

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/58709	Date: September 29, 2023
Circular Ref. No: 83/2023	

To All Members,

Sub: Internal Audit of Trading members

This is with reference to the Exchange Circular No. NSE/INSP/56678 dated May 11, 2023, wherein the Exchange had defined the framework for empanelment of auditors and prescribed the eligibility criteria for empanelment of auditors for conducting Internal Audit of the Trading Members.

In view of the representations received from various member associations, the Exchanges have jointly reviewed and revised the eligibility criteria for conducting Internal Audit of the Trading Members. The revised eligibility criteria is enclosed as **Annexure A**.

The revised eligibility criteria shall be applicable with effect from the half year ended March 31, 2024, and onwards. Further, the applicability of the empanelment of auditors and guidance on the same shall be communicated through a separate circular in due course.

Further, the Members may note that the eligibility criteria as prescribed by Exchange Circular NSE/INSP/54080 dated October 14, 2022, shall continue to be applicable for the half year ended September 30, 2023. The eligibility criteria as prescribed by Exchange Circular NSE/INSP/54080 dated October 14, 2022, is reiterated at **Annexure B** for reference.

All Members are advised to take note of the above and bring the provisions of this Circular to the notice of their respective internal auditors and ensure compliance of the above requirement.

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

**Jayalakshmi Iyer
Chief Manager**

National Stock Exchange of India Limited

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

Regional Office	E MAIL ID	CONTACT NO.
Ahmedabad (ARO)	inspectionahm@nse.co.in	079- 49008632
Chennai (CRO)	inspection_cro@nse.co.in	044- 66309915 / 17
Delhi (DRO)	delhi_inspection@nse.co.in	011- 23459127 / 38 / 46
Kolkata (KRO)	inspection_kolkata@nse.co.in	033-4040 0412/59
Mumbai (WRO)	compliance_wro@nse.co.in	022-26598200 / 022-61928200
Central Help Desk	compliance_assistance@nse.co.in	

National Stock Exchange of India Limited

Annexure A

Revised eligibility criteria for the auditors qualified to conduct the internal audit of trading members – Applicable from the half year ended March 2024 and onwards

1. Auditor in the Audit Firm should be an independent qualified Chartered Accountant or Company Secretary or Cost and Management Accountant who is in practice and who does not have any conflict of interest.
2. The Audit Firm should have a minimum of 5 years' experience in carrying out audits, preferably in securities markets.
3. The Audit Firm should have at least two partners at all times.
4. The Audit Firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICAI, RBI, SEBI or by other regulator/law enforcement agency.
5. Any partner/employee of the Audit Firm shall have a valid NISM Series III-A: Securities Intermediaries Compliance Certification or certification of "Financial Market & Securities Laws" as provided by ICAI or equivalent certification offered by any other institution. Further, any partner/employee of the Audit Firm having valid certification of NISM-Series-XIV: Internal Auditors for Stockbrokers is also eligible till the expiry of the Certification.
6. In addition to the above, the Audit Firm which undertakes the Internal Audit of Qualified Stock Brokers ("QSBs") should have at least five partners at all times; of which at least two partners should be full time partners.

National Stock Exchange of India Limited

Annexure B

Eligibility criteria for the auditors qualified to conduct the internal audit of trading members – Applicable for the half year ended September 2023

1. The Audit shall be conducted only by independent qualified Chartered Accountant or Company Secretary or Cost & Management Accountant who is in practice and does not have any interest in or relation with the Member other than the Internal Audit assignment.
2. The Auditor / Audit firm or at least one of the partners should have a minimum of 5 years' experience in carrying out audits.
3. The Auditor/ Audit firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/law enforcement agency.
4. Auditor and/or its employee or partner signing the Internal Audit Report shall have a valid NISM-Series-XIV: Internal Auditors for Stockbrokers Certification or NISM Series III-A: Securities Intermediaries Compliance Certification or ICAI Certificate Course on Financial Markets and Securities Laws or any other equivalent examination.