
NATIONAL COMMODITY CLEARING LIMITED

Circular to all the Clearing Members (Clearing for other Stock-Broker and/or Custodial Participants Code) of the Clearing Corporation

Circular No : NCCL/COMPLIANCE-008/2023
Date : September 27, 2023
Subject : Submission of Half Yearly Internal Audit Report by Clearing Members

This is to inform that all Clearing Members undertaking clearing activities, for at-least one trade during the period from April 01, 2023 till September 30, 2023, for other stock-brokers and/or for custodian participants code (their direct trading clients or otherwise) are required to carry out Internal Audit and submit the report to National Commodity Clearing Ltd. (NCCL).

The process for submission of such reports including format of Internal Audit Certificate, Format of Internal Audit Report, Guidelines on sample selection etc. shall be communicated separately through a circular.

The internal audit shall be conducted only by independent qualified Chartered Accountants, who are in practice and who do not have any conflict of interest and against whom no regulatory action is taken.

Auditor meeting the following eligibility criteria is qualified to conduct the Internal Audit of the Clearing Members:

- a) The Auditor / Audit firm or at least one of the partners should have a minimum of 5 years' experience in carrying out audits.
- b) The Auditor/ Audit firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/law enforcement agency.
- c) Auditor and/or its employee or partner signing the Internal Audit Report shall have a valid NISM Series-XIV: Internal Auditors for Stockbrokers Certification or NISM Series III-A: Securities Intermediaries Compliance Certification or ICAI Certificate Course on Financial Markets and Securities Laws or any other equivalent examination.

It is to be noted that the due date to submit the Internal Audit Report is within two months from the end of half year i.e., for the half year ended September 30, 2023, the due date is November 30, 2023.

The penalties/disciplinary actions for late/non-submission of the Internal Audit Report shall be as below: -

Details of Violation	Penalty/disciplinary actions
Failure to furnish Internal Audit report to Stock Exchanges for half year ending September 30th by November 30th and half year ending March 31 st by May 31 st	a) For 1st month after due date, charges of Rs. 200/- per day b) Charges of Rs. 500/- per day from 2nd month after due date till date of submission or disablement 2 weeks' notice shall be given to the Member after the 3rd month from the due date, subsequent to which the Member shall be disabled in all segments. The disablement notice issued to the Member shall be shared with all the Clearing Corporations.

Further, the penalty of Rs 2,000/- per instance for violations/observations in the internal audit report shall also be levied.

For and on behalf of
National Commodity Clearing Limited

Disha Thakker
Assistant Vice President

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
2. Customer Service Group by e-mail to : contactus@ncl.co.in