
NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation

Circular No. : NCCL/Compliance- 010/2023

Date : October 25, 2023

Subject : Submission of Half Yearly Internal Audit Report by Clearing Members

This is with reference to NCCL Circular no. NCCL/COMPLIANCE-008/2023 dated September 27, 2023 wherein it was informed 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).

In partial modification to NCCL Circular no. NCCL/COMPLIANCE-008/2023, the Internal Audit Report shall be certified by auditors complying with the eligibility criteria as given in Annexure A for reference.

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

The submissions shall be made to the email ID inspection@nccl.co.in with the subject line as "Internal Audit Report- Name of the Clearing Member (Clearing Member Code) – September 2023.

Further, Internal Auditors are advised to take note of below while carrying out the Audit:

1. In cases where samples have been prescribed, auditors are required to procure the data from the clearing members. Auditors are advised to refer Annexure III carefully before initiating the audit. The samples for parameters/ criteria shall be as per the "Guidelines on sample selection" prescribed in Annexure III and the data required for the same may be sourced from the member.
2. For each "Not complied" observation, wherever applicable, the auditor shall mandatorily provide the "no. of instances verified" and "Amount/value involved where non-compliance is observed" while submitting the Report. Further, for each "Not Applicable" Points, appropriate justifying remarks are mandatory to be provided.
3. Internal auditors are required to give the details of the sample verified (sample date, shortlisted sample etc) wherever applicable. The formats for the same are given in Annexure IV
4. For the verification of the area "Bank Guarantee (BG) created Out of Client Funds", the Auditors are required to verify for the period between April 1, 2023 to September 30, 2023 whether all the BGs comply with SEBI circular dated April 25, 2023 and give the details of the BGs verified in the format as given in Annexure IV

5. The Internal Audit Certificate (Annexure I) should be digitally signed.

6. The Annexure II which is Format of Internal Audit Report shall be submitted in excel file and as a PDF document. The PDF document shall be digitally signed

The following annexures applicable for the internal audit report for the half year ended September 30, 2023 are available in the downloads section on the NCCL website, <https://www.nccl.co.in/useful-links/downloads> as "Internal audit Annexure for half year ended September 2023".

Members are required to send Annexure I, II and IV to the NCCL at inspection@nccl.co.in.

- Internal Audit Certificate - Annexure I
- Format of Internal Audit Report - Annexure II (Excel File-"IARNCLSEP23")
- Prescribed Sample Size- Annexure III
- Format for samples verified - Annexure IV

The penalties/disciplinary actions for late/non-submission of the Internal Audit Report shall be as per NCCL circular: NCCL/COMPLIANCE-008/2023 dated September 27, 2023. The penalties/disciplinary action for non-compliances reported in the Internal Audit Report shall be as prescribed by NCCL circular no.: NCCL/COMPLIANCE-007/2021 dated August 20, 2021 or any other relevant circular that may be issued by NCCL from time to time.

For and on behalf of
National Commodity Clearing Limited

Suresh Nair
Chief Compliance Officer and Head Legal

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@nccl.co.in