**Annexure 4**

**Auditor’s Certificate**

**(To be on the letterhead of the system auditor, all pages to be duly stamped and signed)**

|  |  |
| --- | --- |
| Algo Provider Code: |  |
| Algo Provider Name: |  |
| Type of the NNF Product: | AT (Algo Trading) / User Interface |
| Product Category: | API |
| Segment/s: |  |
| Version No: |  |
| Name of the Strategy/ies (For AT): |  |
| URL through which the Algo is being provided to clients: |  |

This is to certify that the above-mentioned product to be used by Clients of the Algo Provider for connecting to the members of the Exchange for the purposes of Algorithmic trading and real-time risk management, is in compliance with the various SEBI/Exchange circulars relevant at the time of the application, more specifically with respect to the following:

* Order Management
* Systems and Network
* Access and Security controls
* Cyber Security & Cyber Resilience framework
* Risk checks listed below

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Pre Trade Risk Control** | **Requirement** | **Compliance Status (Complied/Non-Complied)** |
| 1 | Price Check at Individual Order Level | Orders shall not be released in breach of the price bands /dummy filters as defined by the Exchange in respective segments.  Applicable for Segments: CM / FO / CD / CO |  |
| 2 | Quantity Limit Check at Individual Order Level | Orders shall not be released in breach of order quantity limit per order as defined by the Exchange in respective segments. Quantity Limit check is also applicable for Spread Order being placed.  Applicable for Segments: CM / FO / CD / CO |  |
| 3 | Order Value Check at Individual Order Level | Order should not exceed the limit specified by the Exchange. The order value check should be within the ranges as prescribed by Exchange circulars. Order value check is also applicable for Spread Order being placed.  Applicable for Segments: CM / FO / CD / CO |  |
| 4 | Market Price Protection Check at Individual Order Level | The pre-set percentage of LTP shall necessarily be accompanied by a limit price. Members are required to adhere to the Market Price Protection check, by not placing any algorithmic orders on the Exchange as a market order. System Auditor shall refer relevant NSE circulars with respect to “Pre-Trade risk controls - Market Price Protection”. System auditor shall verify these checks which are designed to ensure that order placement is within the ranges as prescribed by Exchange circulars.  Applicable for Segments: CM / FO / CD / CO |  |
| 5 | Automated Execution Check | Algo to account for all executed, unexecuted, and unconfirmed orders placed by the system before releasing further orders. Algo system to have pre-defined parameters for an automatic stoppage in event of Algo execution leading to a loop or a runaway situation.  Applicable for Segments: CM / FO / CD / CO |  |
| 6 | Efficient Price Discovery and Fair Play Check | The algorithm strategy/ies are conducive to efficient price discovery and fair play and shall not take liquidity away from the market (applicable to algorithm strategy/ies in the Commodity Derivative segment). |  |

**Declaration:**

There is no conflict of interest with respect to the Algo Provider being audited and our directors / promoters are not directly or indirectly related to the current directors or promoters of the Algo Provider being audited.

Signature:

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No:

Date:

Place:

Stamp/Seal: