Annexure III

PRESCRIBED SAMPLE SIZE

ID	Area of Verification	Indicative Sample Size	Methodology for Sample selection	Applicability
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)	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members- Registered for Any Segment
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.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members- Registered for Any Segment
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	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members- Registered for Any Segment
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.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members- Registered for Any Segment

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	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
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 CKYCR.	Lower of 50 or 100% wherever changes have been made during the Audit period.	Client accounts where changes have been made by the Member.	All Members-Registered for Any Segment
g	Trading member has taken documentary evidence in support of financial information provided by the client for derivatives segment at the time of registration	Refer Sampling Criteria 1	Clients registered during the audit period with highest margin obligation.	All Members-Registered for Any Segment
h	Client details including financial details are reviewed and updated periodically / at least once in a financial year in compliance with Exchange's circulars.	Refer Sampling Criteria 3	Top traded clients during the audit period across segments.	All Members-Registered for Any Segment
l	Trading code and the unique client code allotted to a client and the e-mail furnished by the client for the purpose of receiving ECN and other details, are communicated by the trading member through the client account opening form or otherwise in writing to the client.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
j	Member has identified the beneficial owners of the client (non-individuals) and has taken reasonable measures to verify the identity of such person as per SEBI Circular Nos.CIR/MIRSD/2/2013 dated January 24, 2013 and SEBI/HO/MIRSD/SECCFATF/P/CIR/2023/169 dated October 12, 2023	Refer Sampling Criteria 1	Clients registered during the audit period. Refer Sampling Criteria 1 Verification of system in place and policy and documentation is maintained as per Policy	All Members-Registered for Any Segment
k	Member has a process to identify the authority of the person who is placing orders on behalf of the client.	Refer Sampling Criteria 1	Top traded clients during the audit period across segments	All Members-Registered for Any Segment

l	Risk profiling/categorization of the clients has been done as per the written down policy of the member as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
m	Member has adopted sufficient due diligence process for clients according to their risk profile as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
n	Member is having a clearly defined policy for acceptance of clients and has ensured that an account is not opened where the member is unable to apply appropriate client due diligence measures/KYC Policies. Trading member has implemented client's identification procedures & programs at various stages.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
o	Member has identified clients of special category (CSC) as per the PMLA master circular.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
p	The Client has opted and signed against stock exchange as well as market segment where he intends to trade/ traded during the year.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
q	Copies of complete set of client registration documents executed by the clients including POA/ email id provided by clients for receiving ECN was delivered to the clients free of charge and within 7 days from the date of execution of documents by the clients	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
r	Authorizations from the client sought in non-mandatory document are separate & do have client's specific consent.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
s	The member has correctly uploaded & updated all UCC details including E mail ID and the Mobile number of the clients in the UCC database as per the details given by the client in the client registration documents.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment

t	The member has collected correct PAN number and verified the authenticity of such PAN issued by the Income Tax (IT) Department, for all their clients and uploaded same in UCC Database of the Exchange.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
u	The member has correctly uploaded and updated the same E mail ID & the Mobile number of the client in the Exchange UCC records and in the Member's back office records and there are no variations. Member has periodically reconciled their backoffice records with the Exchange UCC records to avoid mismatch in the UCC of their clients and ensure that there are no variations.	All Active clients at the end of the Audit period	Step-1– Obtain the UCC records uploaded to the Exchange containing the client code, name, PAN, segment, E mail ID and mobile number etc. Step-2 - Obtain the back-office record of client list containing the client code, name, PAN, segment, E mail ID and mobile number etc. Step- 3 Compare whether the mobile numbers & E mail ID updated in both the list are same for each client.	All Members-Registered for Any Segment
v	Member has complied with the requirement of uploading the KYC information with the SEBI registered KRAs for all the clients on a continuous basis within the prescribed time limit as per SEBI circular MIRSD/Cir-26/2011 dated December 23, 2011 and MIRSD/Cir-5/2012 dated April 13, 2013 and complied with the provisions of the Circular and no other procedural lapses were observed.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
w	Member has downloaded KYC information from KRA system for new clients who are already registered with KRA.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
x	Member has uploaded the KYC data with CKYCR in respect of all accounts (except FPIs) opened during the Audit period.	Refer Sampling Criteria 1	Check whether KYC date of the sample clients registered during the Audit period with highest turnover are uploaded.	All Members-Registered for Any Segment
y	Member has uploaded the KYC records to CKYCR when the updated KYC information is obtained/received from the client in case of Legal Entity's accounts (except FPIs) opened prior to April 1, 2021	Refer Sampling Criteria 1	Check whether KYC date of the sample clients registered during the Audit period with highest turnover are uploaded.	All Members-Registered for Any Segment

z	Member has uploaded the KYC data with CKYCR in respect of all existing individual accounts (i.e. accounts opened prior to the Audit period). Further, member has uploaded the KYC records with CKYCR pertaining to accounts of individuals opened prior to August 01, 2016, as and when updated KYC information is obtained / received from the client.	All clients	Identify whether there are any clients registered prior to the audit period whose KYC details are yet to be uploaded with CKYC	All Members-Registered for Any Segment
aa	Trading Member has prominently displayed on account opening kits, Advertisement, publication, notice board and display board, portal, website (if any) the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers.	Audit Period		All Members-Registered for Any Segment
ab	Member has made available the documents relating to rights & obligations, uniform risk disclosure document, do's & don't to the clients either in electronic or physical mode as per the preference of the client and maintained acknowledgment in writing / appropriate logs of delivery for the same.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
ac	Members have displayed the documents relating to rights & obligations, uniform risk disclosure document, do's & don't in vernacular languages on their own website (if any) and copy of the same is provided to clients on request.	Audit Period		All Members-Registered for Any Segment
ad	Member has not uploaded same E mail ID and Mobile numbers to multiple clients except for family as defined by SEBI circular CIR/ MIRSD/15/2011 dated August 02, 2011.	As on the last day of audit period	Top 25 instances where same multiple mobile number/email id is mapped to multiple UCC	All Members-Registered for Any Segment
ae	For client registered through online KYC process, member has adhered to all applicable guidelines which facilitate online KYC in accordance with SEBI Circular	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment

	no. SEBI/HO/MIRSD/DOP/CIR/P/2020/73 dated April 24,2020			
af	Member has mapped client code with back-office code	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
ag	Member has included procedure for filing of complaints on SCORES and benefits of the same in the welcome kit given to investors at the time of registration.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
ah	Member has verified their existing back-office records with the MNRL List published on TRAI Website and in case the mobile number of their existing clients is appearing in the MNRL (Mobile Number Revocation list) List, member has updated correct mobile number in their back-office records as well as in UCC database of the Exchange	Audit Period		All Members-Registered for Any Segment
ai	Members are required to verify, update and ensure that correct permanent address details of the clients are uploaded in UCC database of the Exchange	Audit Period		All Members-Registered for Any Segment
aj	Member has complied with SEBI Circular CIR/MIRSD/2/2015 dated August 26, 2015 as per which "foreign financial institutions in India will be required to report tax information about US account holders / taxpayers directly to the Indian government which will, in turn, relay that information to the US Internal Revenue Service (IRS) and Guidance note on implementation of reporting requirements under rules 114F to 114h of the Income-Tax Rules, 1962 for implementation of FATCA guidelines.	Audit Period	Verify FATCA Compliance	All Members-Registered for Any Segment

ak	Member has collected client identification documents as prescribed by Exchange/SEBI.	Refer Sampling criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
al	In case, in-person verification of non-resident clients is not done, attestation of KYC documents is done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/Consulate General in the country where the client resides.	Refer Sampling criteria 1	Clients registered during the audit period with highest turnover.	Members-Registered for other than Commodity Segment
am	KYC requirements as stipulated in respect of Foreign Portfolio Investors (FPIs) has been complied.	Audit Period	All clients registered during the audit period to be verified	Members-Registered for Commodity Segment
an	Member has complied with the applicable regulatory requirements of SEBI Circular no. SEBI/HO/IMD/DF1/CIR/P/2019/066 and relevant Exchange circulars regarding "Participation of Portfolio Managers in Commodity Derivatives Market in India"	Audit Period	All clients registered during the audit period to be verified	Members-Registered for Commodity Segment
ao	Member has complied with the applicable regulatory requirements of SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2019/65 and relevant Exchange circulars regarding "Participation of Mutual Funds in Commodity Derivatives Market in India"	Audit Period	All clients registered during the audit period to be verified	Members-Registered for Commodity Segment
ap	Member has obtained self-declaration from their clients on commodity wise categorization as prescribed by SEBI Circular no. SEBI/HO/CDMRD/DNPMP/CIR/P/2019/08 dated January 04, 2019.	All active clients registered as at the end of the Audit period		Members-Registered for Commodity Segment
aq	Member has correctly uploaded commodity-wise categorization of clients on the Exchange platform based on self-declaration obtained from clients.	All active clients registered as at the end of the Audit period.	Confirm submission of data to the Exchange for all the Active clients	Members-Registered for Commodity Segment

ar	Member has sensitized their investors and created investor awareness on fraudsters that are collecting data of customers who are already into trading on Exchanges and sending them bulk messages on the pretext of providing investment tips and luring them to invest with them in their bogus firms by promising huge profits. AND Member has taken necessary steps to safeguard data of the customers / investors registered with him and/or has not shared or revealed such data to unauthorized persons.	Audit period		Members-Registered for Commodity Segment
as	Member has made available the facility for online closure of trading accounts and informed their clients regarding the availability of facility for online closure of trading accounts and its guidelines through emails, SMS, weekly / fortnightly /monthly newsletters etc., if applicable.	Audit period		All Members-Registered for Any Segment
at	Member has ensured that clients whose KYC records are not found to be valid by KRA after the validation process are allowed to transact in securities market only after their KYC is validated	Refer Sampling Criteria 1	Refer Sampling Criteria 1	All Members Registered for Any Segment
au	Trading Member has maintained a website and URL of the same is reported to the exchange. Further, a declaration for maintenance of Website and any modification in the URL shall be reported to the Exchange within 3 days.	Member's Website	Examination of Member website (if any)	All Members Registered for Any Segment
av	Trading Member has displayed the following details on its website - 1) Set of standard documents/ policies for information 2) Name of the member as registered with SEBI, its	Member's Website	Examination of Member website (if any)	All Members Registered for Any Segment

	own logo, if any, its registration number, and its complete address with telephone numbers. 3) "Filing Complaints on SCORES- Easy & quick a. Register on SCORES portal b. Mandatory details for filing complaints on SCORES: i. Name,PAN,Address,Mobile Number, Email ID c. Benefits: i. Effective Communication ii. Speedy redressal of the grievances" 4) Following message at a prominent place on the homepage of their website (if any) . “Attention Investors 1. Stock Brokers can accept securities as margin from clients only by way of pledge in the depository system w.e.f. September 01, 2020. 2. Update your email id and mobile number with your stock broker / depository participant and receive OTP directly from depository on your email id and/or mobile number to create pledge. 3. Check your securities / MF / bonds in the consolidated account statement issued by NSDL/CDSL every month. . .....Issued in the interest of Investors" 5) Data on complaints received against them or against issues dealt by them and redressal thereof, latest by 7th of succeeding month as per the format prescribed by SEBI vide Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/676 dated December 02, 2021.			

aw	Member having website have displayed following message on their website:- 1. Message on their websites informing their clients to update their Email IDs & Mobile numbers with the member. 2. Link to voting URLs on voting on motions moved by Listed Companies, which will redirect the investor to the webpage of the respective Depository who in turn will enable access to the e-voting portals of various ESPs 3. Risk Disclosure requirement with respect to trading by individual traders in Equity F&O segment.	Member's Website	Examination of Member website (if any)	Members-Registered for other than Commodity Segment
ax	Trading Member has registered their new clients on all the active stock Exchanges after obtaining the trading preference in the prescribed format for the clients registered on or after August 01, 2023.	Refer Sampling Criteria 1	Clients registered on or after August 01, 2023	Members-Registered for other than Commodity Segment
ay	Trading Member has obtained express consent and/or explicit confirmation from the clients for the trading preferences in the Equity Derivatives/Currency Derivatives/Commodities Derivatives Segments by providing an option to the clients to only select/opt in at the time of onboarding of the client.	Refer Sampling Criteria 1	Clients registered during the audit period with the highest turnover	Members-Registered for other than Commodity Segment
az	Trading Member has complied with the provisions of SEBI Circular No.SEBI/HO/OIAE_IAD-1/P/CIR/2023/0000000163 dated October 3, 2023 w.r.t verification of the death certificate, updation of records in KRA system, intimation of transmission of assets of deceased investor and other obligations pertaining to reporting of demise of an investor.	Audit Period	Verify all the intimations/requests received during the audit period	All Members-Registered for Any Segment
2	**Order management and risk management systems**			
a	Trading member has well documented risk management policy including policy on Margin collection from clients/Trading members.	Audit Period		All Members-Registered for Any Segment

b	Trading member has not undertaken or was not party to or has not facilitated any fund-based activity to fund any secondary market transactions or margin requirements in respect of transactions executed by the trading members on behalf of their clients through financier including any associate, related or third-party entities. Trading Member has adhered to the guidelines laid down in relevant circulars on financing of securities transactions.	Audit Period	Methodology: 1. Identify instances where Member has taken instruction from any financer to execute trades in client accounts or transfer client's funds/securities or margin requirements in respect of transactions executed by the trading members on behalf of their clients. 2. Check whether member is a party to any agreement/ arrangement, directly or indirectly, entered into between their clients and any person to fund the client transactions or margin requirements in respect of transactions executed by the trading members on behalf of their clients. 3. Check whether the member has obtained any authorisation or POA, for operating the depository/bank accounts of clients or has operated such accounts under a financing arrangement between the client and any person. 4. Whether member has acted as a conduit or front for financing any secondary market transactions entered into by their clients or margin requirements in respect of transactions executed by the trading members on behalf of their clients directly or indirectly.	All Members-Registered for Any Segment

c	Checks are in place to ensure that no unauthorized orders are executed from any of the terminals.	Audit Period	Check whether adequate systems/measures are in place to ensure that orders are received from respective clients only. Undertake a process walkthrough to understand the order placing mechanism and the process of issuing trade/order confirmations.	All Members-Registered for Any Segment
d	All applicable margins are collected from respective clients in the prescribed form of funds, fixed deposit receipts, bank guarantees and approved/ liquid securities and approved commodities with appropriate haircut.	Refer Sampling Criteria 2	Top clients in each segment (CM, F&O, CD and Commodity Segment) with highest margin obligation. Step-1: Identify top 6 dates (one date in each month of the Audit period) with highest margin requirement (combined) in each segment Step-2: Out of the 6 dates selected, identify top clients (sample size to be based on sampling criteria 2) in each segment, with highest margin obligation	All Members-Registered for Any Segment
e	Proper systems are in place to ensure timely collection for pay-in from the respective client as per settlement schedule.	Audit Period	1. Identify instances of client defaults during the audit period. In case of frequent defaults seek reasons from Member and identify any process gaps. 2. Ascertain the process adopted by the Member to recover outstanding balances from their clients	All Members-Registered for Any Segment
f	Trading member has not outsourced their core business activities and compliance functions and adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15th Dec 2011.	Audit Period	Report if Member has not adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15th Dec 2011 relating to outsourcing of their core business activities and compliance functions.	All Members-Registered for Any Segment

g	Member has not passed on the penalty with respect to short /non- collection of upfront margin to the clients.	Audit Period	1. Identify minimum 25 instances where short margin reporting penalty has been levied on the Member during the audit period. 2. Report in case any penalty amount is passed to the client.	All Members-Registered for Any Segment
h	If the Member has passed on penalty for short reporting of margins other than "upfront margins", the same is on actual basis & has provided relevant supporting documents to the client.	Audit Period	1. Identify minimum 25 instances where short margin reporting penalty has been levied on the Member during the audit period. 2. Check how the Member has passed on the penalty to the concerned clients. 3. While passing on the penalty check whether relevant supporting documents has been provided to the clients 4. Report in case any excess penalty amount is levied on the client.	All Members-Registered for Any Segment
i	Member has drafted and implemented surveillance policy as per SEBI/Exchange circulars. Further the Policy should cover: i. Receipt of Alerts from Exchange/ generated at member's end. ii. Time frame for disposal of alerts and if there is any delay in disposal, reason for the same shall be documented. iii. Suspicious/ Manipulative activity identification and reporting process iv. Record Maintenance	Audit Period	1. Check whether the Member has drafted a Surveillance policy as per the circulars. 2. Check whether the policy is approved by its Board/Partners/Proprietor.	All Members-Registered for Any Segment
j	Member has executed trades of clients only after keeping evidence of the client placing such order and maintained the record of the same in the manner specified by SEBI from time to time	Refer sampling criteria 3	6 Dates (1 date in each month having highest turnover) each for placing, modifying and cancelling the order.	All Members-Registered for Any Segment

k	Member has undertaken fresh documentation, due diligence and IPV where a client is reactivated after a period of 1 year of being flagged as inactive except where client has undertaken transaction through the Member with respect to IPO / Mutual Fund subscription and DP operations (if the Member is a DP) during this period. In case a client is reactivated before a period of 1 year of being flagged as inactive, Member has ensured that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange and necessary documents have been collected in case of any changes.	Audit Period	Reactivated clients during the audit period (Number of instances as per sampling criteria 1)	All Members-Registered for Any Segment
l	Member has an efficient system for collecting and reporting client margin collection to the Exchange / clearing corporation as per the Exchange / clearing corporation / SEBI requirements including initial, peak, other margins, MTM.	Refer Sampling Criteria 2	Top clients in each segment (CM, F&O, CD and Commodity Segment) with highest margin obligation. Step-1: Identify top 6 dates (one date in each month of the Audit period) with highest margin requirement (combined) in each segment Step-2: Out of the 6 dates selected, identify top clients (sample size to be based on sampling criteria 2) in each segment, with highest margin obligation	All Members-Registered for Any Segment
m	Member has reported margin correctly and in case of false/incorrect reporting give instance wise complete details in an annexure and summary in remarks column	Refer Sampling Criteria 2		All Members-Registered for Any Segment

n	Proper monitoring mechanism is in place to review the client MTM losses incurred and recovery of the same	Top 25 (or 100% whichever is lower) clients with highest MTM losses in the Audit period and top 10 related party clients with highest MTM losses in the Audit period (or 100% whichever is lower).	1. Ascertain the process adopted by the Member to recover the MTM losses incurred by their clients. 2. The MTM loss of the client has been met by the respective client funds only or temporarily funded by the Trading Member upto five trading days from the date of Payin. 3. Identify the relationship of such clients with the Trading member in terms of group/associate/subsidiary companies/directors & shareholders/Key Management Personal and provide details in separate annexure. 4. Identify instances of client defaults during the audit period. In case of frequent defaults seek reasons from Member and identify any process gaps.	All Members-Registered for Any Segment
o	Member has framed a policy regarding treatment of inactive accounts which should, inter-alia, cover aspects of time period, return of client assets and procedure for reactivation of the same and has also displayed the same on its website, (if any) in accordance with the guidelines issued by the Exchange.	Audit Period	Check whether an appropriate inactive account policy is in place and appropriate documentation is taken/ process is adopted for reactivation.	All Members-Registered for Any Segment
p	Member has identified all inactive client accounts and marked / flagged as Inactive in UCC database of the Exchange.	Audit Period	Check client status updated by member in the UCC database of the Exchange for the clients not traded in last 12 months across the Exchanges.	All Members-Registered for Any Segment

q	Quarterly MIS has been placed upto the Board (in case of Corporate Trading Member) , Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of alerts pending at the beginning of the quarter, generated during the quarter , disposed off during the quarter and pending at the end of quarter along with reasons for pendency and appropriate action taken and Board is apprised of any exception noticed during the disposal of alerts as per the Exchange Circulars.	Audit Period	The Member has prepared a quarterly MIS for the alerts generated/disposed/pending and the same is placed before the Board/Partners/Proprietor	All Members-Registered for Any Segment
r	Member has taken indemnity insurance policy.	Audit Period		All Members-Registered for Any Segment
s	Member has mandatorily used telephone recording system to record the order instructions received from clients through telephone.	Refer sampling criteria 3	6 Dates (1 date in each month having highest turnover) each for placing, modifying and cancelling the order.	All Members-Registered for Any Segment
t	Member has not executed trades which do not appear to be genuine and they have appropriate internal system and control to ensure that Abnormal / Non-genuine orders/trades are not entered at unrealistic price / executed from members trading terminals	Audit Period		All Members-Registered for Any Segment
u	Member has adopted/maintained policy regarding pre-funded instrument as per regulatory requirements	Audit Period	Policy Document	All Members-Registered for Any Segment
v	Member has adopted/maintained policy for assessment of activities outsourced as per regulatory requirements.	Audit Period	Policy Document	All Members-Registered for Any Segment
w	Trading member has implemented proper internal code of conduct and adequate internal controls to ensure that proper checks and balances are in place with respect to SEBI Circular Cir/ ISD/ 1/ 2011, dated March 23, 2011 and Cir/ ISD/ 2/ 2011 dated March 24, 2011 on the subject 'Unauthenticated news circulated by SEBI	Audit Period	Verify whether the Member has put in place adequate internal controls as per SEBI Circular Cir/ ISD/1/2011, dated March 23, 2011, and Cir/ISD/2/2011 dated March 24, 2011, to control the circulation of Unauthenticated news.	Members-Registered for other than Commodity Segment

	registered market intermediaries through various modes of communication.			
x	Member has implemented appropriate checks for value and / or quantity based on the respective risk profile of their clients as per the provisions of SEBI Circular CIR/ MRD/ DP/ 34/ 2012 dated December 13, 2012.	Audit Period		Members- Registered for other than Commodity Segment
y	The member has put-in place a mechanism to limit the cumulative value of all unexecuted orders placed from their terminals to below a threshold limit set by them as per the provisions of SEBI Circular CIR/ MRD/ DP/ 34/ 2012 dated December 13, 2012.	Audit Period		Members- Registered for other than Commodity Segment
z	Member has taken adequate documentary evidence as specified in SEBI circular CIR/ MRD/ 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.	10 clients who have taken positions during the Audit Period	Top 10 clients who have taken positions during the Audit Period	Members- Registered for other than Commodity Segment
aa	Trading Member has adhered to the guidelines laid down by Exchanges while offering client incentives/referral schemes. Also, Trading Member has framed an internal policy w.r.t. quantum/maximum limit on the incentive to be provided to the referring person in compliance with guidelines laid down in the applicable circulars. Such policy is duly approved by its Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) as the case may be. Trading Member has taken adequate steps to review and monitor the adherence to the said policy on a regular basis, at such intervals not later than one year.	Audit Period		Members- Registered for other than Commodity Segment

ab	Member has made available the mechanism for physical settlement in stock derivatives to all their clients who wish to avail of the said facility without having any default option of mandatory/automated squaring off the positions in compliance to Exchange Circulars.	Audit Period		Members-Registered for other than Commodity Segment
ac	Member has transactional alerts facility with respect to Exchange's circulars.	Audit Period	Check if any alerts were generated during audit period, if yes action taken by member	Members-Registered for Commodity Segment
ad	Trading member has established groups / associations amongst clients to identify multiple accounts / common account / group of clients as per relevant Exchange's Circular	Audit Period	Verify details of group/associates	Members-Registered for Commodity Segment
ae	Trading member has profiled their clients and categorised the clients under one of the category namely Commercial participant (value chain participant / exporter / importer, hedger, etc) or Non - commercial participant (financial participant / trader / arbitrager, etc). as per relevant Exchange's Circular. Further, member has monitored any sudden change in the trading pattern of the client which is not in line with the profile of client. Also, Member has kept a watch on the trading behaviour of their clients and monitored the same in view of their financial soundness/income/net-worth and business background as per relevant Exchange's circular.	All clients registered as at the end of the Audit period	Verify the profiling of clients as per the referred circular	Members-Registered for Commodity Segment
af	Trading member has a process of analysing the trading activity of the client(s) / group of clients(s) or commodity identified based on transactional alerts and wherever adverse observations are recorded, member has reported all such instances to the Exchange within 45 days of alert generation or extended time period sought from the Exchange, wherever required. Auditor shall verify the alerts generated during the audit period and provide their observations	Audit period	Verify whether the member has implemented the provisions of the policy and taken adequate steps to monitor and report the alerts geznerated	Members-Registered for Commodity Segment

ag	Member has submitted the status of the alerts forwarded to them on a quarterly basis to the Exchange in the prescribed format within 15 days from the last trading day of the respective quarter as per Exchange's circular.	Audit period	Verify the submission of the member (if any)	Members-Registered for Commodity Segment
ah	Member has conducted periodic analysis of trading behaviour of clients who appear repeatedly in the transactional alerts and/or have been repeatedly found to be breaching the norms prescribed by SEBI/Exchange. Further, Member has monitored any sudden trading activity in dormant account and informed such abnormality to the Exchange as per Exchange's circular.	Audit period		Members-Registered for Commodity Segment
ai	Member is not involved in unauthorized or illegal trading activities / fictitious transactions or unfair trade practice including Circular Trading, cross deals, price rigging, price manipulation and other market Abuses.	Audit period		Members-Registered for Commodity Segment
aj	In case member has passed on penalty of short collection of upfront margin to clients after October 11, 2021, then member has refunded the said collected penalty to clients.	Audit period	1. Identify minimum 25 instances where short margin reporting penalty has been levied on the Member during the audit period. 2. Report in case any penalty amount is passed on to the client but not yet refunded.	All Members-Registered for Any Segment
ak	Member has not directly/indirectly referred to any past or expected future return/performance of an algorithm trading services/strategies in any form of advertisements/business communication on publicly accessible platforms such as social media/websites/digital & print media etc. and is not associated with any platform providing such reference, and has adhered to the guidelines issued vide SEBI circular SEBI/HO/MIRSD/DOP/P/CIR/2022/117 dated September 02, 2022	Audit period		All Members-Registered for Any Segment

al	Trading Member has conducted proper due diligence/verification before registering/accepting the clients seeking exemption of PAN including investors residing in the state of Sikkim.	Audit period		All Members-Registered for Any Segment
am	Member has done additional due diligence and maintained documents/records for all existing and new clients, by capturing the details of devices (Computer/ Tablet/Mobile including Executable Applications, Browser based Apps, Mobile Apps) used to place/modify/cancel orders by the clients based out of Sikkim to verify if the orders are placed from 'Sikkim'	Audit period		Members-Registered for other than Commodity Segment
an	Trading member has displayed "Risk Disclosure" requirement on the login page of trading account of client if client has registered under F&O segment	Member's Website	Examination of Member website (if any)	Members-Registered for other than Commodity Segment
3	**Contract notes, Client margin details and Statement of accounts**			
a	Member has issued contract notes to clients	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment) and PODs/e logs for the corresponding dates. The dates shall be the top dates (one date in each month) with highest clientele turnover. Compare the trade data with the PODs/ E logs to see that contract notes have been issued to all the traded clients within the prescribed timeline.	All Members-Registered for Any Segment
b	Contract notes are sent in the prescribed format.	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment) and PODs/e logs for the corresponding dates. The dates shall be the top dates (one date in each month) with highest clientele turnover.	All Members-Registered for Any Segment

c	Contract notes are sent within 24 hours of the close of trading hours when the trade is executed and Proof of delivery / dispatch/ log for dispatch of Contract Notes is maintained.	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment) and PODs/e logs for the corresponding dates. The dates shall be the top dates (one date in each month) with highest clientele turnover. Compare the trade data with the PODs/ E logs to see that contract notes have been issued to all the traded clients within 24 hrs.	All Members- Registered for Any Segment
d	Trading member has issued contract notes only for trades done under the rules, byelaws & regulations/business rules of the Exchange and not otherwise.	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment) and PODs/e logs for the corresponding dates. The dates shall be the top dates (one date in each month) with highest clientele turnover.	All Members- Registered for Any Segment
e	All prescribed details including running serial number initiated at the start of every financial year, name and signature of authorized signatory, dealing office details and brokerage are contained in contract note.	Audit Period	Obtain sample contract note issued by the Member during the inspection and verify whether the same complies with the format specified by Exchange/SEBI from time to time and applicable for the audit period.	All Members- Registered for Any Segment
f	Daily Margin statement is issued to the respective clients with the details as specified and within the prescribed time limit. and Proof of delivery / dispatch/ log for dispatch is maintained.	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment) and PODs/e logs for the corresponding dates. The dates shall be the top dates (one date in each month) with highest clientele turnover. Compare the trade data with the PODs/ e-logs to see that daily margin statement have been issued to all the traded clients within prescribed timelines.	All Members- Registered for Any Segment
g	Member has complied with regulatory requirements related to Electronic contract notes (ECN) if the contract notes are sent electronically as mentioned below: 1. Whether digitally signed ECNs are in accordance with provisions of IT Act, 2000? 2. Whether ECN's sent to Email accounts created / provided by clients?	Refer sampling criteria 3	Check whether electronic contract notes are sent: 1. To those clients who have opted for the same 2. Electronic contract notes are sent on the E mail IDs provided by the client	All Members- Registered for Any Segment

	3. Whether authorization for receiving ECN given by the client (if any) is signed by client and not by POA (Power of Attorney) holder? 4. Whether log report generated by the system at the time of sending contract notes is maintained? 5. ECN displayed on website		3. Check whether the logs maintained by the Member clearly states the status of the issue of contract notes	
h	Trail of bounced mails is maintained and physical delivery is ensured in case of bounce mails for ECNs within stipulated time (24 hours).	Refer sampling criteria 3	Obtain trade data for 6 dates in each segment in each month with highest clientele turnover during the Audit period. 1. In case the Member has a practice of sending ECNs, verify whether bounced mail logs are maintained. 2. In case there are no bounce mails, it needs to be checked whether system has a provision to generate bounce logs in case any ECNs gets undelivered. 3. In case of any bounce mails, ascertain whether Member has resend the same or issued physical contract notes to such clients	All Members-Registered for Any Segment
i	Member has complied with the Guidelines on Compliance Officers as issued by the Exchange further details regarding appointment of Compliance Officer and changes there in, if any, have been informed to the Exchange	Audit Period		All Members-Registered for Any Segment
j	Trading Member has prominently displayed on contract notes, statement of funds and securities, correspondences with the clients the following details- i) name of the member as registered with SEBI, ii) its own logo, if any, iii) its registration number, iv) its complete address with telephone numbers v)the name of the compliance officer, his telephone number and e-mail address.	Audit Period	Obtain sample contract note, statement of funds & securities, correspondences with clients issued by the Member during the audit period and verify whether the same complies with the format specified by Exchange/SEBI from time to time and applicable for the audit period.	All Members-Registered for Any Segment

k	Trading member has not created/ provided e-mail ids for clients.	All active clients registered as at the end of the Audit period	Check for all instances (full client master).	All Members-Registered for Any Segment
l	Member has collected physical letters from the clients who have requested for change in e-mail id. In respect of internet clients, the request for change of email id may be made through the secured access by way of client specific user id & password.	Audit Period	Check for all instances of changes in E mail IDs by the Member	All Members-Registered for Any Segment
m	Member has issued Annual Global Statement to their clients within 30 days from the end of the financial year and contain details of all transactions executed by client in the financial year	Refer Sampling Criteria 3	Traded clients during the audit period with highest turnover	All Members-Registered for Any Segment
n	Member has sent complete 'Statement of Accounts' for funds, securities and commodities in respect of each of its clients on weekly basis as required by relevant Exchange circulars with error reporting clause and proof of delivery / dispatch log is maintained.	Refer Sampling Criteria 3	Check for last week of each month of audit period with highest turnover clients	All Members-Registered for Any Segment
o	Trading Member has registered themselves as Principal Entities with their respective Telecom Service Provider(s) (TSPs) and also registered their existing headers and content templates for specific header with respective Telecom Service Provider(s) (TSPs) in compliance with Exchange circulars	Audit Period		All Members-Registered for Any Segment
p	There is no difference in trade rate as per TWS system / Trade File and the rate charged to clients in contract note.	Refer sampling criteria 3	1. Obtain trade data for 12 dates. 2. The dates shall be the top 12 dates with highest clientele turnover during the Audit period. 3. Compare the trade data to see that there is no difference in trade rate as per TWS system / Trade File and the rate charged to clients in contract note (12 days, two days in each month having highest clientele turnover. Top 25/50/75 clients as per Sampling criteria in terms of turnover)	All Members-Registered for Any Segment

q	Member has not issued consolidated contract notes to the client (Single entry for multiple trades/orders)	Refer sampling criteria 3	1. Obtain trade data for 12 dates and PODs/e logs for the corresponding dates. 2. The dates shall be the top 12 dates with highest clientele turnover during the Audit period. 3. Compare the trade data with the PODs/ E logs to see that no consolidated contract notes are issued to clients (12 days, two days in each month having highest cliental turnover. Top 25/50/75 clients as per Sampling criteria in terms of turnover)	All Members- Registered for Any Segment
r	Member has maintained proper records in respect of brokerage (i.e. incomplete/ erroneous/ delay in entries)	Audit period		All Members- Registered for Any Segment
s	Member has maintained copies / duplicates of contract notes issued to clients in physical or electronic form.	Refer sampling criteria 3	1. Obtain trade data for 12 dates. 2. The dates shall be the top 12 dates with highest clientele turnover during the Audit period. (12 days, two days in each month having highest cliental turnover. Top 25/50/75 clients as per Sampling criteria in terms of turnover)	All Members- Registered for Any Segment
t	If member has made margin calls to the client and the client has failed to comply with these margin calls, then the contract note issued by Member for transactions owing to non-compliance of such margin calls bear a remark specifying the same. Further, member has maintained a verifiable record of having made such margin calls and that the clients have not complied with the same.	30 Random Instances (five per month)	30 Random Instances (five per month)	All Members- Registered for Any Segment
u	In case facsimile signatures are used on physical contract notes, Member has maintained well-documented & approved policy regarding its use	Audit Period		Members- Registered for other than Commodity Segment

v	Member has sent text of Regulation 19 & 20 of Securities Contracts (SECC)Regulations, 2018 to clients dealing with listed Stock Exchanges along with the contract notes.	Audit Period	Transaction undertaken in the Audit Period. Check for 5 clients in each month.	Members- Registered for other than Commodity Segment
w	Member has intimated the Exchange of any change in statutory auditor within 30 days from the date of such change in the Exchange prescribed format.	Audit Period	Check if there is any change in statutory auditor.	Members- Registered for Commodity Segment
x	Member has paid all applicable statutory dues including GST payable in adherence to The Central Goods and Services Tax Act, 2017 within timeline prescribed. Further, member has kept records w.r.t. payment of statutory dues.	Audit Period		Members- Registered for Commodity Segment
y	If member is issuing Electronic Contract Notes (ECN) through SMS/electronic instant messaging services, then the member has complied with relevant guidelines issued by the Exchanges.	Audit Period		All Members- Registered for Any Segment
4	**Dealing with clients' funds and securities and Commodities**			

a	Client's funds and securities & commodities are used only for the purpose of the respective client's transactions. If not, instances to be provided in remarks column.	Refer sampling criteria 3	For verification of Funds pay-in verification 1. Top 6 dates (one date in each month of the Audit period) with highest clientele funds pay-in obligation. For verification of securities/commodities pay-in 1. Identify top 10 clients with highest securities deliverable obligation during the Audit period 2. For each of the 10 clients, identify 5 dates with highest securities/commodities deliverable obligation (Value-wise). 3. Identify top 10 clients having highest net purchase turnover in cash segment and whether the securities are transferred from Pool/client unpaid securities account to the Demat account of respective clients 4. Identify top 10 related party clients (Identify the relationship of such clients with the Trading member in terms of group/associate/subsidiary companies/directors & shareholders/Key Management Personal) having highest net purchase turnover in cash segment and whether the securities are transferred from Pool/client unpaid securities account to the Demat account of these clients and funds are paid by these clients towards their purchases. Check for each identified dates whether respective client funds/securities were used for meeting their obligations on the Exchange	All Members-Registered for Any Segment

b	Member has not pledged clients' securities to the Banks/NBFCs for raising funds, even with authorization by client as the same would amount to fund based activity which is in contravention of Rule 8(1)(f) & 8(3)(f) of Securities Contracts (Regulation) Rules, 1957	Audit Period	1. Ascertain if any client securities are pledged from any of the demat accounts of the Trading member 2. Ascertain the ownership of securities pledged as Proprietary securities of the Trading Member	All Members-Registered for Any Segment
c	Client bank accounts and commodities are used for authorized purposes only. In case of any irregularity observed, mention the instances in remarks column.	Audit Period	All client bank accounts/ to be checked	All Members-Registered for Any Segment
d	Member has not accepted cash from their clients/other entities either directly or by way of cash deposit to the bank account of member. No cash payments have been made to the clients/other entities	Audit Period	Cash book maintained by the Member to be verified	All Members-Registered for Any Segment
e	In case where aggregate value of banker's cheque / demand draft / pay order is of Rs 50,000 or more per client per day, then the same are accompanied with name of bank account holder and number of bank account debited, duly certified by issuing bank as per the provisions of SEBI Circular CIR/ MIRSD/03/ 2011, dated June 9, 2011.	Audit Period	All instances of receipt of banker's cheque / demand draft / pay order aggregate is of Rs 50,000 or more per client per day.	All Members-Registered for Any Segment
f	Member maintains audit trail of the funds received and systems are in place to ensure that the funds are received from their respective clients only.	Audit Period	10 Clients with highest turnover across segment, 15 instances with maximum fund payments to the member during the Audit period	All Members-Registered for Any Segment
g	Receipts/payment of funds and receipt/delivery of securities/commodities are received/ transferred from/to respective clients only and no third party payment/ receipts has been accepted / made on behalf of client	Audit Period	10 Clients with highest turnover across segment, 15 instances with maximum fund payments to the member during the Audit period	All Members-Registered for Any Segment

h	Payment to clients are not made from proprietary bank accounts.	Audit Period		All Members-Registered for Any Segment
i	In case of any transfer of funds between client account/s & proprietary account/s for legitimate purposes, Member has maintained a daily reconciliation statement clearly indicating the details of funds transferred.	Audit Period	Verification of transfer/JV entries between client accounts and proprietary accounts.	All Members-Registered for Any Segment
j	Client's funds / fully paid securities/commodities are transferred to respective clients within one working day of pay-out from Exchange in case of no running account authorization.	Refer sampling criteria 3	1. Obtain trade data for 12 dates. 2. The dates shall be the top 12 dates with highest clientele turnover during the Audit period. (12 days, two days in each month having highest cliental turnover. Top 25/50/75 as per Sampling criteria clients in terms of turnover)	All Members-Registered for Any Segment
k	Delivery of securities to constituent is not made from Proprietary account.	Refer sampling criteria 3	1. Obtain trade data for 12 dates. 2. The dates shall be the top 12 dates with highest clientele turnover during the Audit period. (12 days, two days in each month having highest cliental turnover. Top 25/50/75 as per Sampling criteria clients in terms of turnover)	All Members-Registered for Any Segment
l	Excess Brokerage was not charged on trades executed on the Exchange.	Refer sampling criteria 3	Top 6 dates (one date per segment per month during the Audit period.) with highest clientele turnover	All Members-Registered for Any Segment
m	Member has charged Brokerage for Option Contracts only on the premium amount at which the Option Contract was bought or sold and not on the strike price of the Option Contract.	Refer sampling criteria 3	Top 6 dates (one date per month during the Audit period.) with highest clientele turnover	All Members-Registered for Any Segment
n	Not more than one client code is allotted to a single client. (Except as permitted in the exchange's circular)	Audit Period	From the back-office software pull out the client master file for all clients and check with Exchange record	All Members-Registered for Any Segment

o	Member's Bank books and bank statements for each bank account are reconciled and reconciliation statement for the same is prepared periodically and there are no long pending outstanding reconcilable items.	Audit Period	To be checked as on the last date of the Audit period	All Members-Registered for Any Segment
p	Register of Securities/ commodities and Holding statement from depositories for each DP account and warehouse records are reconciled and reconciliation statement for the same is prepared periodically.	Audit Period	To be checked whether reconciliation has been done on quarterly/monthly basis.	All Members-Registered for Any Segment
q	Dividend and other corporate benefits received on behalf of clients is paid/ credited/ passed on to the respective clients account without any delay.	Audit Period	Delay in excess of 90 days to be reported	All Members-Registered for Any Segment
r	Trading member has taken consent from the client regarding monthly /quarterly settlement in the running account authorisation.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
s	Trading member has settled funds of all clients on first Friday of the Quarter - Oct-Dec 23 and on first Friday/Saturday from the quarter Jan-Mar 2024 onwards. If the client has opted for Monthly settlement, running account settlement has been done on first Friday of the month (for Oct- Dec 2023) and first Friday/Saturday of the month from Jan 2024 onwards. If first Friday/Saturday is a trading holiday, then such settlement shall happen on the previous trading day.	Audit Period	1) Verify all the settlement days in the audit period. 2) Further, in case of payout, verify top 35 clients with highest payout with the bank statements.	All Members-Registered for Any Segment
t	Member has returned funds to clients having credit balance and who have not done any transaction in the 30 calendar days since the last transaction.	Audit Period	Clients who have not done any transaction in last 30 calendar days from the end of the Audit Period	All Members-Registered for Any Segment
u	Member has sent an intimation including the details about the transfer of funds to clients by SMS & Email at the time of running account settlement of funds.	Audit Period	Verify the logs for all the settlement days in the audit period.	All Members-Registered for Any Segment

v	Trading member has sent a statement of accounts containing an extract from client ledger for funds & securities along with a statement explaining the retention of funds/ securities, within five days from the date when the account is considered to be settled.	Audit Period	Verify logs of 'Statement of accounts' sent to all clients. Verify details of statement containing extract from client ledger for funds & securities along with a statement explaining the retention of funds/ securities for top 75 clients with highest payout	All Members- Registered for Any Segment
w	Trading member has not done any inter-client adjustment or passed any journal entries for the purpose of client level quarterly/ monthly settlement.	Audit Period	Verify top 75 clients with highest retention in audit period.	All Members- Registered for Any Segment
x	Member has transferred the funds to the respective clients while carrying on the actual settlement of client fund. Bank details for initiating electronic fund transfers has been obtained from new clients and also updated for existing clients and the settlement of funds is done only by way of electronic funds transfer viz., through National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), etc .Only in cases where electronic payment instructions have failed or have been rejected by the bank, then the stock broker has issued a physical payment instrument.	Audit Period	Verify top 75 clients with highest payout	All Members- Registered for Any Segment
y	The following statutory levies/ fee/ charges are not collected from clients in excess of actuals levied on the members. Such as- i) Securities Transaction Tax, ii) SEBI turnover fees, If Excess is collected, please give complete details	Audit Period		All Members- Registered for Any Segment
z	Member has not levied Excess transaction charges to clients in the contract notes.	Audit Period		All Members- Registered for Any Segment

aa	The running account authorization taken by trading member from client(s) is dated and signed by such clients and not by POA (Power of Attorney) holder and contains a clause which explicitly allows a client to revoke the said running account authorization at any time and would continue until such revocation.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover	All Members-Registered for Any Segment
ab	Member has not transferred funds from client bank account/DSCNBA/USCNBA to any third party or any other non-client account	Audit Period	All client bank accounts to be checked for the audit period.	All Members-Registered for Any Segment
ac	Member has not transferred funds to its Group companies/ Associates from client bank accounts/DSCNBA/USCNBA.	Audit Period	All client bank accounts to be checked for the audit period.	All Members-Registered for Any Segment
ad	Payment for own trades (PRO) are not made from client bank accounts/DSCNBA/USCNBA	Audit Period	All client bank accounts to be checked for the audit period.	All Members-Registered for Any Segment
ae	Member is not operating any assured returns schemes and mobilizing deposits from investors. If yes, please provide details.	Audit Period		All Members-Registered for Any Segment
af	Member has not taken securities/ commodities from any client for purposes other than margin or meeting the client's obligation.	Audit Period		All Members-Registered for Any Segment
ag	Member has ensured that the funds available in the client/USCNBA/DSCNBA/settlement bank accounts and balances available with clearing Member and funds with Exchange/ clearing corporation are not less than the funds payable to the client at all times.	Audit Period	Verify the details submitted as on the first Friday of every month. In case of shortfall of client funds, comment on the reason and date of recoupment of shortfall.	All Members-Registered for Any Segment

ah	The stockbroker has submitted the correct details to Exchange regarding Monitoring of Client assets under Enhanced Supervision framework as per SEBI circular SEBI/HO/ MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, upto the week ended January 5, 2024	Audit Period	Verify the details submitted as on the first and last Friday for the months of October to December 2023 and first Friday of January 2024. In case of incorrect submission, comment on reason and date of rectification of error by the Trading Member.	All Members-Registered for Any Segment
ai	The stockbroker has submitted the correct details in the Risk Based Supervision data submitted to the Exchange.	Audit Period	Latest Submission for Risk Based Supervision submitted to Exchange during the audit period.	All Members-Registered for Any Segment
aj	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)	Audit Period	Reconcile securities holding submission made by the member as on October 06, 2023, and February 23, 2024, with the actual holding available in the Demat accounts and report the discrepancies to the Exchange, if any. In case of incorrect submission, comment on reason and date of rectification of error by the Trading Member. Amount of mismatch to be specifically mentioned in remarks.	All Members-Registered for Any Segment
ak	Trading member has closed all Client Securities accounts in compliance with relevant Exchange circulars.	Audit Period		All Members-Registered for Any Segment
al	PAN recorded in the Register of Securities & the Holding statement submission should match with the UCC database of the Exchange	Audit Period		All Members-Registered for Any Segment
am	Trading Member has opened a separate Client Bank and set aside the funds and securities of Inactive/untraceable clients in such accounts and TM has upstreamed the untraceable/unclaimed clients funds to CC.	Audit Period		All Members-Registered for Any Segment

an	Member has correctly reported day-wise balance (as per the bank statement) of all bank accounts for all the calendar days of that week except Sunday within prescribed timelines **(**Upto October 28, 2023)	Audit Period	Reconcile balances as on October 06, 2023	All Members-Registered for Any Segment
ao	Member has correctly uploaded data of Cash & Cash Equivalent balances on a weekly basis for all calendar days of the week except Sunday on stock exchange system within prescribed timelines.	Audit Period	Verify the details submitted as on the first Friday of every month.	All Members-Registered for Any Segment
ap	Member has closed all existing demat accounts tagged as Client Collateral and Client Margin Trading Securities accounts in compliance with relevant Exchange Circulars	Audit Period		All Members-Registered for Any Segment
aq	Member has accepted securities as margin obligation from clients only by way of margin pledge/repledge in the depository system by opening a separate demat account for accepting margin pledge which shall be tagged as “Client Securities Margin Pledge account". in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25,2020.	Audit Period		All Members-Registered for Any Segment
ar	Member has maintained audit trail of UCC wise client funds transferred to / from such bank account and UCC wise / BO ID wise securities transferred to / from separate and single client collateral demat account (as the case may be) for inactive and untraceable clients	Audit Period		All Members-Registered for Any Segment
as	In case of bounce back of emails and non-delivery of SMS, provide comments with reasons thereof after verification. Member has taken corrective steps for the instances where SMS and/or email is/are returned undelivered/bounced back including updating the details of mobile number and email address in the Exchange	Audit Period	Verify details of phone number, email id submitted to the Exchange with details of same given by client in the KYC or otherwise. For bounce back of email logs and non delivery of sms logs, verify with mobile and email in KYC. Mention on the course of action by member to update mobile number or email for such bounce back/non delivery logs	All Members-Registered for Any Segment

	UCC database so as to avoid instances of non-delivery / non-communication in future			
at	Auditor should verify the details of generation of alerts for misuse of client funds and give specific comments with reasons thereof.	Audit Period	Verify such alerts with reasons from member. Verify the details of clients' funds with the books of accounts, records. Credit balance of clients' funds should be available in client bank account and or with the Exchange /Clearing Member at all the time	All Members-Registered for Any Segment
au	Auditor should verify whether the Member has correctly submitted the details of financial indicators and ratios for "Monitoring of Financial Strength of Stock Brokers" and give specific comments with reasons thereof. (Refer 5.1.1 and 5.1.2 as per SEBI CIRCULAR SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26,2016	Audit Period	Verify all latest submissions with Audited Financial Statements.	All Members-Registered for Any Segment
av	Member has not levied any charges other than brokerage, exchange's transaction charges, applicable statutory and regulatory dues in the contract note as permitted and it's on actual basis and not in excess of actuals	Refer sampling criteria 3	Obtain trade data for 6 dates (each segment). The dates shall be the top dates (one date in each month) with highest clientele turnover.	All Members-Registered for Any Segment
aw	Funds settled through running account settlement is transferred to the respective client's bank account and members has not run any scheme to invest the actual settlement dues (Monthly / Quarterly) with the consent of the client / through POA in any scheme or investment product including mutual funds etc.	Refer sampling criteria 3	• 50 % of the minimum sample should be out of top credit balance clients as at the end of the audit period who have traded during the audit period. • Remaining clients to be selected who have highest credit balance (fund balance) as at the end of the audit period but have done no transactions during the audit	All Members-Registered for Any Segment

			period. In case the minimum number is not available in a particular criterion, then clients shall be selected based on the remaining criteria.	
ax	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 client's 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)	Refer sampling criteria 3	1. 75%- top aggregate debit balance clients (across all segments) as on October 6, 2023. 2. 25%- top clients with highest net buy position in CM segment during the audit period i.e. clients with more bought positions.	All Members- Registered for Any Segment
ay	Members has cautioned and created awareness amongst their clients/investors to abstain them from dealing in any schemes of unauthorised collective investments/portfolio management, indicative/ guaranteed/fixed returns / payments etc. Further Member has also displayed the messages on their respective websites under a separate banner “Advisory for investors” as per Exchange circular.	Audit Period		All Members- Registered for Any Segment
az	There is no delay in payment of funds / collaterals to clients beyond 3 working days from the date of receipt of request	Audit Period	Random 50 instances where clients has requested for transfer for funds / securities / commodities	All Members- Registered for Any Segment
ba	Member has put in place systems for dealing with conflict of interest as per SEBI circular CIR/ MIRSD/ 5/2013 dated August 27, 2013.	Audit Period		Members- Registered for other than Commodity Segment
bb	Member has levied delayed payment charges on client’s net debit balances across all segments in accordance with the Exchange circulars	Audit Period		Members- Registered for other than Commodity Segment

bc	Incase member has Margin Trading Facility, the securities lying in 'Client Securities under Margin Funding Account' are not pledged with any other Bank/ NBFC in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020	Audit Period		Members- Registered for other than Commodity Segment
bd	Member has correctly posted entries in client ledgers related to trade/margin obligations, receipts and payments from/to clients are commensurate to the trades executed in the Exchange platform, statutory/ regulatory levies as per applicable guidelines on actual basis, brokerage/other allowable charges as agreed by the clients in the tariff sheet, actual dividend and other corporate benefits.	Refer Sampling Criteria 3	Top client ledgers based on the below criteria: • 20% based on the highest turnover in CM Segment • 50% based on the top clients in FO Segment, 15% based on top clients in CD Segment and 15% based on top clients in Commodity segment with highest upfront margin requirement. (In case client of particular parameter is less than the stipulated, the balance can be met from other parameters) Scrutinise all the sample ledgers and check whether they are in accordance with the trades executed on the Exchange platform and payment and receipts entries appearing in ledgers are backed by actual fund transfers (i.e. payment and receipt in the bank statement) and statutory/ regulatory levies are in accordance with the applicable guidelines on actual basis, brokerage /other allowable charges as agreed by the clients in the tariff sheet, actual dividend and other corporate benefits.	Members- Registered for other than Commodity Segment

be	Excess Client's securities provided as early pay-in (EPI) and released by the clearing corporation/clearing member on T Day are transferred to the respective beneficiary account of their clients on the Trade day (T Day) itself in compliance with relevant circulars	Audit Period		Members-Registered for other than Commodity Segment
bf	Securities received in payout against which payment has been made in full by the clients are not transferred to Client Unpaid Securities Account	Audit Period	1. Ascertain whether the client securities received in pay-out and transferred to the client unpaid securities account pertain to clients who have debit balances. 2. Securities of clients are transferred to the Demat account on fulfilment of client's funds obligation	Members-Registered for other than Commodity Segment
bg	Clients Commodities received as margin are utilised for respective clients only and not utilized for execution of proprietary trades or trades in the name of Directors/ Key Promoters/ shareholders/Other Clients	Refer sampling criteria 3	1. Obtain trade data for 6 dates. 2. The dates shall be the top 6 dates with highest clientele turnover during the Audit period. (6 days, one day in each month having highest cliental turnover. Top 25/50/75 clients as per Sampling criteria in terms of turnover)	Members-Registered for Commodity Segment
bh	Member has maintained records of rate at which brokerage is charged and clientwise brokerage earned during the audit period.	Refer sampling criteria 3	1. Obtain trade data for 6 dates. 2. The dates shall be the top 6 dates with highest clientele turnover during the Audit period. 3. Compare the data of brokerage charged by member with maximum brokerage permitted by the Exchange. (6 days, one day in each month having highest cliental turnover. Top 25/50/75 as per Sampling criteria clients in terms of turnover)	Members-Registered for Commodity Segment
bi	Dealing with Foreign Portfolio Investors (FPIs) is in compliance with guidelines of SEBI and Exchange in this regard.	Audit Period	All clients registered during the audit period to be verified	Members-Registered for Commodity Segment

bj	Client funds received by the members in the client bank accounts is not invested in any Liquid Mutual Funds, Gilt Funds, Government Securities or any other liquid funds and not been considered for reporting under client asset for enhanced submission.	Audit Period		All Members-Registered for Any Segment
bk	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	Audit Period		All Members-Registered for Any Segment`
bl	Member has ensured that the securities available in the EPI/Pool/CUSPA are not less than the securities payable to the client at all times.	Audit Period	Verification to be done based on the balances as on the last day of the Audit period. In case of shortfall of client securities comment on reason and date of recoupment of shortfall.	All Members-Registered for Any Segment
bm	Trading member has done correct reporting to the Exchange on the following requirement on Settlement of Running Account of Client's Funds lying with Trading Member 1. Summary of settlement of clients' funds within 2 Trading Days post settlement date 2. Submission of UCC wise settlement details within 10 Trading Days post settlement date	Audit Period		All Members-Registered for Any Segment
bn	Trading member has made early pay-in of funds to the clearing corporation where clients have made an early pay-in of funds.	Audit Period		Members-Registered for other than Commodity Segment
bo	Intimation has been sent to the clients by SMS and Email on the registered mobile number and email id upon successful early pay-in of funds	Audit Period		Members-Registered for other than Commodity Segment

bp	Trading Member has ensured that no Bank Guarantees has been created out of clients' funds. Also members (other than carrying out only proprietary trading) have submitted a certificate to the Stock Exchange by October 16, 2023, confirming the implementation of provisions of SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/061 dated April 25, 2023 duly certified by their Statutory Auditor.	Audit period		All Members- Registered for Any Segment
bq	Member invoking client securities (under margin pledge) in case of default and only to the extent of debit balance of client.	Audit period		All Members- Registered for Any Segment
br	Trading Member has ensured that funds received from clients, whose running account has been settled, remain in the "Up Streaming Client Nodal Bank Account" and no such funds shall be used for settlement of running account of other clients.	Audit period	Verification for the quarter January to March 2024	All Members- Registered for Any Segment
bs	Trading Member has ensured that all the clients' clear credit balances are upstreamed to the Clearing Corporation on an EOD basis	Audit period		All Members- Registered for Any Segment
bt	The following conditions are met if any FDRs has been created out of clients funds: - i. The FDR shall be created only with banks which satisfy the CC's exposure norms as specified by CCs/SEBI from time to time. ii. FDRs created only from 'Up Streaming Client Nodal Bank Account (USCNBA)' and has been lien-marked to one of the Clearing Corporations at all times. iii. The tenor of FDRs created after July 01, 2023 are not more than one year and one day; and the FDRs is pre-terminable on demand. iv. The principal amount of the FDR is remained	Audit period	Verification for the quarter January to March 2024	All Members- Registered for Any Segment

	protected throughout the tenure, even after accounting for all possible pre-termination costs. v. Members has not availed any funded or non-funded banking facilities based on FDRs created out of clients' funds vi. Existing FDRs (created out of clients' funds and having tenor of more than one-year) created prior to June 30, 2023 shall be allowed to be grandfathered till maturity.			
bu	Trading Members has ensured that client funds have been invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Triparty Repo Dealing and Settlement (TREPS)	Audit period		All Members- Registered for Any Segment
bv	Trading Member has maintained a dedicated demat account to as "Client Nodal MFOS Account" for subscription/ redemption of MFOS units in case they are investing clients funds in MFOS	Audit period		All Members- Registered for Any Segment
bw	Trading Member has ensured that any clear credit balance that could not be upstreamed to Clearing Corporations due to receipt of funds from clients beyond cut-off time has remained in USCNBA and upstreamed to Clearing Corporation on the next day	Audit period		All Members- Registered for Any Segment
bx	Trading member complied with the provisions of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023 with respect to bank guarantees.	Audit period	Verification for the quarter January to March 2024	All Members- Registered for Any Segment
by	Trading Member has complied as per SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2022/153 dated November 11, 2022, on Handling of Clients' Securities by Trading Members.	Audit period		Members- Registered for other than Commodity Segment

bz	Member has correctly reported the data towards "Segregation and Monitoring of Collateral at Client Level" to their respective Clearing Member	Audit period	6 dates based on the highest margin obligation across all segments	All Members-Registered for Any Segment
5	**Banking and Demat account operations**			
a	Member maintains separate bank account for client funds and own funds.	Audit Period	Verify client bank and own bank accounts.	All Members-Registered for Any Segment
b	Member maintains separate demat account for clients securities and own securities.	Audit Period	Verify Own demat and Client Collateral accounts	All Members-Registered for Any Segment
c	Clients funds and securities & commodities are segregated from own funds and securities & commodities.	Audit Period	Verify client bank and own bank accounts. Verify client collateral and own beneficiary accounts	All Members-Registered for Any Segment
d	Member has reported all their Bank & DP account details to the Exchange as required by SEBI circular dated September 26, 2016. Further, closure of reported bank and demat accounts has been correctly intimated to the Exchange within prescribed timeline.	Audit Period	All bank and demat accounts to be verified	All Members-Registered for Any Segment
e	Member has named/ tagged their Bank & DP accounts details to the Exchange as required by SEBI circular dated September 26, 2016, June 22, 2017, SEBI/HO/MIRSD/MIRSD_DPIEA/P/CIR/2022/83 dated June 20, 2022, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/84 dated June 08, 2023, SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/110 dated June 30, 2023 & SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/187 dated December 12, 2023	Audit Period		All Members-Registered for Any Segment
f	Trading Member has submitted Undertaking cum Indemnity bond to Exchange empowering the Exchange to freeze the bank accounts of the Trading member in compliance to SEBI circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020, on the subject "Standard Operating Procedure in the cases of Trading Member /Clearing Member leading to default".	Audit Period		All Members-Registered for Any Segment

g	Member has maintained maximum of 30 bank accounts named as "Name of Stock Broker - Client Account"/USCNBA/DSCNBA across all segments and Exchanges at a time	As on last date of the audit period		All Members-Registered for Any Segment
h	Trading Member has submitted Undertaking/Authorisation to Exchange to access the information/statements pertaining to all bank accounts (maintained by members) from Banks	Audit Period		All Members-Registered for Any Segment
i	Multiple client code is not mapped with single bank/demat account or multiple demat/bank account of different entities are not mapped with a single client code (Except where permitted by the exchange)	Audit Period	Verification of Client Records from back office of member	All Members-Registered for Any Segment
j	Member has maintained client bank accounts/USCNBA/DSCNBA with followings banks only i. Banks designated as Clearing Banks by any of the Clearing Corporations from time to time	Audit Period		All Members-Registered for Any Segment
	ii. Banks which are not designated as Clearing Banks however empaneled for the purpose of issuance of BGs and FDRs by any of the Clearing Corporations from time to time iii. Payment Banks licensed under Banking Regulation Act, 1949.			
k	Member has provided a bank confirmation to the Exchanges in case the client bank accounts/USCNBA/DSCNBA are maintained with the following banks; i. Banks which are not designated as Clearing Banks however empaneled for the purpose of issuance of BGs and FDRs by any of the Clearing Corporations from time to time. ii. Payment Banks licensed under Banking Regulation Act, 1949.	Audit Period		All Members-Registered for Any Segment

l	Member has displayed details of all their active client bank accounts/USCNBA on their website which are reported to Exchange.	Member's Website	Examination of member's website	All Members-Registered for Any Segment
6	**Terminal operations and systems**			
a	Trading terminals are located in the head office, branch office of the Member or at the office of AP subject to compliance of guidelines specified by the Exchanges.	100%	Check terminals at main office and minimum 5 branches in combination of AP.	All Members-Registered for Any Segment
b	Trading terminals are operated by approved persons/approved users. And not provided TWS/CTCL terminals to unauthorised intermediaries.	100%		All Members-Registered for Any Segment
c	Correct Terminal details are reported to the Exchange and terminals observed at the inspection location are as per the information submitted to the Exchange.	100%		All Members-Registered for Any Segment
d	Member has ensured that associated persons functioning as compliance officer employed has obtained NISM series III A certification	Audit period		All Members-Registered for Any Segment
e	Records of trading terminals are updated and correctly uploaded to the Exchange CTCL database and periodically reconciled with Exchange database	Audit period	Compare Exchange data uploaded to the Exchange with User and connection log provided by member on date of verification	All Members-Registered for Any Segment
f	Valid NISM/ MCCP (MCX Certified Commodity Professional) / NICR (NCDEX Institute of Commodity Markets and Research) / NCFM (NSE's Certification in Financial Markets – Commodity Market Module) Certification held by employees are as per exchange requirements.	Audit period		All Members-Registered for Any Segment
g	No Offices/Branches/Franchises or User ID's/ Trade Work Stations (TWS) or Trading Terminal are being used for doing unauthorized / illegal trading / fictitious transactions or any trade outside the Exchange trading platform.	Audit period		All Members-Registered for Any Segment

h	Member has complied with the advisory for Financial Sector Organizations regarding Software as a Service (SaaS) based solutions issued by the Indian Computer Emergency Response Team (CERT-in) as per SEBI Circular no. SEBI/HO/MIRSD2/DOR/CIR/P/2020/221 dated November 03, 2020	Audit period		All Members- Registered for Any Segment
i	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/ GN/ 2010-11/ 21/ 29390 dated December 10, 2010 have valid NISM series VII certification – (Securities Operations and Risk Management Certification Examination).	Verification of Certificate	To be checked for all associated person except for persons handling the basic clerical/elementary functions and whose work is supervised by NISM Series VII certified personnel.	Members- Registered for other than Commodity Segment
j	Member has taken adequate steps as specified by Exchange's circular to review & monitor the Trading Terminals mapped to its branch/ AP	Audit Period		Members- Registered for other than Commodity Segment
7	**Management of branches / AP and internal control**			
a	In case of closure of branch/ AP location, advance notice of the same is sent to clients.	All branches closed during the Audit period	All branches closed during the audit period	All Members- Registered for Any Segment
b	Member has adequate follow up mechanism in case of adverse observations during branch / AP inspections and Member has on an annual basis placed an MIS before their Board (in case of corporate trading member), Partners (in case of partnership firms) or Proprietor (in case of sole proprietorship firm) on the number of Branch / AP inspections undertaken, irregularities observed and action taken.	All or 25 (inspections of AP / Branch) whichever is less	Compliance status of the adverse observations made during branch / AP inspections by Member to be checked.	All Members- Registered for Any Segment
c	Trading member has not dealt with unregistered intermediaries for transactions on the Exchange and All Authorised persons are registered with the Exchange	Audit Period		All Members- Registered for Any Segment

d	The member has not shared commission/ brokerage with entities with whom trading members are forbidden to do business / another trading member / employee in the employment of another trading member / person doing Intermediary activities without registration.	Audit Period		All Members- Registered for Any Segment
e	Trading Member has inspected at least 30% of its active Authorized Persons/ Branches every year and also ensure that, each active AP/ Branch is inspected at least once in every three years as per guidelines laid down by the Exchanges.	Audit Period		All Members- Registered for Any Segment
f	Member has not acted through brokers of other exchange for its clients without registering as a authorized person of these brokers	Audit Period		All Members- Registered for Any Segment
g	Member is not dealing with more than one member/authorized person of another exchange for proprietary trading.	Audit Period		All Members- Registered for Any Segment
h	Changes in authorized person details are informed to the Exchange	Audit Period		All Members- Registered for Any Segment
i	There is a monitoring mechanism to identify sudden increase / decrease in client level turnover from any specific branch/ AP location.	Audit Period		Members- Registered for other than Commodity Segment
j	Member has submitted AP Inspections report as per the timelines prescribed by the Exchange	Audit Period		All Members- Registered for Any Segment
k	Member has timely reported and provided complete/correct details of clients (UCC) mapped to the AP as per Exchange circulars	Audit Period		All Members- Registered for Any Segment

l	Internal auditor shall verify whether the Member has reported the action taken by the Member of APs in case of adverse observations are found by the member in the AP inspections.	Refer Sampling Criteria 4	Check the reporting done by the member from the AP inspection reports	All Members-Registered for Any Segment
m	Internal auditor shall verify sample inspection reports of APs conducted by the Trading Members for completeness of the indicative scope of AP inspection prescribed by the Exchange.	Refer Sampling Criteria 4	Verification of AP inspection reports	All Members-Registered for Any Segment
8	**Investor grievance handling**			
a	Member is maintaining a register of investor complaints. Register of complaints / grievances contains name of client, UCC details, date, particulars of complaints, action taken by the member and if matter is referred to arbitration then the particulars thereof.	Audit Period	Check that all investor complaints registered at Exchanges/Scores are entered in the register of complaints	All Members-Registered for Any Segment
b	Member has a system of resolution of investor complaints in a time bound manner.	Audit Period	Check all investor complaints entered in the register of complaints for resolution in the time bound manner	All Members-Registered for Any Segment
c	A designated email id for investor grievance is created and informed to the investors and exchange.	Audit Period		All Members-Registered for Any Segment
d	Complaints received on the designated email ID are being looked into to address the same.	Audit Period		All Members-Registered for Any Segment
e	The member has informed the Stock Exchange/Investor about the actions taken for the redressal of grievances of the investor on monthly basis within 7 days of the subsequent month.	Audit Period		All Members-Registered for Any Segment
f	The member has to take adequate steps to resolve the complaints within 30 days from the date of receipt of the complaint. Please provide the details of complaints, if any, pending for more than 30 days.	Audit Period		All Members-Registered for Any Segment

g	Information about the grievance redressal mechanism as specified by SEBI circular SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated July 31, 2023 (updated as on August 04, 2023) is displayed at all the offices of the Member and its Authorised Person(s) for information of the investors.	Audit Period		All Members-Registered for Any Segment
h	The member have created a separate page on their website for Investor charter wherein the relevant details provided viz Vision, Mission, Services Provided by the member, Grievance Redressal Mechanism of the Member and Exchange along with the logo of trading member. The link to access the Investor charter is available on the home page of the website. Also, member has displayed investor charter at the prominent places in the office and provided a copy of Investor Charter as a part of account opening kit to the clients, through e-mails/ letters etc.	Audit Period		All Members-Registered for Any Segment
i	Dissemination of the provisions of the SEBI circular SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated July 31, 2023 (updated as on August 04, 2023) on Member's website.	Audit Period	Examination of Member website (if any)	All Members-Registered for Any Segment
j	Member has complied with the Escalation Matrix as prescibed by SEBI/Exchanges and updated on website/mobile application of the trading member	Audit Period		All Members-Registered for Any Segment
k	Member has complied with the mechanism of Online dispute resolution as per SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2023/195 dated December 28, 2023	Member's Website	Examination of Member website (if any)	All Members-Registered for Any Segment

9	**Maintenance of Books of Accounts**			
a	Prescribed books of accounts/records including Register of securities, Securities holding statements, Exchange wise client ledgers, bank books, margin deposit book / records of margin and client master etc. are maintained as per the specified format containing the required details and for the stipulated period as per regulatory requirements.	Audit Period		All Members-Registered for Any Segment
b	Register of securities/ commodities is maintained client wise-scrip wise/ commodity wise/ contract wise.	Audit Period		All Members-Registered for Any Segment
c	All Entries for receipt and payment/ transfer of securities & Commodities are duly recorded in the register of securities & commodities.	Audit Period		All Members-Registered for Any Segment
d	Segment wise/Exchange wise separate books of accounts are maintained, as applicable as per relevant circulars.	Audit Period		All Members-Registered for Any Segment
e	Prior approval has been obtained by member for changes in directors/partners/constitution/trade name. If No, post facto application has been submitted to the Exchange for the same.	Audit Period		All Members-Registered for Any Segment
f	Member has obtained prior approval or intimated (as applicable) to Exchange / SEBI, as applicable in case of any change in the shareholding/ sharing pattern of the company / LLP, partnership firm with or without change in control respectively. If No, post facto application has been submitted to the Exchange for the same.	Audit Period		All Members-Registered for Any Segment

g	Prior approval has been obtained in case the member has traded with another member of the Exchange. Member has not dealt with / traded with other member of the Exchange by becoming a constituent or through AP of such other member or not allowed any other member of the Exchange to be their constituent to trade without prior approval of the Exchange	Audit Period		All Members-Registered for Any Segment
h	Member has intimated the Exchange in case they have traded with member of another stock exchange.	Audit Period		All Members-Registered for Any Segment
i	Whether the member has incurred any advertisement expenses during the audit period and has complied with the regulations of obtaining Exchange approval before issuance of all such advertisements.	Audit Period		All Members-Registered for Any Segment
j	The Member, its Group companies/ third party or its associate has not offered any schemes/ leagues/ competitions and has not issued any advertisement for the same. Further, the stock broker has not carried out advertisements in which celebrities form part of the advertisement.	Audit Period		All Members-Registered for Any Segment
k	SEBI registration certificate of the Trading Member was displayed at the location of audit.	Audit Period		All Members-Registered for Any Segment
l	Trading member has not dealt with suspended/defaulter/ expelled members and entities prohibited from accessing market.	Audit Period		All Members-Registered for Any Segment

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.	Audit Period	Ascertain the correctness of the Net worth calculation and report if there is an erosion of more than 50% of the Net worth submitted to the exchange along with the reasons of such erosion. In case of shortfall of Net worth comment on reason and date of recoupment of shortfall and in case of erosion, comment on reason of erosion. Further, In case of non- compliance observed, please provide Net worth as computed by Member , Internal Auditor and in case of shortfall observed, provide the amount as p	All Members- Registered for Any Segment
n	Member has not engaged in any activity involving any personal financial liability, other than of securities or commodities derivative or which is connected to or incidental to or consequential upon securities /commodities business	Audit Period		All Members- Registered for Any Segment
o	Dividend and other corporate benefits received on behalf of clients is paid/credited/passed on to the respective clients account.	Audit Period		All Members- Registered for Any Segment
p	Member has maintained Net worth as prescribed by the SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022	As on 31st December/30th June of every year as applicable in the Audit period	Analyze the Net worth requirement as specified, report if there is shortfall of Net worth/erosion of more than 50% of the Net worth. In case of shortfall of Net worth comment on reason and date of recoupment of shortfall and in case of erosion, comment on reason of erosion.	Members- Registered for other than Commodity Segment
q	Member, its Directors, Promoters, Partners, Principal Officer, Compliance Officer and Key Management Persons, are Fit and Proper Persons as per the criteria specified by Exchange / SEBI from time to time.	Audit Period		All Members- Registered for Any Segment

r	Member has intimated the details of Politically Exposed Persons (PEP) associated with the member entity in the prescribed format.(if applicable). Member is aware that it shall submitted the details to Exchange as and when there is change in any of the details of Politically Exposed Persons' (PEP).	Audit Period		All Members-Registered for Any Segment
10	**Systems & Procedures pertaining to Prevention of Money Laundering Act, PMLA, 2002**			
a	Principal officer has been appointed and details of the same or any change thereafter was intimated to FIU & Exchange	Audit Period		All Members-Registered for Any Segment
b	Designated Director has been appointed and details of the same or any change thereafter was intimated to Financial Intelligence Unit(FIU) & Exchange	Audit Period		All Members-Registered for Any Segment
c	The member has adopted and implemented written guidelines prescribed under PMLA, 2002.	Audit Period		All Members-Registered for Any Segment
d	The Member has adequate system in place that allows continuous monitoring of transactions and generates alerts based on set parameters for suspicious transactions.	Audit Period		All Members-Registered for Any Segment
e	Adequate systems & procedures are in place to scrutinize the alerts for arriving at suspicious transactions and reporting the same to FIU.	Audit Period		All Members-Registered for Any Segment
f	Member has adequate systems & procedures in place to ensure screening of employees while hiring.	Audit Period		All Members-Registered for Any Segment
g	Record of transactions, its nature & value and records of reporting made to FIU are maintained and preserved by the member as prescribed under Rule 3, 7 & 8 of PMLA.	Audit Period		All Members-Registered for Any Segment

h	Member has ongoing training program for employees so that staff are adequately trained in AML & CFT procedure.	Audit Period		All Members-Registered for Any Segment
i	Member has taken adequate measures to carry out & document risk assessment to identify, assess and mitigate its money laundering and terrorist financing risk.	Audit Period		All Members-Registered for Any Segment
j	Member has complied with the requirements of the various FATF public statements and updated UNSC lists which are circulated by the exchanges	Audit Period		All Members-Registered for Any Segment
k	Member has complied with the following w.r.t FIU Registration, i. Member has done the online registration with FIU-India and has got the FIU Registration no. (FIU-REID). ii. Whether all reporting entities (REs) (including the Stock-Brokers) registered in FINnet 1.0 are re-registered themselves in FINnet 2.0 module.	Audit Period		All Members-Registered for Any Segment
l	Whether all relevant RFIs (Red Flag Indicator) have been implemented by the member per letter issued by FIU.	Audit Period		All Members-Registered for Any Segment
m	Senior management approval has been obtained for starting account relationship with a PEP client or for continuing the relationship.	Audit Period		All Members-Registered for Any Segment
n	Record of transactions are preserved and maintained in terms of Section 12 of Prevention of Money Laundering Act (PMLA),2002.	Audit Period		All Members-Registered for Any Segment
o	The AML policy is in line with PMLA requirements.	Audit Period	Policy Document	All Members-Registered for Any Segment
p	AML policy has been updated to reflect recent changes or has been updated with considerable delay	Audit Period	Policy Document	All Members-Registered for Any Segment

q	Member has maintained updated designated list in electronic form and names of existing clients are checked from such list. Further, member runs a check on the given parameters on a regular basis to verify whether designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them and have informed the relevant authority in timely manner in the event of any particulars matched with list of designated individuals / entities	Audit Period		All Members-Registered for Any Segment
r	Review of the appointment process of Principal Officer - Verify internal norms for appointment - Board of Director's approval for appointment - Role and responsibilities - internal norms for appointment and reappointment - Review of the nature and frequency of the reporting done between the Board or senior management with the Principal Officer and compliance dept. staff - Seniority of the Principal Officer within the TM organisation.	Audit Period		All Members-Registered for Any Segment
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 (b) 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.	Audit Period		All Members-Registered for Any Segment
t	Member has ensured that exposure to clients (i.e. open positions, Margin received, MTM loss incurred,receipts of funds etc.) is not disproportionate to client's updated financial information (i.e.Income/profit/Net worth of the client)	Refer Sampling Criteria 2	One date in each month with highest margin obligation of the member.	All Members-Registered for Any Segment

u	Member has complied with the guidance published by FATF regarding Risk Based Approach (RBA) for Securities Sector for effective implementation of revised FATF International Standards as per Exchange Circulars.	Audit period		All Members-Registered for Any Segment
v	Names of prospective clients are checked against the names of entities/individuals against whom sanctions have been applied and member has a practice of verifying its name of clients with latest updated FATF Statements and UNSC list circulated from time to time	Audit period		All Members-Registered for Any Segment
w	Cash Transaction Report and Suspicious Transaction Report is submitted wherever applicable to FIU-IND in the prescribed format	Audit period		All Members-Registered for Any Segment
x	Trading member has adopted risk assessment while implementing client due diligence and the same is documented & updated regularly as per PMLA guidelines	Audit period		All Members-Registered for Any Segment
y	Trading member has applied enhanced due diligence measures for clients categorized as high risk and special category.	Audit period		All Members-Registered for Any Segment
z	Trading member has applied enhanced due diligence measures for clients who are residents of jurisdictions listed in Financial Action Task Force (FATF) statements.	Audit period		All Members-Registered for Any Segment
11	**Transfer of trades**			
a	Trades were executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa in the back office of the member. In case of such transfers, if any specific pattern is observed instances to be provided in remarks column.	Audit period	12 dates for each segment with highest turnover (2 dates per month).	All Members-Registered for Any Segment
b	All client code modifications were done to rectify a genuine error in entry of client code and no patterns were observed. If any pattern is observed, please give details.	Audit Period	All modifications during the audit period	All Members-Registered for Any Segment

c	Systems are put in place to monitor/ prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry.	Audit Period	All modifications during the audit period	All Members-Registered for Any Segment
d	The trades modified by the member to the "ERROR" code have been settled in ERROR account and not shifted to some other client code. If not complied, please provide the details.	Audit Period	All modifications during the audit period	All Members-Registered for Any Segment
e	Trading Member has a well-documented error policy to handle client code modifications, approved by their board/ management	Audit Period	Policy Document	All Members-Registered for Any Segment
f	Member has maintained Trade Log and Order Log	Audit Period		All Members-Registered for Any Segment
12	**Margin Trading**			
a	Member has obtained specific approval from the exchange, in case he is providing margin trading facility to his clients.	Audit Period		Members-Registered for other than Commodity Segment
b	Member have clearly segregated client MTF and Non-MTF account/ledger at back-office level	Audit Period		Members-Registered for other than Commodity Segment
c	Member has provided MTF facility only for eligible securities as mentioned in the circular	Audit Period		Members-Registered for other than Commodity Segment
d	Sufficient margin is collected with appropriate hair cut for funded securities under MTF	Audit Period		Members-Registered for other than Commodity Segment
e	Member has not used more than allowable exposure towards MTF	Audit Period		Members-Registered for other than Commodity Segment

f	Member has fulfilled minimum networth requirement criteria for MTF during the audit period	Audit Period		Members-Registered for other than Commodity Segment
g	Member has an efficient system for collecting and reporting client margin collection to the Exchange for MTF trades	Audit Period		Members-Registered for other than Commodity Segment
13	**Proprietary Trading**			
a	If member is doing pro trading, then member has disclosed this information to his clients.	Refer Sampling Criteria 1	Clients registered during the audit period with highest turnover.	All Members-Registered for Any Segment
b	If member is doing pro trading from multiple locations, the member has obtained prior approval from the Exchange in this regard.	Audit Period		All Members-Registered for Any Segment
c	Proprietory losses have been met by the own funds & securities of the Trading Member only	Audit Period	Top 12 dates of Proprietary losses in each segment	All Members-Registered for Any Segment
d	All trades in own account were done in PRO code only and such trades were done through approved terminals at approved locations only	Audit Period	Verify the own trade has been done at approved locations and approved terminals if any	All Members-Registered for Any Segment
14	**Internet Trading**			
a	Member has obtained specific approval from the exchange, in case he is providing internet trading facility to his clients and Member has complied with regulatory requirements related to internet trading**.**	Audit Period		All Members-Registered for Any Segment
15	**Execution of Power of Attorney (POA)**			
a	The POA executed with the client (if any) is in the favor of the member and it is not in favor of any other person.	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period.	Members-Registered for other than Commodity Segment

b	The Power of Attorney executed in favour of trading member is only limited to the purposes as allowed and adheres to the Provisions of SEBI circular SEBI/HO/MIRSD/DOP/CIR/P/2020/158 dated August 27, 2020	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period.	Members- Registered for other than Commodity Segment
c	The PoA executed does not prohibit operation of trading account by client(s).	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period.	Members- Registered for other than Commodity Segment
d	The Member has adopted sufficient internal controls to ensure that POA is not mis-utilised.	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period.	Members- Registered for other than Commodity Segment
e	Flagging of POA has been undertaken in the UCC with respect of all clients registered after February 13th, 2015	Refer Sampling Criteria 1	POAs executed (if any) for the clients registered during the audit period.	Members- Registered for other than Commodity Segment
f	Member has complied with respect to SEBI circular on Execution of 'Demat Debit and Pledge Instruction' for transfer of securities towards deliveries /settlement obligation and pledging/repledging of securities with effect from September 01, 2022 and Mutual Fund transactions/Tendering shares in open offers with effect from November 18, 2022	Refer Sampling Criteria 1		All Members- Registered for Any Segment
g	Trading member has not directly / indirectly compelled the clients to execute Power of Attorney (PoA) or Demat Debit and Pledge Instruction (DDPI) or deny services to the client if the client refuses to execute PoA or DDPI.	Audit Period		All Members- Registered for Any Segment
16	**Securities Lending & Borrowing Scheme**			
a	Member has obtained specific approval from the exchange for offering SLBS.	Audit Period		Members- Registered for other than Commodity Segment
b	Member has complied with regulatory requirements related to SLBS.	Audit Period		Members- Registered for other

				than Commodity Segment
17	**Other items**			
a	Change in Address (registered / correspondence/branch office), contact details (if any) and authorised signatories are carried out with intimation to the Exchange by submitting the specified documents as per the formats and updation in the Exchange portal is done within 15 working days from the date of such changes carried out by the member.	Audit Period		All Members-Registered for Any Segment
b	Exchange Market data has not been used other than for legitimate purposes	Audit Period	Verify all such market data if any	All Members-Registered for Any Segment
c	Member has correctly provided PAN of all their Directors, Key Management Personnel and dealers to the Stock Exchanges within the prescribed timelines and any change in those details are correctly intimated to the Stock Exchanges within seven days of such change.	Audit Period	All PAN of Directors, Key Management Personnel to be verified.	All Members-Registered for Any Segment
d	Adverse comments in Statutory Audit Report of Corporate Member have been considered.	Audit Period	Verify adverse Comments of Statutory Auditors	All Members-Registered for Any Segment
e	In case of submission Aadhar card as a proof during client registration, member have adhered to the Exchange guidelines that includes: a. consent letter b. Aadhaar card number should be redacted or blacked out or masked	Audit Period		All Members-Registered for Any Segment
f	Member has not used MCX/NCDEX Logo/Emblem	Audit Period		Members-Registered for Commodity Segment

g	ROC related non - compliances are not observed	Audit Period		Members- Registered for Commodity Segment
h	Comments /observation on any other specific area which is not covered under any of the above area of verification.	Audit Period		Members- Registered for Commodity Segment
i	Member is not Involved in fund lending/borrowing activities- with the exception of those in connection with or incidental to or consequential upon the commodities business	Audit Period		Members- Registered for Commodity Segment
j	Member has discontinued the usage of pool accounts for transactions in the units of Mutual Funds and ensured the following. i. not accept mandates for SIPs or Lumpsum transactions in their name; ii. accepted cheque payments from investors issued in favor of the respective SEBI recognized Clearing Corporations or mutual fund scheme(s) only. iii. not accepted or handled funds or units of investors in their proprietary accounts or pool accounts in any form or manner.	Audit Period		Members- Registered for other than Commodity Segment
k	In case of clients registered for transactions in units of Mutual Funds on the Stock Exchanges Platforms (demat transactions), member has ensured the following during client registration. i. KYC Compliant ii. FATCA declaration obtained from client. Iii. Ultimate Beneficial Owner (UBO) details obtained in case of non-individual client. iv. Bank account and Demat account details obtained with Third Party Validation (TPV) v. Email id and mobile number obtained.	Audit Period		Members- Registered for other than Commodity Segment

l	Trading Member has updated the details of KMP to the Exchange.	Audit Period		All Members- Registered for Any Segment
m	Compliances related to Execution Only Platforms for facilitating transactions in direct plans of schemes of Mutual Funds (circular ref- SEBI circular no. SEBI/HO/MIRSD/DoP/P/CIR/2022/46 dated April 6, 2022 & SEBI/HO/MIRSD/FATF/P/CIR/2023/0144 dated August 11, 2023 (circular ref- SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/86 dated June 13, 2023)	Audit Period		Members- Registered for other than Commodity Segment
n	Whether Member has placed the disciplinary action letter received from Exchanges/SEBI before Board for consideration.	Audit Period		All Members- Registered for Any Segment
18	**Compliances related to Online Bond Platform**			
a	The entity has appointed a Company Secretary as a compliance officer	Audit Period		Members- Registered for other than Commodity Segment
b	The entity has appointed at least two qualified key managerial personnel with experience of at least three years in the securities market	Audit Period		Members- Registered for other than Commodity Segment
c	The entity has obtained a SEBI Complaints Redress System (SCORES) authentication and has put in place a well-defined mechanism to address grievances that may arise or likely arise while carrying out OBP operations.	Audit Period		Members- Registered for other than Commodity Segment
d	Trading Member has establish necessary systems and frame suitable policies, in writing, for registration of users/ investors/ sellers on the OBP, execution of transactions and orders, roles and responsibilities of investors and sellers, risk management and control, liability framework for OBP, investors and sellers in case of breach of the policies, restrictions or other requirements that may apply for accessing the OBP	Audit Period		Members- Registered for other than Commodity Segment

e	Member has entered into an agreement in writing where he allows third party sellers of debt securities to use the OBP to sell such securities, defining inter-se relationship and sets out their mutual rights, liabilities and obligations relating to such assignments.	Audit Period		Members-Registered for other than Commodity Segment
f	The entity shall comply with Know Your Client (KYC) requirements and verify the identity of its investors and sellers	Audit Period		Members-Registered for other than Commodity Segment
g	All Orders with respect to listed debt securities placed on OBP are mandatorily routed through the Request for Quote platform (RFQ) of the recognised Stock Exchange(s) and settled through the respective Clearing Corporations. All Orders with respect to debt securities proposed to be listed through a public offering placed on OBP shall be mandatorily routed and settled through the stock exchange mechanism.	Audit Period		Members-Registered for other than Commodity Segment
h	Trading member has issued order receipt, deal sheet and quote receipt with all the prescribed details	Audit Period		Members-Registered for other than Commodity Segment
i	The entity shall ensure that investors and sellers are also regularly updated on the status of transactions electronically through SMS, email etc.	Audit Period		Members-Registered for other than Commodity Segment
j	The entity shall ensure compliance with the minimum disclosure requirements as specified in SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022	Audit Period		Members-Registered for other than Commodity Segment

k	The entity undertakes to ensure that its advertisements shall be in conformity with the Advertisement Code as specified in SEBI circular nos. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2022/154 dated November 14, 2022 and SEBI/HO/DDHS/POD1/P/CIR/2023/194 dated December 28, 2023	Audit Period		Members-Registered for other than Commodity Segment
l	The entity has adequate grievance redress mechanism for redressal of grievances of the investors within 30 days from the date of the receipt of the complaint.	Audit Period		Members-Registered for other than Commodity Segment
m	Entity has a comprehensive risk management framework covering all aspects of its operations and shall ensure that risks associated with its operations are identified properly and managed prudently.	Audit Period		Members-Registered for other than Commodity Segment
n	Entity has establish appropriate safeguards and procedures to deal with exigencies like suspension or cessation of trading in debt securities, cancellation of orders or transactions by the investors and sellers, malfunctions or erroneous use of its systems by investors and sellers, or other unforeseen situations	Audit Period		Members-Registered for other than Commodity Segment
o	The entity undertakes to identify and disclose on its OBP, all instances of conflict of interest, if any, arising from its transactions or dealings with related parties	Audit Period		Members-Registered for other than Commodity Segment
19	**Compliance status of last inspection carried out by SEBI/ Exchanges/ Internal Auditor**			
a	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by SEBI. Further whether Member has complied with the qualifications/violations made in last SEBI inspection report.	Audit Period	Last SEBI inspection report	All Members-Registered for Any Segment

b	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by Exchange. Further Member has complied with the qualifications/violations made in last Exchange inspection report.	Audit Period	Last Exchange Inspection Report	All Members-Registered for Any Segment
c	Member has taken corrective steps to rectify the deficiencies observed in the latest half yearly internal audit report	Audit Period	Last half yearly Internal Audit Report	All Members-Registered for Any Segment
20	**Comments of the auditor on any other area or any other Internal Audit conducted for the Trading member during the Audit period**			All Members-Registered for Any Segment
21	**The last half years Internal Audit Report was placed/ approved by the Board/ Proprietor/ partners.**			All Members-Registered for Any Segment

Sample Details

Sampling Criteria 1

Particulars	**Sample Size**	**Selection criteria**
Less than 100 clients registered during the audit period	Minimum of 15 clients or the total number of clients registered during the audit period.	Clients registered during the audit period & to be selected , as per minimum percentage from the respective categories given below: - 40%-Individuals - 20% corporate - 20% partnership - 20% HUF/Trust In case client of a particular category is less than the stipulated, the balance can be met from other category. Clients with highest turnover to be given preference.
Between 100 to 500 clients registered during the audit period	Minimum of 25 clients registered during the audit period.	
Between 500 to 1000 clients registered during the audit period	Minimum of 50 clients registered during the audit period.	
More than 1000 clients registered during the audit period	Minimum of 75 clients registered during the audit period.	

Sampling Criteria 2

Particulars	Sample Size
Less than 100 active clients during the audit period	Minimum of 25 clients or the total number of clients per segment whichever is lower.
Between 100 to 500 active clients during the audit period	Minimum of 50 clients per segment
More than 500 active clients during the audit period	Minimum of 100 clients per segment

Sampling Criteria 3

Particulars	Sample Size
Less than 500 active clients during the audit period	Minimum of 25 clients traded during the audit period.
Between 500 to 1000 active clients	Minimum of 50 clients traded during the audit period.
More than 1000 active clients	Minimum of 75 clients traded during the audit period.

*In case of no clients have been registered during the audit period, then clients registered in prior audit period may be selected provided they have not been verified earlier.

Sampling criteria 4

Number of APs	Sample size
Upto 100	Upto 10 reports
101-500	Upto 15 reports
more than 500	30 reports

POINTS TO BE NOTED

The guidelines prescribed here are only indicative in nature and not exhaustive. It does not in any way limit the scope of the internal audit. The guidelines have been prepared based on the regulatory requirements (as per relevant Acts, Rules, Regulations and circulars) which keep on developing from time to time on best effort basis. The auditors should peruse them and update the scope of the audit. **The auditors should clearly indicate 'Complied' indicating Compliance, 'Not Complied' indicating Non-compliance and 'N.A' wherever 'Not Applicable'**.

The audit report shall also include the following:

1. **Management comments**

a. In case of any non-compliances/findings/observations/qualifications by the auditor the management responses should be given to the Exchange against each point.

2. **Points to be noted by the Internal Auditor**

a. No remarks will be allowed by Auditor in case of "complied" status. In case the auditor is of the opinion that the relevant checklist point has not been complied by the Member in full, Auditor shall indicate "Non-compliance" against such points.

b. Exchange has made available the data submitted by members to Exchange towards Enhanced Supervision, List of Bank/ Demat accounts reported and other weekly submissions such as Client level cash & cash equivalent balances, bank account balances, Holding Statement for the sample dates/ period in the respective Auditor's login for the purpose of verification.

c. The samples for parameters/ criteria other than provided above, shall be as per the "methodology for sample selection" prescribed in Annexure III, and the data required for the same can be sourced from the member.

d. There are certain changes in the sampling criterion and methodology for sample selection compared to previous half year submission. Auditors are advised to refer Annexure III carefully before initiating the audit.

e. For each "Not complied" observation, wherever applicable the auditor shall mandatorily provide the "no. of instances verified", "% of instances where non-compliance is observed" and "Amount/value involved where non-compliance is observed" while submitting the Audit report.

f. Auditor to comment on improvements brought about in the operations between the last audit and the current audit at point no. 20 of the checklist.

g. A statement by the auditor that the provisions of SCRA 1956, SEBI Act 1992, SEBI (Stock Brokers) Regulations 1992, SCRR 1957, Rules, Bye laws, Regulations, circulars of SEBI, agreements, Bye laws of the Exchange/Clearing Corporation, data security and insurance have been covered in the audit.

h. Auditor shall specifically declare about direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting internal audit of the said member.

i. Sample size indicated in the format above is minimum sample size. The guidelines for selection of sample are given in Annexure III. All Auditors are advised to adhere to the guidelines while verifying the respective areas. The auditor may increase the sample size as it may deem fit.

j. For each theme/area of audit, auditor shall clearly specify the sample size verified and in case of any non-compliance, the number of instances where adverse observations are noted including the details of the adverse observations in the space provided.

k. With respect to non-compliances observed pertaining to Incorrect Reporting 4.ah, 4.aj, 4.an, 4.ao, kindly also mention amount of non-compliances (column G) observed under IAR Sample detail zip file.

l. With respect to Non- compliances observed pertaining to Net worth in point 9.m and 9.p additional details (Net worth computed by Member, Auditor and Shortfall amount, if any) are required to be filled by auditor (For further details, please refer Manual for Auditor)

m. The internal audit report should be submitted to the Exchange as per the report format specified above.

n. In case where internal audit report submitted is incomplete and not as per the prescribed guidelines like non-adherence to sample size guidelines same would be treated as non-submission of internal audit report. The Exchange reserves the right to advise a Member to change its auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

o. If in the opinion of the auditors, any observation related to any area also possesses a risk relating to Anti Money Laundering (AML) or Combating Financing of Terrorism (CFT), then such observation should be highlighted clearly specifying the risk relating to it.