock transfer register clearly indicating the day-wise details of securities transferred. (Applicable from July 01, 2017 onwards)	(Applicable from July 01, 2017 onwards)	Verification of transfer of securities between client beneficiary accounts and proprietary accounts.
o	Client's funds / securities are transferred to respective clients within one working day of payout from Exchange in case of no running account authorization.	5 days	Top 5 days with highest turnover during the audit period
p	Constituent securities received as margin is not utilized for execution of proprietary trades or trades in the name of Directors/ Key Promoters/ shareholders.	Audit Period	Verify 5 settlement dates with highest PRO obligations during the audit period
q	The Delivery of securities to constituent is not made from Proprietary account.	5 days	Top 5 dates with highest clientele securities delivery obligation (value-wise)
r	Excess Brokerage was not charged on trades executed on the Exchange.	10 days per segment	Top 10 dates with highest clientele turnover during the Audit period.
s	Not more than one client code is allotted to a single	Audit Period	-

	client.		
t	Member's Bank books and bank statements for each bank account are reconciled and reconciliation statement for the same is prepared periodically and there are no long pending outstanding reconcilable items.	Audit Period	To be checked as on the last date of the Audit period
u	Register of Securities and Holding statement from depositories for each DP account are reconciled and reconciliation statement for the same is prepared periodically.	Audit Period	To be checked whether reconciliation has been done on quarterly basis.
v	Dividend and other corporate benefits received on behalf of clients is paid/credited/passed on to the respective clients account without any delay.	Audit Period	Delays in excess of 90 days to be reported
w	Trading member has taken consent from the client regarding monthly /quarterly settlement in the running account authorisation.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1
x	Trading member has done actual settlement of funds & securities as consented by the client (monthly/quarterly) in the running account authorisation.	Refer Sampling Criteria 3	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance & value of securities) as at the end of the audit period but have done no transactions during the audit period. In case the minimum number is not available in a particular criteria, then clients shall be selected based on the remaining criteria
y	Trading member has sent statement of accounts for funds/securities containing an extract from the client ledger for funds & securities displaying all receipts/deliveries of funds/securities while settling the account explaining retention of funds/securities. (Applicable for settlement of accounts	Refer Sampling Criteria 3 (Applicable for settlement of accounts undertaken prior to July 01, 2017)	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance & value of securities) as at the end of the audit period but have done no transactions during the audit period. In case the minimum number is not available in a particular criteria, then

	undertaken prior to July 01, 2017)		clients shall be selected based on the remaining criteria
z	Trading member has sent a statement of accounts containing an extract from client ledger for funds & securities along with a statement explaining the retention of funds/securities, within five days from the date when the account is considered to be settled. (Applicable w.e.f. July 01, 2017 onwards)	Refer Sampling Criteria 3 (Applicable for settlement of accounts after July 01, 2017)	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance & value of securities) as at the end of the audit period but have done no transactions during the audit period. In case the minimum number is not available in a particular criteria, then clients shall be selected based on the remaining criteria
aa	Trading member has not done any inter-client adjustment for the purpose of client level quarterly/monthly settlement.	Refer Sampling Criteria 3	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance & value of securities) as at the end of the audit period but have done no transactions during the audit period. In case the minimum number is not available in a particular criteria, then clients shall be selected based on the remaining criteria
ab	While settling the client accounts, Member has ensured that funds have been transferred to the clients through electronic transfer mode only except where the electronic payment instructions have failed or have been rejected by the bank (Applicable w.e.f. July 01, 2017 onwards)	Refer Sampling Criteria 3 (Applicable for settlement of accounts after July 01, 2017)	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance & value of securities) as at the end of the audit period but have done no transactions during the audit period. In case the minimum number is not available in a particular criteria, then clients shall be selected based on the remaining criteria
ac	The following statutory levies/ fee/ charges are not collected from clients in excess of actuals levied on the members. Such as- i) Securities Transaction Tax,	Audit Period	-

	ii) SEBI turnover fees, iii) Exchange Transaction Charges If Excess is collected, please give complete details.		
ad	The running account authorization taken by trading member from client(s) is dated and contains a clause which explicitly allows a client to revoke the said running account authorization at any time and would continue until such revocation.	Refer Sampling Criteria 1	Clients registered during the audit period.
ae	Member has put in place systems for dealing with conflict of interest as per SEBI circular CIR/MIRSD/5/2013 dated August 27, 2013.	Audit Period	-
af	Member has not transferred funds from client bank account to any third party or any other non-client account	Audit Period	All client bank accounts to be checked for the audit period.
ag	Member has not transferred funds to its Group companies/ Associates from client bank accounts.	Audit Period	All client bank accounts to be checked for the audit period.
ah	Payment for own trades (PRO) are not made from client bank accounts.	Audit Period	All client bank accounts to be checked for the audit period.
ai	Member is not operating any assured returns schemes and mobilizing deposits from investors. If yes, please provide details.	Audit Period	-
aj	Member has not taken securities from any client for purposes other than margin or meeting the client's obligation.	Audit Period	-
ak	Member has ensured that the funds & securities available in the client bank/s and client beneficiary account/s together with balances available with clearing Member and funds with clearing corporation are not less than the funds and securities payable to the client at all times.	Audit Period	Verification to be done based on the balances as on the last day of the Audit period

5	Banking and Demat account operations		
a	Member maintains separate bank account for client funds and own funds. Also separate beneficiary account for clients securities and own securities are maintained by the member.	Audit Period	-
b	Clients funds and securities are segregated from own funds and securities.	Audit Period	-
c	Member has reported all their Bank & DP account details to the Exchange as required by SEBI circular dated September 26, 2016 & NSE circulars dated October 14, 2016 & October 26, 2016	Audit Period	Check the following : 1. Correctness of the details reported 2. Completeness i.e. all accounts used for trading have been reported
d	Member has named/tagged their Bank & DP accounts details to the Exchange as required by SEBI circular dated September 26, 2016, June 22, 2017 & NSE circulars dated October 14, 2016 & October 26, 2016 & June 23, 2017	Audit Period	Check the status of the compliance as on the date of Audit.
6	Terminal operations and systems		
a	Trading terminals are located in the head office, branch office of the Member or the office of sub broker only.	100%	-
b	Trading terminals are operated by approved persons/approved users with valid NCFM/BCSM/NISM certification.	100%	-
c	Correct Terminal details are reported to the Exchange.	100%	-
d	Member has ensured that associated persons functioning as compliance officer employed has obtained NISM series III A certification : - Within one year from the date of his/her employment after March 11, 2013. - By March 10, 2015 for	Verification of Certificate for compliance officers employed after March 11, 2013	-

	compliance offices employed as on the date of SEBI notification (i.e. March 11, 2013)		
e	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 have valid NISM series VII certification – (Securities Operations and Risk Management Certification Examination).	Verification of Certificate	To be checked for all associated person except for persons handling the basic clerical/elementary functions and whose work is supervised by NISM Series VII certified personnel.
f	Member has taken adequate steps as specified by Exchange circular NSE/INSP/28434 dated December 24, 2014. to review & monitor the Trading Terminals mapped to its branch/AP/Sub Broker	Audit Period	-
7	Management of branches / sub brokers and internal control		
a	In case of closure of branch, advance notice of the same is sent to clients.	All branches closed during the period	All branches closed during the audit period
b	There is a monitoring mechanism to identify sudden increase / decrease in client level turnover from any specific branch.	Audit Period	-
c	Periodic inspection of branch / sub broker/AP is conducted and reports are maintained.	Audit Period	Check that at least 10% of its active sub-brokers/APs/branches are inspected by Members every year and that each active sub-broker /AP branch is inspected at least once in every 5 years. An active sub-broker /AP/ branch would mean one whose turnover is above 1/10th of the turnover of the Trading Member during the previous financial year (viz April to March)
d	Member has adequate follow up mechanism in case of adverse observations during branch / sub broker/AP inspections.	Audit Period	Compliance status of the adverse observations made during branch / sub broker/AP inspections by Member to be checked.
e	Trading member has not dealt with unregistered intermediaries for	Audit Period	-

	transactions on the Exchange.		
f	The member has not shared commission/ brokerage with entities with whom trading members are forbidden to do business / another trading member / employee in the employment of another trading member.	Audit Period	-
8	Investor grievance handling		
a	Member is maintaining a register of investor complaints.	Audit Period	Check that all investor complaints registered at Exchanges/Scores are entered in the register of complaints
b	Member has a sound system of resolution of investor complaints in a time bound manner.	Audit Period	-
c	A designated email id for investor grievance is created and informed to the investors and Exchange.	Audit Period	-
d	Complaints received on the designated email ID are being looked into to address the same.	Audit Period	-
e	The member has informed the Stock Exchange/ Investor about the actions taken for the redressal of grievances of the investor.	Audit Period	-
f	The member has to take adequate steps to resolve the complaints within 30 days from the date of receipt of the complaint.	Audit Period	-
g	Information about the grievance redressal mechanism as specified by SEBI circular CIR/MIRSD/3/2014 dated August 28, 2014 is displayed at all the offices of the Member for information of the investors.	Requirement to be adhered w.e.f. October 27,2014	-
9	Maintenance of Books of Accounts		
a	Prescribed books of accounts, registers, records and client master are maintained with the required details and for the stipulated period as per regulatory	Audit Period	-

	requirements.		
b	Register of securities is maintained client wise-scrip wise.	Audit Period	-
c	All Entries for receipt and payment/transfer of securities are duly recorded in the register of securities.	Audit Period	-
d	Exchange wise separate books of accounts are maintained.	Audit Period	-
e	Prior approval has been obtained by member for change in shareholding/directors/constitution.	Audit Period	-
f	Prior approval has been obtained in case the member has traded with another member of the Exchange.	Audit Period	-
g	Member has intimated the Exchange in case they have traded with member of another stock exchange.	Audit Period	-
h	All advertisements are issued after prior permission of the Exchange and specifically comply with NSE circular NSE/COMP/31391 dated December 18, 2015 /BSE notice no. 20151217-17 dated December 17, 2015.	Audit Period	-
i	The Member, its Group companies/ third party or its associate has not offered any schemes/ leagues/ competitions and has not issued any advertisement for the same. Further, the stock broker has not carried out advertisements in which celebrities form part of the advertisement.	Audit Period	-
j	Notice board & SEBI registration certificate of the Trading Member was displayed at the location of audit.	Audit Period	-
k	Trading member has not dealt with suspended/defaulters/expelled members and entities prohibited from accessing	Audit Period	-

	market.		
10	Systems & Procedures pertaining to Prevention of Money Laundering Act, PMLA, 2002		
a	Details of appointment of Principal Officer & Designated Director and any changes therein are intimated to FIU-India.	Audit Period	-
b	The member has adopted and implemented written guidelines prescribed under PMLA, 2002.	Audit Period	-
c	The Member has adequate system in place that allows continuous monitoring of transactions and generates alerts based on set parameters for suspicious transactions.	Audit Period	-
d	Adequate systems & procedures are in place to scrutinize the alerts for arriving at suspicious transactions and reporting the same to FIU.	Audit Period	-
e	Member has adequate systems & procedures in place to ensure screening of employees while hiring.	Audit Period	-
f	Record of transactions, its nature & value and records of reporting made to FIU are maintained and preserved by the member as prescribed under Rule 3, 7 & 8 of PMLA.	Audit Period	-
g	Member has ongoing training program for employees so that staff are adequately trained in AML & CFT procedure.	Audit Period	-
h	Member has taken adequate measures to carry out & document risk assessment to identify, assess and mitigate its money laundering and terrorist financing risk.	Audit Period	-
i	Member has complied with the requirements of the various FATF public	Audit Period and new clients registered during the Audit Period	-

	statements and updated UNSC lists which are circulated by the exchanges		
j	Member has done the online registration with FIU-India and has got the FIU Registration no.	Audit Period	-
11	Transfer of trades		
a	Trades were executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa in the back office of the member. In case of such transfers, if any specific pattern is observed instances to be provided in remarks column.	30 dates across all segments	30 dates (with highest turnover during the Audit period) across all segments (CM, FO & CD) i.e. 10 dates for each segment if TM enabled for all segments. In case TM is enabled in only two segments then 15 dates shall be selected in each segment and 30 dates shall be selected in case of TM enabled in a single segment.
b	All client code modifications were done to rectify a genuine error in entry of client code and no patterns were observed. If any pattern is observed, please give details.	Audit Period	All modifications during the audit period
c	Systems are put in place to monitor/ prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry.	Audit Period	All modifications during the audit period
d	The trades modified by the member to the "ERROR" code have been settled in ERROR account and not shifted to some other client code. If not complied, please provide the details.	Audit Period	All modifications during the audit period
e	Trading Member has a well-documented error policy to handle client code modifications, approved by their board/management.	Audit Period	-
12	Margin Trading		
a	Member has obtained specific approval from the exchange, in case he is providing margin trading facility to his clients.	Audit Period	-

b	Member has complied with regulatory requirements related to margin trading.	Audit Period	Verify for 6 dates (one date in each month) with highest turnover under margin trading
13	Proprietary Trading		
a	If member is doing pro trading, then member has disclosed this information to his clients.	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1. Check whether the client has disclosed this information in the client registration document.
b	If member is doing pro trading from multiple locations, the member has obtained prior approval from the Exchange in this regard.	Audit Period	-
14	Internet Trading		
a	Member has obtained specific approval from the exchange, in case he is providing internet trading facility to his clients.	Audit Period	-
b	Member has complied with regulatory requirements related to internet trading.	Audit Period	-
15	Execution of Power of Attorney (POA)		
a	The POA executed with the client (if any) is in the favour of the member and it is not in favor of any other person.	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period. Refer Sampling Criteria 1
b	The Power of Attorney executed in favour of trading member is only limited to the purposes as allowed and adheres to the Provisions of SEBI Circular CIR/MRD/DMS/13/2010 and CIR/MRD/DMS/28/2010.	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period. Refer Sampling Criteria 1
c	The PoA executed does not prohibit operation of trading account by client(s).	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period. Refer Sampling Criteria 1
d	The Member has adopted sufficient internal controls to ensure that POA is not misutilised.	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period. Refer Sampling Criteria 1
e	Flagging of POA has been undertaken in the UCC with respect of all clients registered after February 13th, 2015	Refer Sampling Criteria 1.	Clients registered during the audit period. Refer Sampling Criteria 1
16	Operations of Professional Clearing member/ Members clearing trades		

	of other trading members		
a	All the mandatory clauses have been included in CM - TM agreement (wherever applicable).	Audit Period	CM-TM Agreements executed during the Audit period to be checked
b	The Clearing member custodial participant agreements are executed in prescribed formats (wherever applicable).	Audit Period	CM-CP Agreements executed during the Audit period to be checked
c	Statement of accounts has been sent to trading member/custodial participants.	Audit Period	
d	The clearing member had collected appropriate and adequate margins in prescribed forms from respective trading members.	5 days	5 Dates with highest Margin requirement during the Audit Period
e	Margin collection reported to Exchange is in accordance with margins actually collected from trading member.	5 days	5 Dates with highest Margin requirement during the Audit Period
f	Exposure allowed to trading members was based on requisite margins available with the clearing member.	5 days	5 Dates with highest Margin requirement during the Audit Period
17	Securities Lending & Borrowing Scheme		
a	Member has obtained specific approval from the exchange for offering SLBS.	Audit Period	-
b	Member has complied with regulatory requirements related to SLBS.	Audit Period	-
18	Compliance status of last inspection carried out by SEBI/ Exchanges/ Internal Auditor		
a	Member has complied with the qualifications/violations made in last SEBI inspection report.		Last SEBI inspection report.
b	Member has complied with the qualifications/violations made in last Exchange inspection report.		Last Exchange inspection report.
c	Member has complied with the qualifications/violations made in latest half yearly		Latest half yearly Internal Audit report.

	Internal Audit report.		
19	Comments of the auditor on any other area		
20	The last half years Internal Audit Report was placed/ approved by the Board/ Proprietor/ partners.		

SAMPLE DETAILS

Sampling Criteria 1

Particulars	Sample Size	Selection criteria
Less than 100 clients registered during the audit period	Minimum of 15 clients or the total number of clients registered during the audit period.	Clients registered during the audit period & to be selected , as per minimum percentage from the respective categories given below: - 40%-Individuals - 20% corporate - 20% partnership - 20% HUF/Trusts In case client of a particular category is less than the stipulated, the balance can be met from other category.
Between 100 to 500 clients registered during the audit period	Minimum of 25 clients registered during the audit period.	
Between 500 to 1000 clients registered during the audit period	Minimum of 40 clients registered during the audit period.	
More than 1000 clients registered during the audit period	Minimum of 75 clients registered during the audit period.	

In case no clients have been registered during the audit period, then clients registered in prior audit periods may be selected provided they have not been verified earlier.

Sampling Criteria 2

No. of days to be verified : 6 dates

Particulars	Sample Size
Less than 100 active clients during the audit period	Minimum of 25 clients or the total number of clients per segment whichever is lower.
Between 100 to 500 active clients during the audit period	Minimum of 50 clients per segment
More than 500 active clients during the audit period	Minimum of 100 clients per segment

Sampling Criteria 3

Particulars	Sample Size
Less than 100 active clients during the audit period	Minimum of 15 clients or the total number of clients traded during the audit period.
Between 100 to 500 active clients during the audit period	Minimum of 25 clients traded during the audit period.
Between 500 to 1000 active clients	Minimum of 40 clients traded during the audit period.
More than 1000 active clients	Minimum of 75 clients traded during the audit period.

POINTS TO BE NOTED

The guidelines prescribed here are only indicative in nature and not exhaustive. It does not in any way limit the scope of the internal audit. The guideline has been prepared based on the regulatory requirements (as per relevant Acts, Rules, Regulations and circulars) which keep on developing from time to time. The auditors should peruse them and update the scope of the audit. **The auditors should clearly indicate ‘Complied’ indicating Compliance, ‘Not Complied’ indicating Non-compliance and ‘N.A’ wherever ‘Not Applicable’.**

The report shall also include the following.

1. Management comments

a) In case of any non-compliances/findings/observations/qualifications by the auditor the management responses should be given to the Exchange against each point.

2. Points to be noted by the Internal Auditor

- a) No remarks will be allowed by Auditor in case of “complied” status. In case the auditor is of the opinion that the relevant checklist point has not been complied by the Member in full, Auditor shall indicate “Non-compliance” against such points.
- b) Auditor to comment on improvements brought about in the operations between the last audit and the current audit at point no. 19 of the checklist.
- c) A statement by the auditor that the provisions of SCRA 1956, SEBI Act 1992, SEBI (Stock Brokers and Sub-brokers) Regulations 1992, SCRR 1957, Rules, Bye laws, Regulations, circulars of SEBI, agreements, Bye laws of Exchange/Clearing Corporation, data security and insurance have been covered in the audit.
- d) Auditor shall specifically declare about direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting internal audit of the said member.
- e) Sample size indicated in the format above is minimum sample size. The guidelines for selection of sample is given in Annexure III. All Auditors are advised to adhere to the guidelines while verifying the respective areas. The auditor may increase the sample size as it may deem fit.
- f) For each theme/area of audit, auditor shall clearly specify the sample size verified and in case of any non-compliance, the number of instances where adverse observations is noted including the details of the adverse observations in the space provided.
- g) The internal audit report should be submitted to the Exchange as per the report format specified above.
- h) In case where internal audit report submitted is incomplete and not as per the prescribed guidelines like non-adherence to sample size guidelines same would be treated as non-submission of internal audit report. Exchange reserves the right to

advise a Member to change its auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

- i) If in the opinion of the auditors, any observation related to any area also possesses a risk relating to Anti Money Laundering (AML) or Combating Financing of Terrorism (CFT) then such observation should be highlighted clearly specifying the risk relating to it.

Exhibit 7

List of common violations and applicable penalties in respect of violations observed during inspections or otherwise in CM Segment, F&O segments and CD Segment)

I) List of common violations and applicable penalties

Sr. No.	Details of contravention	Existing Penalty (in rupees)
I - Dealings with clients		
1	Client registration documents	
	(a) Not provided / Not executed / Not made available	Rs. 10,000/- per client
	(b) Inclusion of contravening clauses / omission of material details	Violation for critical clauses - Rs 25000
		Other procedural clauses - Rs 10000
	(c) other discrepancies	Advice
2	(a) In-person verification of clients not carried out	Rs 500 per client
	(b) Other discrepancies in carrying out in person verification of clients	Advice
3	Copy of client registration documents not delivered / Client Code and mail id not communicated in writing / policies & procedures not communicated to clients	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/-
		2. In excess of 5% and up to 10% of number of instances - Rs 30,000/-
		3. In excess of 10% of number of instances - Rs 50,000/-
		Otherwise, Advice
4	Not uploaded KYC information to KRA within prescribed time frame	Advice
5	Delay in uploading KYC information to KRA / Not sending KYC documents to KRA and maintaining proof of dispatch	Advice
6	Non display of details by member viz, name, its logo, registration no, address with telephone no, compliance officer name, telephone no, email id and other prescribed details	Advice
7	Policy of member regarding pre funded instruments not maintained	Advice
	Electronic transfers from clients not as per specified guidelines / Supporting documents / audit trail for pre-funded instruments not maintained	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/-
		2. In excess of 5% and up to 10% of number of instances -

Sr. No.	Details of contravention	Existing Penalty (in rupees)
		Rs 30,000/-
		3. In excess of 10% of number of instances - Rs 50,000/-
		Otherwise Advice
8	Bank and demat account operations	
	(a) Separate clients bank or demat account not maintained	Rs. 10,000/-
	(b) Pay in / payout not received from / delivered to respective clients / Inter-client adjustment done for the purpose of settlement of accounts	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/-
		2. In excess of 5% and up to 10% of number of instances - Rs 30,000/-
		3. In excess of 10% of number of instances - Rs 50,000/-
		Otherwise, advice
	(c) Non-segregation of own and clients' funds or securities	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/-
		2. In excess of 5% and up to 10% of number of instances - Rs 30,000/-
		3. In excess of 10% of number of instances - Rs 50,000/-
		Otherwise, advice
	(d) Delay in release of payout of funds or securities / actual settlement of funds or securities not done on monthly / quarterly basis as specified by the client	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/-
		2. In excess of 5% and up to 10% of number of instances - Rs 30,000/-
		3. In excess of 10% of number of instances - Rs 50,000/-
		Otherwise, advice
	(e) Delayed / non-payment of dividend	If delay in excess of 90 days 0.5 % of the amount (Rs 10,000/- if amount not known)
		Otherwise, Advice

Sr. No.	Details of contravention	Existing Penalty (in rupees)
	(f) Running account authorization taken by trading member from client is not dated and does not contain a clause that the client may revoke the authorization any time/ Running account authorization not signed by client but by POA holder / Other discrepancies in running account authorization from clients	Advice
9	Daily Margin statement not sent	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/- 2. In excess of 5% and up to 10% of number of instances - Rs 30,000/- 3. In excess of 10% of number of instances - Rs 50,000/- Otherwise, Advice
10	Quarterly Statement of accounts for funds or securities not sent / Not sent at the time of settlement of accounts, non-issue of transaction statement displaying all receipt and payment of funds / inward and outward movement of securities while settling the account along with statement explaining retention of funds or securities, if any/ Client preference for monthly / quarterly settlement not obtained	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/- 2. In excess of 5% and up to 10% of number of instances - Rs 30,000/- 3. In excess of 10% of number of instances - Rs 50,000/- Otherwise, Advice
11	Cash dealings with clients	0.1% of the aggregate value in excess of Rs. 50,000/- Otherwise, Advice
12	Non-disclosure of trading on own account to clients Exclusive e-mail id for investors' complaints not created or not displayed	Advice
13	Modification/Transfer of trades otherwise than on the Exchange trading platform or for purposes other than permitted Trades in the error account are subsequently shifted to some other client code	In excess of 5% of value (turnover). Penalty of 2% of value (turnover) modified, otherwise a fine of 1% of value (turnover) modified
14	Transfer of trades otherwise than for genuine purpose	0.1% of value of trades modified for other than genuine purpose (over and above SEBI stipulated penalty for online modification)

Sr. No.	Details of contravention	Existing Penalty (in rupees)
15	Non adoption of well documented policy to handle client code modification approved by board or governing body of the member	Advice
16	Excess STT charges recovered from the clients	TM be directed to remit to authorities excess STT levied / TM be directed to refund excess STT collected from clients and fine equal to Rs 10000/-
17	Excess Transaction Charges recovered from the clients	TM to be advised to refund excess transaction charge and fine of Rs 5000/-
18	Evasion of margin	0.3% of the value of trades subject to minimum of Rs 25,000/-
19	Improper use of funds raised by placing of clients securities with bank / any other financial institutions viz. funds not used for respective client obligation / margins	Rs. 1,00,000/- or 0.1% of the value of misuse whichever is higher
	Mis-utilization of clients' funds and/or securities	
20	Excess brokerage charged	TM to be advised to refund the excess brokerage charged to the constituents and penalty equal to the excess brokerage charged or Rs. 10,000/- whichever is higher
	Sharing of brokerage/commission, except as permitted under the Bye-Laws	Advice
21	Funding to clients	Upto 2 instances - Advice
		Otherwise- Rs 50000/-
22	Non-maintenance of well documented risk management policy	Advice
23	Trading member has outsourced activities in violation of SEBI prescribed rules	To be decided on a case to case basis based on nature of non-compliances
II - Contract Notes		
1	Non-issue of Contract Notes	1. Upto 25% of no. of clients- Rs 50000/-
		2. In excess of 25% and up to 50% of no. of clients - Rs 100,000/-

Sr. No.	Details of contravention	Existing Penalty (in rupees)
		3. In excess of 50% of no. of clients - Rs 150,000/-
2	Issued with material discrepancies / Duplicates or copies or proof of dispatch of contract notes not maintained/ Consent of client not obtained for sending ECN / Not issued within one working day of trade execution/ Not signed by authorized signatory	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/- 2. In excess of 5% and up to 10% of number of instances - Rs 30,000/- 3. In excess of 10% of number of instances - Rs 50,000/- Otherwise, Advice
3	ECN Log report not maintained in case of bounced back mails, ECN not displayed on website, ECN's sent to Email accounts other than those created / provided by clients, authorization for receiving ECN is not signed by the client but by the POA holder, e-mail ID for receiving ECN not created / provided by client and no physical letter confirming the e-mail ID and exercising choice to receive documents on that e-mail ID is received from the clients (In case of clients registered prior to March 2010).	1. In excess of 2% and up to 5% of number of instances - Rs 10,000/- 2. In excess of 5% and up to 10% of number of instances - Rs 30,000/- 3. In excess of 10% of number of instances - Rs 50,000/- Otherwise, Advice
4	Contract Note issued otherwise than in format prescribed by the Exchange	Advice
5	Trading member has not uploaded mobile number/ email address for clients who have exercised choice for receiving alerts	Advice
III - Margin Trading		
1	Margin trading facility in scrip's other than permitted	Rs. 10,000/-
2	Short collection of margin in excess of 20%	Rs. 10,000/-
3	Other procedural contraventions	Rs. 10,000/-
4	Agreement not executed with clients	Rs. 5,000/- per client
IV - Dealings with Intermediaries		
1	Dealing with unregistered intermediaries	Rs. 1,00,000/- per unregistered intermediary

Sr. No.	Details of contravention	Existing Penalty (in rupees)
		Also, member to be advised to ensure that the entities stop dealing as unregistered intermediaries and be directed to withdraw the terminal(s), if any, allotted to such entities, immediately.
		In addition to monetary penalty, suspension of the trading membership may also be considered depending upon the gravity of the violation, in cases where dealings with more than 5 unregistered intermediaries (in the Cash Segment) and / or intermediaries (in the Derivative Segment) are observed
2	Doing business for / through other TMs or sub-brokers of other TMs of the Exchange without prior approval of the Exchange	Rs. 10,000/-
	With brokers / sub-brokers of other Exchanges without intimation	Advice
3	Inspection of sub-brokers / branches not done / Inspection report of sub-brokers & branches not made available to the inspecting team	Rs. 10,000/-
V - Trading System & Office Management		
1	Unauthorized extension of NEAT terminal / Non-upload of CTCL terminals to the Exchange / Upload of CTCL details with incorrect terminal location / Location of terminal at a place other than main / branch office and the offices of registered sub brokers / authorized persons of the member.	Rs. 50000/- per terminal In cases where non-upload of details of more than five CTCL terminals are observed and such CTCL terminals are also observed to be operated by entities acting as unregistered intermediaries in the CM segment or as intermediaries in the F&O segment and / or such terminals are observed to be used for carrying out illegal trading activity, suspension of the trading membership may also be considered depending upon the gravity of the violation

Sr. No.	Details of contravention	Existing Penalty (in rupees)
2	Errors in upload of CTCL details (Non-Trading ids to be excluded while levying fine)	In excess of 5 terminals, Rs 5,000/- per terminal (Non-trading ids to be excluded while levying fine)
3	Non-upload of non-trading id's (Id's that cannot be used for trading)	Advice
4	Allowing trading terminals to be operated without valid certification	Cash segment- Advice Derivatives segment - Rs 1,000/- per terminal
5	Operation of terminals by persons other than the approved user / person as per Exchange records	Rs 1,000/- per terminal
6	Non-display of notice board or SEBI registration certificate	Rs. 10,000/-
7	Non-appointment of compliance officer	Rs. 10,000/-
8	Execution of trades on own account from locations other than those permitted by the Exchange	Rs. 10,000/-
9	Not following the advertisement code of the Exchange	Rs. 5,000/-
10	Non-compliance with PMLA requirements	
	(a) Non maintenance of Written procedures relating to PMLA	Rs. 10,000/-
	(b) Non Appointment of Principal Officer/ Non Intimation of change of Principal officer to FIU Delhi	
	(c) Non-Implementation of systems in place to monitor, identify suspicious transaction and procedures for reporting the same	
	(d) Non Adoption of customer due diligence	Advice
	(e) Financial information of clients not obtained / updated / documentary evidence related to financial information not obtained in case of clients trading in derivatives segment	Advice
	(f) Non Maintenance of records regarding ongoing training to staff relating to PMLA	Advice
VI - Books of Accounts		
1	Non-maintenance of client ledger	Rs. 50,000/-

Sr. No.	Details of contravention	Existing Penalty (in rupees)
2	Segregation of Exchange wise client ledgers not maintained	Rs. 25,000/-
3	Client ledger not maintained properly	Rs. 25,000/-
4	Client-wise Scrip wise Register of securities not maintained	Rs. 50,000/-
5	Register of Securities not in the prescribed format	Advice
6	Discrepancies / Incorrect details in Register of Securities, non reconciliation of balances between client beneficiary accounts and register of securities	Rs. 10,000/-
7	Books (Except Client ledger) not maintained	Rs 10,000/- per book
8	Books (Except Client ledger) not maintained properly	Rs 5,000/- per book
VII - Margin Reporting requirements		
1	In case of false reporting of margin	100% of falsely reported amount + Suspension of trading for 1 day in respective segment

II) Incremental Penalties Structure

In case any violation is observed to be repeated, during inspection conducted in last three financial years, the following penalty would be made applicable.	
Applicable Penalty	Penalty for repeat violations
Advice	Warning
Warning	Rs. 5,000/-
Monetary Penalty	Increase penalty amount by 50%

INDICATIVE PENALTY FOR NON-SUBMISSION / LATE SUBMISSION OF RISK BASED SUPERVISION (RBS) DATA

The following late/non-submission penalty/ disciplinary actions would be initiated against the Member in this regard:

Particulars	Action	Remarks
Submission within 5 days from the end of due date for submission	Penalty of Rs.10,000/-	-
Submission after 5 days but within 15 days from the end of the due date for submission	Penalty of Rs. 10,000 + Rs. 2,000/- per day (from the 6 th day till the 15 th day from the end of the due date)	-
Non submission after 15 days from the end of due date for submission	Member will not be allowed to register any new clients in Exchange UCC database. This will be implemented across the exchanges, even if data is submitted to only one Exchange. Registration of new clients will be allowed only after data is submitted to all the exchanges.	Highest risk-rating will be assigned to the parameters for which data is not submitted by the member
Non submission after 45 days from the end of due date for submission	In addition to the above disablement of trading terminals by all stock exchanges, irrespective of the stock exchange where the TM has not submitted the data. Disablement of terminal and no new registration of clients will be allowed till the data is submitted to all the exchanges.	Highest risk-rating will be assigned to the parameters for which data is not submitted by the member

Indicative list of penalties/actions to be initiated regarding audit observations in Internal Audit Reports

No.	Non-compliances observed	Action to be taken
1	Client registration process and documentations	Rs.1000
2	Order management and risk management systems	Advice
3	Collection of Margin, short reporting, wrong reporting of margin	Rs. 1000
4	Contract notes, Client margin details and Statement of accounts	Rs. 1000
5	Dealing with clients' funds and securities	Rs. 1000
6	Banking and Demat account operations	Rs. 1000
7	Trading Terminal operations and systems	Advice
8	Management of branches / sub brokers and internal control	Advice
9	Investor grievance handling	Advice
10	Maintenance of Books of Accounts and records	Rs. 1000
11	Systems & Procedures pertaining to Prevention of Money Laundering Act, PMLA, 2002	Rs. 1000
12	Transfer of trades	Rs. 1000
13	Margin Trading	Rs. 1000
14	Internet Trading	Rs. 1000
15	Execution of Power of Attorney (POA)	Rs. 1000
16	Operations of Professional Clearing member/ Members clearing trades of other trading	Rs. 1000

	members	
17	Securities Lending & Borrowing Scheme	Rs. 1000
18	Compliance status of last inspection carried out by SEBI/ Exchanges/ Internal Auditor	Advice
19	Auditor's comments on any other area	Advice
20	The last half years IAR was placed/ approved by the Board/ proprietor/ partners	Advice