



Metropolitan Stock Exchange of India Limited

Inspection Department

Department: Inspection

Segment: All Segments

Circular No: MSE/INSP/IAR-17-18(1)/5661/2017

Date: October 12, 2017

Sub: Internal Audit for Trading Members / Clearing Members for the period April 01, 2017 to September 30, 2017.

In terms of the provisions of Rules, Bye-Laws and Regulations of the Metropolitan Stock Exchange of India Ltd. (Exchange), the Members are notified as under:

SEBI has stipulated the requirement of carrying out internal audit of the trading members / clearing members on a half yearly basis by Chartered Accountants, Company Secretaries or Cost and Management Accountants who are in practice and who do not have any interest in or relation with the Member other than the Internal Audit assignment.

Accordingly, all the trading members / clearing members, who have traded / cleared at least one trade on any segment during the half year period April 01, 2017 to September 30, 2017 irrespective of trades done on PRO / Client accounts, are required to submit the internal audit.

It is to be noted that as per the provision of SEBI's Enhanced Supervision of Stock Brokers, the due date to submit the Internal Audit report is now **within two months** from the end of half year i.e. for half year ended September 30, 2017, the due date is **November 30, 2017**. The existing action taken for late/non submission of audit report is under revision and the same shall be informed shortly.

Members are requested to ensure adherence to the following:

1. The Auditor's Certificate and the Audit Report shall be in the format given in Annexure I & II respectively. Members are required to note that the present format in Annexure I & II are revised and are different from earlier formats. Members are advised to take note of the same and furnish the Report / Certificate prepared as per the revised requirements.
2. Guidelines on sample selection and Indicative Sampling Criteria to be followed by the Auditor along with the Methodology for sample selection is mentioned in Annexure III
3. List of Indicative Processes and reference of Exchange / SEBI circulars is given in Annexure IV
4. Each page of the Audit Report should be stamped and signed by the auditor.
5. The Audit certificate should be on the letterhead of the auditor containing relevant details of the auditor.
6. The Audit Report must contain comments of the management of the members wherever non compliances are reported by the Internal Auditor.



Metropolitan Stock Exchange of India Limited

All the members are advised to ensure compliance with the above requirements and submit the internal audit report positively by **November 30, 2017** to:

Inspection Department

Metropolitan Stock Exchange of India Ltd.
(Formerly known as MCX Stock Exchange Ltd.)
4th Floor, Vibgyor Towers, Plot No.C-62, Opp. Trident Hotel,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 098

For and on behalf of
Metropolitan Stock Exchange of India Limited

Kirit Dodiya
Vice President – Inspection

Enclosures:

- Format of Internal Audit Certificate – Annexure I
- Scope of Internal Audit – Annexure II
- Sample Details – Annexure III
- List of Indicative Processes and reference of Exchange / SEBI circulars – Annexure IV

In-case of any query kindly contact Inspection Department on 61129000 or mail on compliancemsx@msei.in