

National Stock Exchange Of India Limited

Department : MEMBER SERVICE DEPARTMENT

Download Ref No: NSE/INSP/42280

Date : October 01, 2019

Circular Ref. No: 32/2019

All Members,

Subject: System Audit of Trading Members (Type – III)

In accordance with SEBI circular no. CIR/MRD/DMS/34/2013 dated November 6, 2013 and Exchange circular no. NSE/CMTR/26285, NSE/FAOP/26283 and NSE/CD/26284 dated March 25, 2014 in relation to systems audit requirement, trading members using algorithm software (Type – III) are required to conduct system audit for period April 01, 2019 to September 30, 2019 for all NNF trading software across the segments and submit the report to the Exchange as per the following timelines:

Audit Period	Last date		
	Preliminary Audit Report submission	Action taken Report (ATR) submission (if applicable)	Follow-on Audit Report submission (if applicable)
Half Yearly(April-September)	November 30, 2019	February 29, 2020	May 31, 2020

Submission of system audit report shall be considered complete only after trading member submits the report to the Exchange after providing management comments.

The following penalty/disciplinary actions would be initiated against the Member for late/non-submission of System Audit Report.

Particulars	Action
Submission within 1 month from the end of due date of submission.	Penalty of Rs. 200/- per day
Submission after 1 month but within 3 month from the end of the due date for submission.	Penalty of Rs. 500/- per day
Non-Submission within 3 months from the end of due date for submission.	Disablement of trading facility across segments after giving 2 weeks notice. Disablement notice issued to the member shall be shared with all the Exchanges for information. Member will be enabled only after submission of system audit report.

Trading members shall comply with any non-compliance/ non-conformities (NCs) pending for system audit report for the previous audit period ending March 31, 2019 by submitting ATR and/or Follow-on audit report as the case may be in the space provided through ENIT.

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

**Manish Sharma
Senior Manager-Inspection**

Enclosure

Annexure A - Auditor Selection Norms

Annexure B – Guidelines to submit System Audit Report

Annexure C – Terms of Reference (TOR) for System Audit

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

Regional Office	CONTACT NO.	E MAIL ID
Ahmedabad (ARO)	079-49008632	inspectionahm@nse.co.in
Chennai (CRO)	044- 66309915/17	inspection_cro@nse.co.in
Delhi (DRO)	011-23459127 / 38 / 46	delhi_inspection@nse.co.in
Kolkata (KRO)	033-40400411 / 06	inspection_kolkata@nse.co.in
Mumbai(WRO)	022-25045264/259/224	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in	