
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all the members of the Exchange

Circular No : NCDEX/COMPLIANCE-042/2025

Date : July 29, 2025

Subject : Reporting of critical non-compliances observed in the internal audit of Trading Members

This is with reference to SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, Exchange Circular No. NCDEX/COMPLIANCE-015/2016/238 dated September 27, 2016 and NCDEX/COMPLIANCE-016/2016/239 dated September 27, 2016, wherein additional requirements for internal audit, viz. appointment, rotation of internal auditors, formulation of objective sample criteria, monitoring of quality of internal audit reports, timelines for submissions of internal audit reports, etc. has been prescribed.

With an objective to further strengthen the internal audit process/mechanism and to initiate immediate actions in critical cases where the non-compliances pertaining to shortfall of client funds /shortfall in networth etc. are observed in the internal audit, the Internal auditor shall not wait till the submission of Internal Audit Report for reporting these non-compliances and shall report the critical non-compliances to the Exchange within 2 days from the date of finding of such non-compliance. Critical non-compliances for the purpose of reporting in terms of this circular are as under-

1. Shortfall of client funds / securities / commodities wherein such shortfall is not recouped.
2. Shortfall in networth / Incorrect reporting of net worth to the Exchange resulting in shortfall (below the minimum prescribed net worth) / Not meeting the minimum Net-worth criteria for providing Margin Trading Facility wherein such shortfall is not recouped.
3. Offering fixed/assured/periodic returns to client's / mobilizing deposits from investors.

The Internal Auditors shall report the aforesaid non-compliances observed during the internal audit of the Trading Member(s) by an email to the following email id – iar_submission@ncdex.com

Trading Members are advised to bring the contents of this circular to the notice of their Internal Auditors and ensure compliance to the above requirement.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Pranesh Shetty
Senior Vice President – Inspection & Enforcement

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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