

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-24 To SEP-24 has been successfully created.

Please find the details as under:

User Id: 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-24 to SEP-24 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.

Data Sharing

	Description	File Name
1	HOLDING STATEMENT REPORT_23082024	HS_23082024_01_SUCCESS.zip
2	HOLDING STATEMENT REPORT_05042024	J_HS_05042024_01_SUCCESS.zip

Member Bank Details Report

Member DP Details Report

Member DP Comm Bank Details Report

Note:

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

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 as on September 30, 2024, 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 6 Dates	Date With Highest Turnover	Top 100 Client Margin	Total Turnover Top 100 Client
1	Datewise_ClientMargin	Top_100_Client_Margin_6_Dates	Top_turnover_dates	Top_100_ClientMargin_AuditPeriod	Total_turnover_top_100_client_AuditPeriod

☒ We declare that the firm or at least one of the partners is having a minimum of 5 years experience in carrying out audits

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

Conflict Of Interest: ☐ Yes ☒ No

Data Sharing

Services

Spection-Internal Audit

Last Login: 26/09/2024

You have entered incorrect Membership No or you have submitted the report for all of the segments assigned to you.

Search

Reset

Member Name	Member Code	Segment	Audit Report Period	Status	Created Date	Updated Date	Innexeure1(Audit nn)	Innexeure2(Audit nn)	Edit	Delete

Attention!

Please select whether Conflict Of Interest as Yes or No

OK

Page 1 of 0

No records to view

Step 6: 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.

The screenshot shows the NSE Internal Audit form interface. The form is titled "INSPECTION-INTERNAL AUDIT" and contains various fields for auditor information, activity type, and declaration. A red arrow points to the "Download template for excel upload" link.

Key elements visible in the form include:

- Navigation Bar:** NSE logo, Existing Membership, NSCL, Products, Investor, Services & Circulars, Dashboards, User, Sign-Out, Last Login: 20/03/2024.
- Form Fields:**
 - No. of DP Accounts operated by the member:*
 - Whether any regulatory action has been taken against Internal auditor/any of the partner/director. If yes, please provide details:*
 - Internal Audit Report For Segment (CM/FO/SLBM/CD/CO):*
 - SEBI Registration No:*
 - Activity Type (TRADING/CLEARING):*
 - Attach Document to submit Compliance/NonCompliance(Downloaded Excel only):*
 - Attach Document to submit Sample Details:*
 - Declaration:*
- Links:**
 - Download Format to fill Compliance/NonCompliance
 - Download template for excel upload (highlighted with a red arrow)
 - Guidelines for Sample selection
 - Sample Details File
- Buttons:** Submit to Next, Save As Draft

Step 7: 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: 8 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), Amount (Please report date wise amount only where non-compliance is observed) (Column 7)

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

Step 10:

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.

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				
4.s	Trading member has done actual settlement of clients funds for the month/quarter as per the annual calendar for settlement (quarterly/monthly) prescribed by the Exchange.	NC	<div></div>	2	2	100.00	10000
4.ai	Member has correctly reported to the Exchange the Securities holding balances for each of the DP account maintained by it. (Details of the difference between the actual data and the reported data should clearly be brought out)	NC	<div></div>	2	1	50.00	10000
4.aj	Member has not funded its clients in contravention to the Exchange / SEBI requirements i.e. member has not granted further exposure to the clients when debit balances arise out of clients failure to pay the required amount and such debit balance has not continued beyond the fifth trading day, as reckoned from date of pay-in (Except in accordance with Margin Trading Guidelines)	NC	<div></div>	2	2		10000
4.bh	Funds of clients having credit balance has used for margin obligation of respective client only and not for obligation of any other clients / Proprietary trading	NC	<div></div>	2	1	50.00	10000

Hide/Show

Sr No	Area of Verification	observation of Internal Auditor	Sample size verified
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 and no material discrepancies were observed (viz. Photograph, signature, Pan Card details, Proof of Address/identity not provided)	C	4
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.	C	4
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. d) No blanket confirmation / authorisation obtained from clients	C	4
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 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.	C	4
e	In-person verification is done by Employee 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	C	4
f	Any changes (including address, bank account or demat account) in the information in the account opening form as provided at the time of account opening has been notified by the client to the member in writing and member has carried out necessary due diligence to verify correctness of any such changes and updated those changes in relevant records in their back office, UCC Database of the Exchange, KRA and KYCR.	C	4
g	Trading member has taken documentary evidence in support of financial information provided by the client for derivatives segment at the time of registration	C	4
h	Client details including financial details are reviewed and updated periodically / at least once in a financial year in compliance with Exchange's circulars.	C	4
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 ECH and other details, are communicated by the trading member through the client account opening form or otherwise in writing to the client.	C	4

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

NSE

Existing Membership ▾ NSCL Products ▾ Investor ▾ Services & Circulars ▾ Dashboards ▾

User ▾ Sign-Out

Last Login: 20/03/2024

SERVICES

INSPECTION-INTERNAL AUDIT

compliance issues, penalties etc. because of compliance is pending for more than 30 days.

10.s

Verify the trading member's policy on appointment of third party / registered intermediary for the purpose of (a) Identification and verification of the identity of a client and determination of whether the client is acting on behalf of a beneficial owner, Identification of the beneficial owner and verification of the identity of the beneficial owner.

N.A.

1st October 2023 to 31st March 2024

13.a

If member is doing pro trading, then member has disclosed this information to his clients.

N.A.

60

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	Net-worth as per Member to the E
		Compliance Status	Remarks in case of observation					
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.	NC		1st October 2023 to 31st March 2024				

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

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	Net-worth as reported by Member to the Exchange(a)	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)
		Compliance Status	Remarks in case of observation									
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.	NC		1st April 2024 to 30th September 2024							Select	
9.p	Member has maintained Net worth as prescribed by the SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022.	NC		1st April 2024 to 30th September 2024							Select	

Hide/Show

Sr No	Area of Verification	observation of Internal Auditor	Sample size verified
1	Client satisfaction documentation / Anti Money Laundering compliance		

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

Existing Membership
NSCL
Products
Investor
Services & Circulars
Dashboards
User
Sign-Out
Settings and more

SERVICES
INSPECTION-INTERNAL AUDIT

Add Row
Delete Row

Any Material Observation

Select	Observation	Remark
<input type="checkbox"/>		
<input type="checkbox"/>		
<input type="checkbox"/>		

Auditor can put the details of material non-compliances

Contact Person
asdasd
Email Id
hrattan@bolsabojm

Telephone No.
City

Address
State

Pin Code

Submit

Delete Row-

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

Step: 11- 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: 12- 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.

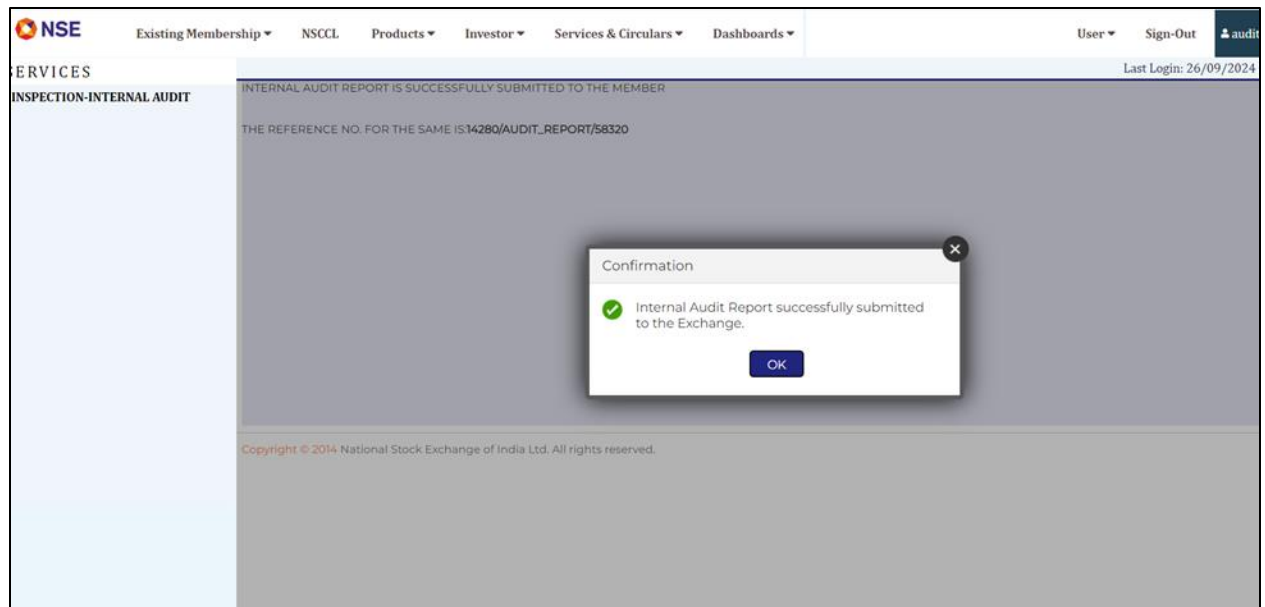
The screenshot displays the 'Internal Audit Report' section of the NSE portal. The left sidebar shows 'SERVICES' and 'INSPECTION-INTERNAL AUDIT'. The main content area includes a 'Download Certificate for Internal Audit & Internal Audit Report' section with a 'Download' button. Below this is an 'Upload Certificate for Internal Audit & Internal Audit Report' section. The 'Certificate for Internal Audit' and 'Internal Audit Report' sections each have a 'Sign PDF' button. A blue callout box labeled 'Download both the Annexures' points to the download button. Another blue callout box labeled 'Downloaded file to be uploaded by affixing Digital Signature' points to the 'Sign PDF' buttons. A checkbox with the text '(We have conducted the Internal Audit for the half year ended on 31st March, 2024 on the captioned subject and guidelines thereof. Please find enclosed the Audit Report for your consideration and necessary action.)' is present, followed by a 'Submit' button. A 'Note' section at the bottom provides instructions: '1. Kindly upload PDF format documents only.', '2. File size should be less than 10 MB.', and '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 Member code/Audit_Report/ reference no.

-END-