

ANNEXURE V

MANUAL FOR SUBMISSION OF INTERNAL AUDIT REPORT BY AUDITOR:

Upon registration of Auditor by member, the Internal Auditor shall receive the following indicative e-mail on his registered E mail ID.

Dear Sir/Madam,

Your Registration for submission of Internal Auditor Report for the period APR-23 To SEP-23 has been successfully created.

Please find the details as under:

UserId: User ID

Password : Password

TM Name : Trading member name

TM Code : Trading Member Code

Kindly click on the following link <https://inspection.nseindia.com/MemberPortal/>

On clicking the above link for the first time, you will be prompted to change the password, Kindly change the password immediately.

You are requested to initiate Internal Audit for the APR-23 To SEP-23 for CM ,FO, CD segment/s and submit Annexure I & II.

In case of any clarification, please contact the Member.

Step 1: Click the URL provided in the email and login with the given credential.

Step 2: Following roles would have been assigned to Auditor's login.

1) INSPECTION – INTERNAL AUDIT.

INSPECTION – INTERNAL AUDIT: Double click on “Inspection-Internal Audit” under Menu at the left hand side, Internal Audit Report MIS page will open.

Step 3: Under Internal Audit MIS – by entering Auditor Membership Number and Audit Period, Auditor will find data as per below screen.

Part A – Data sharing: Exchange has made available the data submitted by member to Exchange in various submissions to Auditor for verification

Part B – Sampling: For various Internal Audit checklist points, sample dates/ clients are provided to Auditors for doing Audit

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SERVICES
INSPECTION-INTERNAL AUDIT

Data Sharing

Description	File Name
1 BANK BALANCE REPORT_01092023	No data available for this period
2 CASH AND CASH EQUIVALENT REPORT_27052023	SUCCESS.zip
3 HOLDING STATEMENT REPORT_01092023	No data available for this period
4 CASH AND CASH EQUIVALENT REPORT_02092023	XXXXXXXXXXXXXXXXXXXX.zip SUCCESS.zip
5 BANK BALANCE REPORT_24052023	XXXXXXXXXXXXXXXXXXXX.zip
6 HOLDING STATEMENT REPORT_24052023	XXXXXXXXXXXXXXXXXXXX.zip

[Enhanced supervision as on May 26, 2023](#)
[Member Bank Details Report](#)
[Member RP Details Report](#)
[Member RP Comm Bank Details Report](#)

Note:

- To Read the data in correct format, please unzip the file and open with Hottepad

Sampling Part-B

- Sample data such as top dates with highest turnover/ margin obligation during audit period, top clients with highest margin obligation during audit period, top clients with highest credit/debit balance as per the Cash & Cash Equivalent data submitted by members as on September 30, 2023, has been made available below. List of top 150/ 100 sample clients have been shared in the descending order by value; however, the auditor may select the top clients as per the Sampling Criteria 1, 2 and 3 defined In Annexure III.

Client Margin Obligation Date	Top 100 Client Margin & Dates	Date With Highest Turnover	Client Top 100 Credit Balance	Client Top 100 Debit Balance	Top 100 Client Margin	Total Turnover Top 100 Client

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INSPECTION-INTERNAL AUDIT

NSE Internal Audit Welcome auditor

(* Indicates Mandatory)

Internal Audit Report MIS

Auditor's Membership No: 123456 Audit Period: APR-23 To SEP-23

Search **Reset**

Member Name	Member Code	Segment	Audit Report Period	Status	Created Date	Updated Date	Annexure1 (Auditor End)	Annexure2 (End)

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New Report

☒ I/we hereby declare that I/we are not debarred or restrained from issuing any certificate by (ICAI), (ICSI), (ICAI), (FBI), (SEBI) or by other regulator/law enforcement agency. Further no regulatory action has been taken against internal auditor/partner/director.

☒ I/we declare that the firm or at least one of the partners is having a minimum of 5 year's experience in carrying out audits

Data Sharing

Step 4: On clicking, “New Report” button (As per above screenshot) . The screen will move to next page and auditor is required to fill certain details.

Click ‘OK’ after reading all the point to proceed and Fill all the details.

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Internal Audit

Welcome auditor

(*) Indicates Mandatory

Internal Audit Report

Member Name:
Member Code:
Auditor Name:
Auditor Designation:
Type of Entity:
Internal Auditor Firm Name:
Auditor Firm Registration No:
Auditor's Pan No:
PIN of the Audit Firm:
Certificate of Practice No.(COP):
Auditor report Certified by:
Auditor's Membership No:
Auditor's Email ID:
Auditor's Mobile No:

Points to be noted

1. Sample size to be entered mandatorily.
2. No remarks will be allowed by Auditor in case of 'complied' status.
3. Auditor to select 'Non-compliance' and mention the no. of Instances against areas where violation is observed.
4. In case of any non-compliance, auditors are requested

OK

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Internal Audit

Welcome auditor

(*) Indicates Mandatory

Internal Audit Report

Member Name:
Member Code:
Auditor Name:
Auditor Designation:
Type of Entity:
Internal Auditor Firm Name:
Auditor Firm Registration No:
Auditor's Pan No:
PIN of the Audit Firm:
Certificate of Practice No.(COP):
Auditor report Certified by:
Auditor's Membership No:
Auditor's Email ID:
Auditor's Mobile No:

Certificate of Practice No.(COP):

Step 5: On the same page,auditor can either download the checklist (excel template) provided in the system or use the checklist provided in the circular for carrying out the internal Audit.

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No. of Branches closed during the Audit Period:¹

No. of Branches Inspected by the members:² Not Applicable ▾

No. of Sub-Brokers Inspected by the members:² Not Applicable ▾

No. of APs Inspected by the members:² Applicable ▾

No. of Bank Accounts operated by the members:²

No. of DP Accounts operated by the members:²

Whether any regulatory action has been taken against internal auditor/any of the partner/directors if yes, please provide details:² Yes ▾

Message: Data can be entered for segment and activity that is selected here.

Internal Audit Report For Segment (CA/FO/SLBA/CD/CO): ²	CA	FO	SLBA	CD	WDM	PCN	RF	MFSS	DEBT	CO	
SEB Registration No: ²											
Activity Type (TRADING/CLEARING): ²	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing	☐ TRCA ☐ Trading ☐ Clearing ☐ Self-Clearing

[Download Format to fill Compliance/NonCompliance](#) [Download template for excel upload](#) [Guidelines for Sample selection](#) [Sample Details File](#)

Attach Document to submit Compliance/NonCompliance(Downloaded Excel only):² Browse No file chosen

Attach Document to submit Sample Details:² Browse No file chosen

Declaration:²
☐ I,ABC, hereby, declare that, I or any of my partners/ directors have no interest in or relation with the member/branch/segment/other than the proposed internal audit assignment.

Step 6: By clicking on '[Download template for excel upload](#)' hyperlink, Auditor will be able to download the template in which he needs to indicate the compliance/Non-compliance/Not Applicable status for each checklist point and enter their remarks wherever required. After completing the entire checklist, Auditor shall proceed to upload the same sheet by *clicking the "browse" button*.

Step : 7 -After completing the entire checklist, Auditor shall submit the sample details for both compliance and non-compliance instances. By clicking on '[Sample details file](#)' hyperlink,Auditor will be able to download the template in which he needs to fill UCC, PAN and Name as per UCC, Sample Date for all the instances for which verification has been done. If any clause which is not applicable to member, auditor may fill "NA" in the mandatory field(s).

Structure of sample file is as under:-

Clause (Column 1), Particular (Column 2), PAN as per UCC (Column 4), Sample date "dd-mm-yyyy" (Column 6).

Note: Please ensure to use the same text in the "Particulars column" for each clause as provided in the template "Sample details file" while adding row for providing instances of sample details verified.

Step 8: Once, it is uploaded and consent for declaration is provided, Click on 'Submit' button.

Step 9:

After submitting the same, “Non-Compliance” (NC) observations shall be reflected in the next screen and Auditor needs to mention remarks and provide the details like no. of instances where non-compliance is observed, % of Non-compliance observed and value involved in Non-compliances to be provided wherever applicable.

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NON COMPLIANCE/NOT APPLICABLE CLAUSES

S.No	Area Of Verification	Observation Of Internal Auditor		Sample size verified	Details of sample where non compliance observed	percentage of instances where non-compliance is observed	amount/value involved where non-compliance is observed
		Compliance Status	Remarks in case of observation				
1.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 and no material discrepancies were observed (viz. Photograph, Signature, Pan Card details, Proof of Address/Identity Not provided)	N.A		1			
1.b	Correct and updated KYC details/ information of the clients are uploaded in the UCC database of the exchange as per KYC details and the same is matching with KRA/ C-KYC database.	NC		10			
1.d	All the mandatory clauses/documents and Annexures such as KYC, details relating to trading account, rights and Obligation, Des and Don'ts, RDI and Tariff sheet and contact details of senior officials and Investor Grievance Cell of the member as stipulated by SEBI/Exchanges have been included in the mandatory section of the Account opening document executed with the clients and no material details were omitted.	NC		6			
2.g	Member has not passed penalty to clients on account of short/non-collection of upfront margins	NC		56			
2.p	Member has identified all inactive client accounts and marked / flagged as inactive in UCC database of the Exchange.	NC		25			
2.s	Member has mandatorily used telephone recording system to record the order instructions received from clients through telephone	NC		25			
2.t	Member has taken adequate documentary evidences as specified in SEBI circular CIR/ MMD/ 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.	NC		25			

Similarly, for “Not Applicable (N.A.)” points, auditors are required to mention appropriate remarks for non applicability of the checklist point.

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NON COMPLIANCE/NOT APPLICABLE CLAUSES

S.No	Area Of Verification	Observation Of Internal Auditor		Sample size verified	Details of sample where non compliance observed	percentage of instances where non-compliance is observed	amount/value involved where non-compliance is observed
		Compliance Status	Remarks in case of observation				
1.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 and no material discrepancies were observed (viz. Photograph, Signature, Pan Card details, Proof of Address/Identity Not provided)	N.A		1			
1.b	Correct and updated KYC details/ information of the clients are uploaded in the UCC database of the exchange as per KYC details and the same is matching with KRA/ C-KYC database.	NC		10			
1.d	All the mandatory clauses/documents and Annexures such as KYC, details relating to trading account, rights and Obligation, Des and Don'ts, RDI and Tariff sheet and contact details of senior officials and Investor Grievance Cell of the member as stipulated by SEBI/Exchanges have been included in the mandatory section of the Account opening document executed with the clients and no material details were omitted.	NC		6			
2.g	Member has not passed penalty to clients on account of short/non-collection of upfront margins	NC		56			
2.p	Member has identified all inactive client accounts and marked / flagged as inactive in UCC database of the Exchange.	NC		25			
2.s	Member has mandatorily used telephone recording system to record the order instructions received from clients through telephone	NC		25			
2.t	Member has taken adequate documentary evidences as specified in SEBI circular CIR/ MMD/ 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.	NC		25			

Similarly, for “Not Complied” point relating to point 9.m and 9.p regarding “Networth”, auditors are required to provide additional information:-

S.No	Area Of Verification	Observation of Internal Auditor	Compliance Status	Remarks in case of observation	Sample size verified	Details of sample where non compliance observed	percentage of instances where non-compliance is observed	amount/value involved where non-compliance is observed	Net-worth as reported by member to the Exchange(s)	Net worth computed by internal auditor (B)	Amount of discrepancy observed (in Rs)(c-a-b)	Whether the Amount is leading to short-fall (Yes/No)(d)	If (d) is yes, Provide amount leading to short-fall (e)
9.m	Last submitted net worth certificate to the Exchange is correctly submitted. In case of incorrect reporting of networth is leading to shortfall, please specify in remarks.	HC			1st April 2023 to 30th September 2023		☐					Select	
9.p	Member has maintained net worth as prescribed by the SEBI (Issue Notification No. SEBI/LA-0-180 (dvr 2022-73) dated February 23, 2022.	HC			1st April 2023 to 30th September 2023		☐					Select	

In case the Internal Auditor wants to highlight any material non-compliances by the Member, please click “Add Row” to enter the same.

Any Material Observation

Add Row Delete Row

Select Observation Remark

Contact Person shachi Email Id nseit_sgovekar@vondor.nse.c

Telephone No. Cell

Address City

Pin Code State

Auditor can put details of the material non-...

Delete Row-

Extra added rows can be removed by selecting them & later clicking on ‘Delete Row’ button.

Step : 10- Once, the auditor enters all the details & submits it, he will get navigated to the next screen i.e. ‘Internal Auditor Report’ having the Annexure 1 (Auditor Certificate) & Annexure 2 (Audit Report) as PDF which needs to be downloaded by the Auditor.

Step :11- To digitally sign Annexure 1 and Annexure 2, Click on the “Sign PDF” button and computer folder will open automatically. Select the same pdf which was downloaded and enter the password of DSC. Signed PDF file will be saved in the same path where original file is saved. Once Annexure 1 and Annexure 2 both files signed , then the browse button will appear.

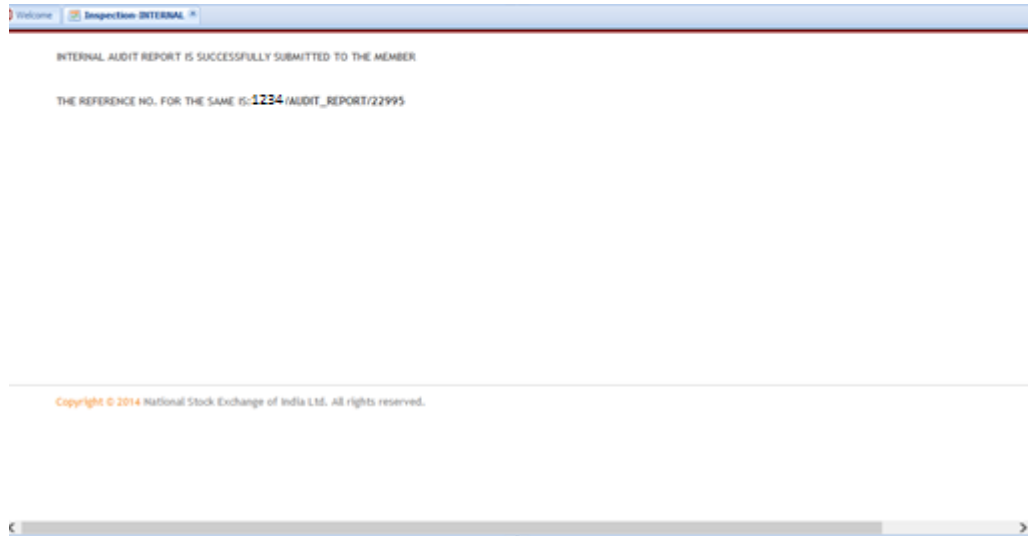
The screenshot shows the NSE (National Stock Exchange of India) portal for the Internal Audit Report. The page has a header with the NSE logo and navigation links: Existing Membership, NSCCL, Products, Investor, Services & Circulars, and Dashboards. On the right, there are links for User and Sign-Out, and a last login timestamp of 11/10/2023. The left sidebar is labeled 'SERVICES' and 'INSPECTION-INTERNAL AUDIT'. The main content area is titled 'Internal Audit Report' and includes a download link for the 'Internal Audit Certificate (Annexure 1)' and 'Internal Audit Report (Annexure 2)'. Below this, there are upload fields for the same documents, each with a 'Sign PDF' button. A blue arrow points from the download link to a box labeled 'Download both the Annexures'. Another blue arrow points from the 'Sign PDF' buttons to a box labeled 'Downloaded file to be uploaded by affixing Digital Signature'. At the bottom, there is a 'Submit' button and a note section with instructions: 1. Kindly upload PDF format documents only. 2. File size should be less than 10 MB. 3. Kindly save the file in Local Drive and upload. The footer contains the copyright notice: Copyright © 2014 National Stock Exchange of India Ltd. All rights reserved.

While uploading the Audit certificate (Annexure 1) and the Audit report (Annexure 2), Auditor has to ensure the following:

- ✓ Upload the same files (Annexure 1 & 2) in PDF format that was downloaded.
- ✓ File size should be less than 10 MB.
- ✓ File name should not be changed and should remain same as downloaded.
- ✓ Save the file on the system/desktop and upload.

Upload signed file of Annexure 1 and Annexure 2 and click on submit.

Once the files are submitted, the following screen shall be displayed



The format for the reference no is Membercode/Audit_Report/ reference no.

-END-