**Additional Declaration for Internet Based Trading (IBT)**

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

**NSE ASP Code:**

**NSE ASP Name:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Areas of Audit** | **Complied (Yes/No)\*\*** |
| A | **Risk Management** | |
| 1 | **Price check** - Orders shall not be released in breach of the price bands /dummy filters as defined by the Exchange in respective segments. |  |
| 2 | **Quantity limit check** - 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. |  |
| 3 | **Order value check -** 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. |  |
| 4 | **Exposure limits -** Orders shall not be released in breach of exposure limit as defined by the trading member for the client. |  |
| 5 | **Turnover limits** -Orders should not be released in breach of turnover limit as defined by the trading member for the client. |  |
| 6 | **Trading limits** - Orders shall not be released in breach of overall trading limits as defined by the trading member for the client. |  |
| 7 | **Cumulative open order value check** - Orders shall not be released in breach of Individual client level cumulative open order value check at the client level. Open order value for a client is the total value of its unexecuted orders released from trading members system. System shall not permit the user to set “Unlimited values”. |  |
| 8 | **Security wise limit check -** Orders shall not be released in breach of security-wise value limit as defined by the trading member for individual security. |  |
| 9 | System is capable of assessing the risk of the client as soon as order comes in |  |
| 10 | Margin requirements, payment & delivery obligations etc. informed to clients through system |  |
| 11 | Review and release facility for orders which got rejected because of clients having exceeded limits etc. |  |
| **B** | **Order Management** | |
| 1 | Trading Software provides order modification/ cancellation and trade history facility to clients |  |
| 2 | Orders / trades placed through either fixed Internet or wireless system should be accessible from both systems. |  |
| 3 | Trading member shall ensure that similar logics/priorities used by the Exchange are followed to treat IBT client orders |  |
| 4 | System generates unique internal reference numbers for all client orders and trades |  |
| 5 | The system captures the IP (Internet Protocol) address (from where the orders are originating) for all IBT orders. |  |
| 6 | Trading software has feature to send Order/Trade confirmation to the investor |  |
| 7 | Order and trade confirmations shall be sent to the client through email at the client's discretion at the time period specified by the client in addition to display of such confirmations on real time basis on the broker website / application |  |
| 8 | The software provides for reconfirmation of orders which are larger than that as specified by the members risk management system on the IBT system |  |
| 9 | The system does not have any functionality of matching of cross trades and all orders are passed on to the exchange trading system for matching |  |
| 10 | In case of link failure of the IBT or wireless network, alternative means of communication is available for placing of orders |  |
| **C** | **Systems, Infrastrucutre and Network** | |
| 1 | Location of order routing server for IBT is in India |  |
| 2 | The system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology |  |
| 3 | Member has implemented adequate safety features / controls to ensure the Records are temper-proof |  |
| 4 | The member has maintained adequate backup systems and data storage capacity |  |
| 5 | The system has built-in high system availability to address and ensure that there is no single point failure. |  |
| 6 | The system has adequate back-up (on-site as well as remote site) and restore systems in place to deliver sustained performance and high availability. |  |
| 7 | Ticker/quote/order book displayed on the website provides the time stamp as well as the source of such information against the given information. |  |
| 8 | The web site providing the Internet based trading facility displays prominently the hyper link to the website/ page on the website of the Exchange displaying rules/ regulations/ circulars and information meant for investor protection affecting client broker relationship, arbitration rules, investor protection rules etc. |  |
| **D** | **Access and Security controls** | |
| 1 | System allow access only to authorised user/client through valid user id/credentials |  |
| 2 | IBT System authenticates Clients with a User Name and password (Private code) as first level of security and mandates changing of password when the user logs in for first time. |  |
| 3 | Automatic expiry of password on expiry of reasonable period of time as determined by member at the end of a reasonable duration. Reinitialize access on entering fresh password. |  |
| 4 | Two-factor authentication for login session has been implemented for all orders emanating using Internet Protocol and these 2 factors can’t be the same. |  |
| 5 | Session login details are not stored on the devices used for internet based trading. |  |
| 6 | The system allows for automatic trading session logout after a system defined period of inactivity. |  |
| 7 | The system generates and maintain all the transaction/activities/alert logs with proper audit facilities. |  |
| 8 | The Internet server is secured by using Secured Socket Level (SSL) Security for server access through Internet |  |
| **E** | **Cyber Security & Cyber Resilience framework** | |
| 1 | The IBT server is secured by using Secured Socket Level (SSL) Security for server access through Internet |  |
| 2 | Suitable Firewalls between member trading set-up directly connected to an Exchange trading system and the Internet trading set-up |  |
| 3 | Network security protocols and interface standards should be as per prevalent industry standards |  |
| 4 | The system has adequate safety features to ensure it is not susceptible to internal/ external attacks |  |
|  |  |  |
| **Note:** | \*\* All the above check points are Mandatory. |  |

Signature:

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No:

Date:

Place:

Stamp/Seal:

**Additional Declaration for Securities Trading Wireless Technology (STWT)**

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

**NSE ASP Code:**

**NSE ASP Name:**

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| --- | --- | --- |
| **Sr. No.** | **Areas of Audit** | **Complied (Yes/No)\*\*** |
| A | **Risk Management** | |
| 1 | **Price check** - Orders shall not be released in breach of the price bands /dummy filters as defined by the Exchange in respective segments. |  |
| 2 | **Quantity limit check** - 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. |  |
| 3 | **Order value check -** 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. |  |
| 4 | **Exposure limits -** Orders shall not be released in breach of exposure limit as defined by the trading member for the client. |  |
| 5 | **Turnover limits** -Orders should not be released in breach of turnover limit as defined by the trading member for the client. |  |
| 6 | Trading limits - Orders shall not be released in breach of overall trading limits as defined by the trading member for the client. |  |
| 7 | **Cumulative open order value check** - Orders shall not be released in breach of Individual client level cumulative open order value check at the client level. Open order value for a client is the total value of its unexecuted orders released from trading members system. System shall not permit the user to set “Unlimited values”. |  |
| 8 | **Security wise limit check -** Orders shall not be released in breach of security-wise value limit as defined by the trading member for individual security. |  |
| 9 | System is capable of assessing the risk of the client as soon as order comes in |  |
| 10 | Margin requirements, payment & delivery obligations etc. informed to clients through system |  |
| 11 | Review and release facility for orders which got rejected because of clients having exceeded limits etc. |  |
| **B** | **Order Management** | |
| 1 | Trading Software provides order modification/ cancellation and trade history facility to clients |  |
|  | Orders / trades placed through either fixed Internet or wireless system should be accessible from both systems. |  |
| 2 | Trading member shall ensure that similar logics/priorities used by the Exchange are followed to treat STWT client orders |  |
| 3 | System generates unique internal reference numbers for all client orders and trades |  |
| 4 | The system captures the IP (Internet Protocol) address (from where the orders are originating) for all STWT orders. |  |
| 5 | Trading software has feature to send order/Trade confirmation to the investor |  |
| 6 | Order and trade confirmations shall be sent to the client through email at the client's discretion at the time period specified by the client in addition to display of such confirmations on real time basis on the broker website / application |  |
| 7 | The software provides for reconfirmation of orders which are larger than that as specified by the members risk management system on the STWT system |  |
| 8 | The system does not have any functionality of matching of cross trades and all orders are passed on to the exchange trading system for matching |  |
| 9 | In case of link failure of the IBT or wireless network, alternative means of communication is available for placing of orders |  |
| **C** | **Systems, Infrastructure and Network** | |
| 1 | Location of order routing server for STWT is in India |  |
| 2 | The system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology |  |
| 3 | Member has implemented adequate safety features / controls to ensure the Records are temper-proof |  |
| 4 | The member have maintained adequate backup systems and data storage capacity |  |
| 5 | The system has built-in high system availability to address and ensure that there is no single point failure. |  |
| 6 | The system has adequate back-up (on-site as well as remote site) and restore systems in place to deliver sustained performance and high availability. |  |
| 7 | Ticker/quote/order book displayed on the website provides the time stamp as well as the source of such information against the given information. |  |
| 8 | The website providing the Internet based trading facility displays prominently the hyper link to the website/ page on the website of the Exchange displaying rules/ regulations/ circulars and information meant for investor protection affecting client broker relationship, arbitration rules, investor protection rules etc. |  |
| 9 | In case of hand held devices it is ensured that minimum information is provided to be given with addresses of the Internet website / webpage where detailed information would be available. |  |
| **D** | **Access and Security controls** | |
| 1 | System allow access only to authorised user/client through valid user id/credentials |  |
| 2 | STWT System authenticates Clients with a User Name and password (Private code) as first level of security and mandates changing of password when the user logs in for first time. |  |
| 3 | System has adequate measures for user identification, authentication and access control using means such as user-id, passwords, smart cards, biometric devices or other reliable means, to prevent misuse of facility by unauthorized persons. |  |
| 4 | Automatic expiry of password on expiry of reasonable period of time as determined by member at the end of a reasonable duration. Reinitialize access on entering fresh password. |  |
| 5 | Two-factor authentication for login session has been implemented for all orders emanating using Internet Protocol and these 2 factors can’t be the same. |  |
| 6 | Session login details are not stored on the devices used for securities trading using wireless technology. |  |
| 7 | The system allows for automatic trading session logout after a system defined period of inactivity. |  |
| 8 | The system generates and maintain all the transaction/activities/alert logs with proper audit facilities. |  |
| 9 | The STWT server is secured by using Secured Socket Level (SSL) Security for server access through Internet. |  |
| **E** | **Cyber Security & Cyber Resilience framework** | |
| 1 | The STWT server is secured by using Secured Socket Level (SSL) Security for server access through Internet. |  |
| 2 | Suitable Firewalls between member trading set-up directly connected to an Exchange trading system and the Internet trading set-up |  |
| 3 | Network security protocols and interface standards should be as per prevalent industry standards |  |
| 4 | Transactions are digitally signed to ensure client authentication and to support non-repudiation |  |
| 5 | The system has adequate safety features to ensure it is not susceptible to internal/ external attacks |  |
|  |  |  |
| **Note:** | \*\* All the above check points are mandatory. |  |

Signature:

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No:

Date:

Place:

Stamp/Seal:

**Additional Declaration for Direct Market Access (DMA)**

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

**NSE ASP Code:**

**NSE ASP Name:**

|  |  |  |
| --- | --- | --- |
| **Sr. No.** | **Areas of Audit** | **Complied (Yes/No)\*\*** |
| A | **Risk Management** | |
| 1 | **Price check** - Orders shall not be released in breach of the price bands /dummy filters as defined by the Exchange in respective segments. |  |
| 2 | **Quantity limit check** - 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. |  |
| 3 | **Order value check -** 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. |  |
| 4 | **RBI Violation Check for FII Restricted stocks** - Orders shall not be released for security restricted by RBI from time to time. |  |
| 5 | **Exposure limits -** Orders shall not be released in breach of exposure limit as defined by the trading member for the client. |  |
| 6 | **Turnover limits** -Orders should not be released in breach of turnover limit as defined by the trading member for the client. |  |
| 7 | **Trading limits** - Orders shall not be released in breach of overall trading limits as defined by the trading member for the client. |  |
| 8 | **Cumulative open order value check** - Orders shall not be released in breach of Individual client level cumulative open order value check at the client level. Open order value for a client is the total value of its unexecuted orders released from trading members system. System shall not permit the user to set “Unlimited values”. |  |
| 9 | **Position Limit Check-** Orders shall not be released in breach of position limit as defined by the trading member for the client. |  |
| 10 | The software provides for Net position that can be outstanding so as to fully cover the risk emanating from the trades with the available margins of the specific client. |  |
| B | **Order management** | |
| 1 | All DMA orders are routed through electronic/automated risk management systems of the TM |  |
| 2 | All DMA orders are routed to the exchange trading system through the broker’s trading system |  |
| 3 | Trading member shall ensure that similar logics/priorities used by the Exchange are followed to treat DMA orders |  |
| 4 | System generates unique internal reference numbers for all client orders and trades |  |
| 5 | The system does not have any functionality of matching of cross trades and all orders are passed on to the exchange trading system for matching |  |
| **C** | **Systems, Infrastructure and Network** | |
| 1 | Location of order routing server for DMA is in India |  |
| 2 | TM maintains sound audit trail for all DMA orders and trades, and able to provide identification of actual user-id for all such orders and trades. There should be a provision to maintain audit trail data for at least 5 years. |  |
| 3 | The system has appropriate authority levels to ensure that the Risk Management limits can be set up only by persons authorized by the risk / compliance manager |  |
| **D** | **Access and Security controls for clients** | |
| 1 | System allow access only to authorised user/client through valid user id/credentials |  |
| 2 | DMA System authenticates Clients with a User Name and password (Private code) as first level of security and mandates changing of password when the user logs in for first time. |  |
| 3 | System has Automatic expiry of password at the end of reasonable period of time as determined by member at the end of a reasonable duration. |  |
| 4 | Application Reinitializes access on entering fresh password. |  |
|  |  |  |
| **Note:** | \*\* All the above check points are mandatory. |  |
|  |  |  |

Signature:

(Name of the Auditor & Auditing firm)

CISA / DISA / CISM / CISSP Reg. No:

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Place:

Stamp/Seal:

**Additional Declaration for Smart Order Routing (SOR)**

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

**NSE ASP Code:**

**NSE ASP Name:**

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| --- | --- | --- |
| **Sr. No.** | **Areas of Audit** | **Complied (Yes/No)\*\*** |
| **A** | **Risk Management** | |
| 1 | **Price check** - Orders shall not be released in breach of the price bands /dummy filters as defined by the Exchange in respective segments. |  |
| 2 | **Quantity limit check** - 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. |  |
| 3 | **Order value check -** 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. |  |
| 4 | **Exposure limits -** Orders shall not be released in breach of exposure limit as defined by the trading member for the client. |  |
| 5 | **Turnover limits** -Orders should not be released in breach of turnover limit as defined by the trading member for the client. |  |
| 6 | **Trading limits** - Orders shall not be released in breach of overall trading limits as defined by the trading member for the client. |  |
| 7 | **Cumulative open order value check** - Orders shall not be released in breach of Individual client level cumulative open order value check at the client level. Open order value for a client is the total value of its unexecuted orders released from trading members system. System shall not permit the user to set “Unlimited values”. |  |
| 8 | **Security wise limit check -** Orders shall not be released in breach of security-wise value limit as defined by the trading member for individual security. |  |
| 9 | The system for Smart Order Routing carries out appropriate validation of all risk parameters before the orders are placed in the SOR system and released to the Exchange |  |
| **B** | **Systems, Infrastructure, Network and others** | |
| 1 | In case of failure of the SOR, alternative mode of trading system is available for placing of orders |  |
| 2 | The system for Smart Order Routing adheres to the ‘Best Execution Policy’ as specified in the circular from time to time. |  |
| 3 | Location of order routing server for SOR is in India |  |
| 4 | Undertaking is submitted by the TM to the Exchange that SOR should route orders in a neutral manner. |  |
| 5 | Trading Member has provided features of SOR to the SE |  |
| 6 | The system for Smart Order Routing is not used to place orders at venues other than the recognised stock exchanges |  |
| 7 | Smart order routing system maintains logs of all activities to facilitate audit trail |  |
| 8 | Smart order routing system maintains record of orders, trades and data points for the basis of decision that facilitate audit trail |  |
| 9 | Whether TM documents the cases where a client has availed SOR facility but does not want to use the same for a particular order |  |
|  |  |  |
| **Note:** | \*\* All the above check points are mandatory. |  |

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