NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all members of the Exchange
Circular No. : NCDEX/RISK-006/2023
Date : May 18, 2023
Subject : Cyber Security and Cyber Resilience Audit by the Member of the Exchange

This is with reference to the Exchange circular no. NCDEX/TECHNOLOGY-065/2018 dated December 4, 2018, NCDEX/TECHNOLOGY011/2019 dated March 25, 2019, NCDEX/RISK- 002/2019 dated October 18, 2019 and NCDEX/RISK-005/2023 dated April 03, 2023 on "Cyber Security & Cyber Resilience Framework for Members". Members are required to submit Cyber Security and Cyber Resilience audit report as per the norms specified therein.

The Cyber Security and Cyber Resilience audit report is required to be submitted to the Exchange in digitally signed soft copy within the timelines indicated below. The said reports are to be sent as an attachment only to email ID: **infosec@ncdex.com**

Periodicity of Cyber Security and Cyber Resilience Audit	**Criteria**	**Type of Broker**	**Due Date for Submission of Reports**		
			Preliminary Audit & Executive Summary Report (Annexure – A & B)	**Action Taken Report, if applicable**	**Follow-on Audit Report, if applicable (Annexure – C)**
Half Yearly (October 2022 – March 2023)	All Members using ATF Facility	Type of Broker-III	June 30, 2023	September 30, 2023	December 31, 2023
Annually (April 2022 – March 2023)	Members using CTCL / IBT / STWT / Facility Members trading through Exchange provided Trader Work Station (TWS)	Type of Broker - I / II	June 30, 2023	September 30, 2023	December 31, 2023

Registered Office: 1st Floor, Akruti Corporate Park, Near G.E. Garden, LBS Road, Kanjurmarg West, Mumbai 400 078, India. CIN No. U51909MH2003PLC140116
Phone: +91-22-6640 6789, Fax +91-22-6640 6899, Website: www.ncdex.com

Preliminary audit will be conducted as per the Terms of reference (ToR) specified for all the members as given in **Annexure – A** (refer to circular no. – NCDEX/RISK-005/2023 dated April 03, 2023), the same is available in the downloads section on the Exchange website under Cyber security and Cyber Resilience Audit – Annexures April 2023.
https://ncdex.com/quick_links/download

For findings / observations during the preliminary audit, the auditor must also report such findings in 'EXECUTIVE SUMMARY REPORT' as per format given in **Annexure – B** highlighting the major findings of the preliminary audit. The same is available in the downloads section on the Exchange website under Cyber Security and Cyber Resilience Audit – Annexures May 2023
https://ncdex.com/quick_links/download

The audit report should be submitted to the Exchange with management comments on any noncompliance / non-conformities (NCs) and observations mentioned in the report and take corrective action for the observations made by the auditor on each non-compliance / non-conformities (NCs) and submit Action Taken Report (ATR), if applicable.

If Follow-on audit has been recommended by the auditor, the same may be carried out after taking necessary corrective actions. The Follow-on Audit Report is to be submitted as per **Annexure – C** to the Exchange. The same is available in the downloads section on the Exchange website under Cyber Security and Cyber Resilience Audit – Annexures May 2023.
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Auditor Selection Norms

1. The Auditor shall have minimum 3 years of experience in IT audit of securities market participants e.g. Exchanges, clearing corporations, depositories, stock brokers, depository participants etc. The audit experience should cover all the major areas mentioned under Terms of Reference (ToR) of the system audit or cyber security and cyber resilience audit specified by SEBI / stock exchange from time to time.

2. Resources employed for the purpose of audit shall have relevant industry recognized certifications e.g. CERT-In Empaneled Auditor, CISA (Certified Information System Auditor) from ISACA, CISM (Certified Information Security Manager) from ISACA, CISSP (Certified Information Systems Security Professional) from International Information Systems Security Certification Consortium, commonly known as (ISC2) & GSNA (GIAC System and Network Auditor).

3. The Auditor should have experience of IT audit / governance frameworks and processes conforming to industry leading practices like COBIT 5 / ISO 27001.

4. The Auditor shall not have any conflict of interest in conducting fair, objective and independent audit of the Member. Further, the directors / partners of Auditor firm shall not be related to any Member including its directors or promoters either directly or indirectly.

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5. The Auditor shall not have any cases pending against its previous audited companies / firms, which fall under SEBI"s jurisdiction, which point to its incompetence and/or unsuitability to perform the audit task.

6. Auditor has not conducted more than 3 successive Cyber Security and Cyber Resilience audits of the member. Follow-on audits conducted by the auditor shall not be considered in the successive audits.

The members are advised to submit the following documents in a digitally signed soft copy in PDF format to the Exchange:

- Cyber Security and Cyber Resilience Audit Report **(Annexure – A)** along with Executive summary **(Annexure – B).**
- Action Taken Report, if applicable.
- Follow-on report with management comments if applicable **(Annexure – C)**, as per the time line provided.

Non/late submission of Cyber Security and Cyber Resilience Audit Report shall attract penal charges as mentioned below:

- Penalty of Rs. 200/- per day on members failing to submit the said reports within 1 month from the end of due date of submission,
- Penalty of Rs. 500/- per day after 1 month but within 3 months from the end of the due date for submission and
- Disablement of trading facility across segments after giving 2 weeks' notice for non-submission within 3 months from the end of due date for submission.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Sanjay Jain
Senior Vice President & CISO – Enterprise Risk and Governance

For further information / clarifications, please contact

1. Customer Service Group on toll free number: 1800 26 62339
2. Customer Service Group by e-mail to : askus@ncdex.com

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