



Metropolitan Stock Exchange of India Limited

Department: Membership
Circular No: MSE/MEM/7499/2019

Segment: All
Date: April 3, 2019

Subject: Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by Market Intermediaries

As per Exchange Circular MSE/MEM/7285/2019 dated February 4, 2019, Members of the Exchange are required to report the details regarding "Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used" as per the guidelines / format specified in SEBI circular no. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019.

Accordingly, with effect from quarter ending March 2019, members of the Exchange using AI / ML based applications / systems, are required to submit the requisite details through the enhanced supervision portal (<https://mseconnect.msei.in/enhancedsupervision>).

- Members offering or using Artificial Intelligence (AI) and Machine Learning (ML) applications / systems defined in **Annexure B** to aforesaid SEBI Circular are required to submit the details of their systems.
- Members who are not offering or using Artificial Intelligence (AI) and Machine Learning (ML) applications / systems are required submit a declaration confirming the same.

The procedure for submission of report on AI and ML applications / systems are mentioned in **Annexure 1**.

The periodicity and timelines for submission of data are as per the below table.

Period	Due Date for Submission
Quarterly (beginning from Quarter ended March 2019)	By 15 th of the Subsequent month (i.e. by Apr 15 th , Jul 15 th , Oct 15 th , Jan 15 th)

Members are requested to take note of the above and ensure compliance.

For any clarifications, members may contact the Exchange on 022-6112 9145 or email on membership@msei.in

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

**Hansen Cardoza
Membership Department**

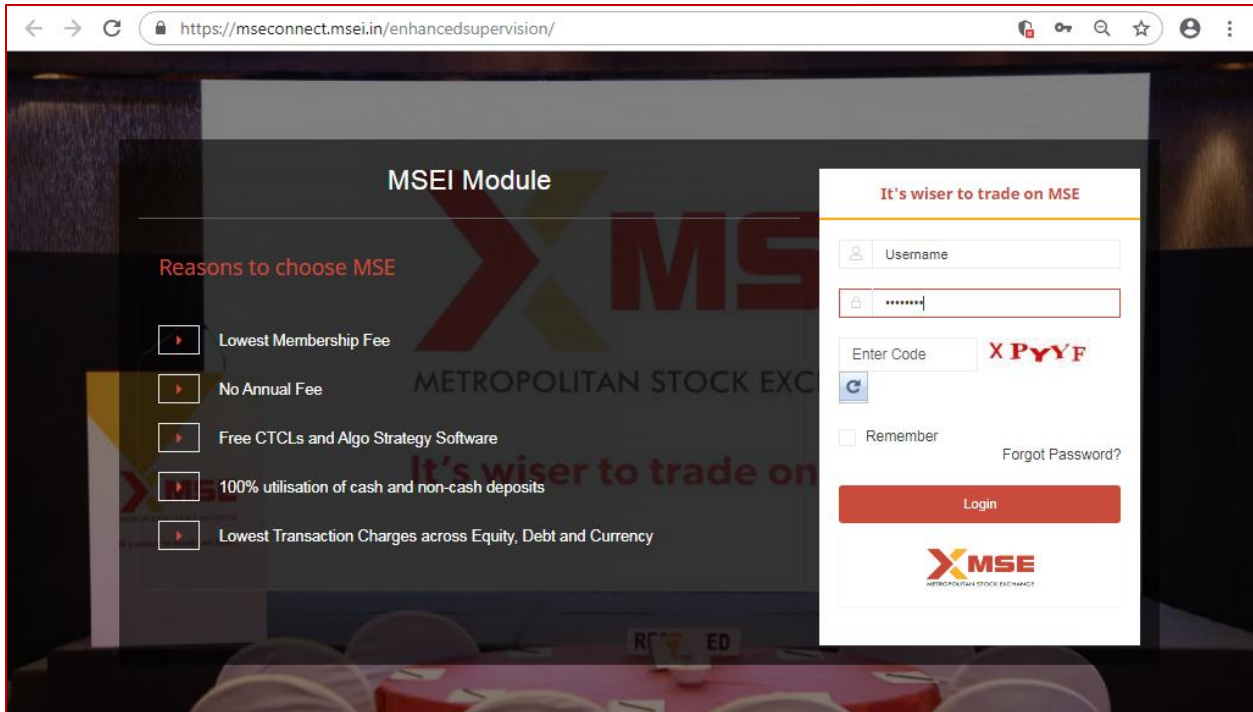


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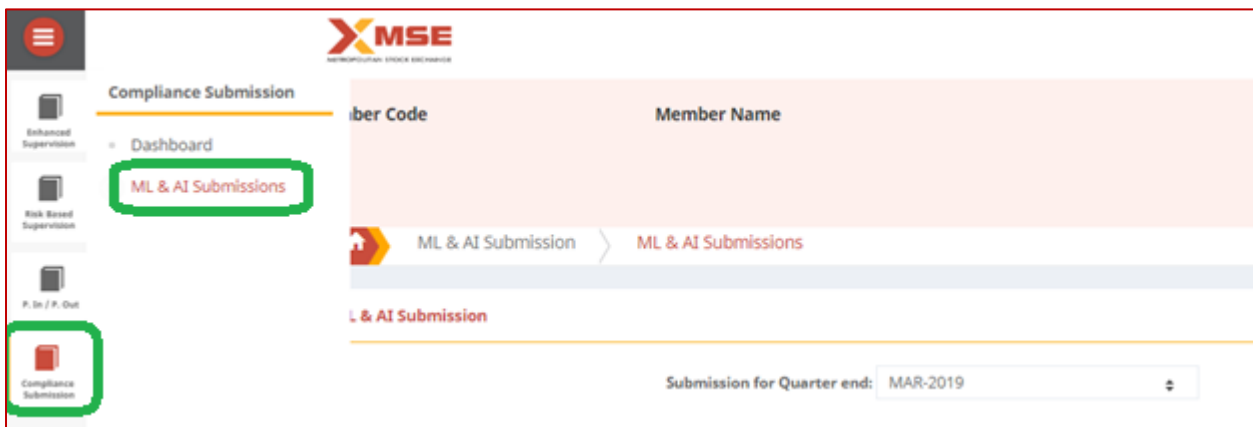
Annexure 1

Procedure to submit report on AI and ML applications and systems

- I. Login to the Exchange portal at <https://mseconnect.msei.in/enhancedsupervision/> using your login and password



- II. In the “Compliance submission” Tab select the “ML and AI submission” link (highlighted in below screenshot)





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- III. In case there are no AI and ML applications / systems being offered or used, select the radio button marked as declaration (in the below screenshot) and submit the application to the Exchange.

In case AI and ML applications are offered / used, click on the Data Input "radio button" to fill in the details as required by the SEBI circular and submit the same to the Exchange.

ML & AI Submission

Submission for Quarter end: MAR-2019

Declaration
I / We / We confirm that that no Artificial Intelligence (AI) and Machine Learning (ML) applications and systems SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated Jan 4, 2019) are offered and used by us in the Quarter Ended Mar 31, 2019

OR

Data Input

- IV. In case of multiple AI and ML applications / systems are being used by the member, fill in the details for each system and click on the Add button (included in below screenshot) to save the same. Once the details for all applications / systems have been saved, the data can be submitted to the Exchange.

Data Input

- Application / System name
- Date from when the Application / System was used
- Type of area where AI or ML is used
- Does the system involve order initiation, routing and execution?
- Does the system fall under discretionary investment or Portfolio management activities?
- Does the system disseminate investment or trading advice or strategies?
- Is the application / system used in area of Cyber Security to detect attacks
- What claims have been made regarding AI and ML Application / System – if any?
- What is the name of the Tool / Technology that is categorized as AI and ML system / Application and submissions are declared vide this response
- How was the AI or ML project implemented
- Are the key controls and control points in your AI or ML application or systems in accordance to circular of SEBI that mandate cyber security control requirements
- Is the AI / ML system included in the system audit, if applicable?
- Describe the application / system and how it uses AI / ML as portrayed in the product offering
- What safeguards are in place to prevent abnormal behavior of the AI or ML application / System

Add