

# NSE Clearing Limited

**Circular**

DEPARTMENT: COMPLIANCE	
Download Ref No: NCL/CMPL/58437	Date: September 18, 2023
Circular Ref. No: 36/2023	

To All Clearing Members (Clearing for other Stock-Broker and/or Custodial Participants Code)

**Sub: 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 NSE Clearing Ltd. (NCL).

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 certified by auditors empanelled by National Stock Exchange of India Limited as prescribed in the circular no. NSE/INSP/56678 dated May 11, 2023 and as updated from time to time.

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 Clearing Corporation for half year ending 30th September within the due date	<ol style="list-style-type: none"> <li>1. For 1st week after due date, Charges of Rs. 2,500/- per day</li> <li>2. Charges of Rs. 5,000/- per day from second week after due date</li> <li>3. In case of non-submission within three weeks from the due date of submission, New TM/CP registration for clearing to be prohibited and notice of 7 days for disablement of clearing facility till submission of data/report. The disablement notice issued to the member shall be shared with all the CCs for information.</li> <li>4. In case of non-submission within four weeks from the due date of submission, member shall be disabled in all segments till submission of data/report.</li> </ol>

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Details of Violation	Penalty/disciplinary actions
	<p><b>Penalty for Repeat Violation</b></p> <p>In case of a repeat instance by the Member, levy of applicable monetary penalty along with an escalation of 50%.</p> <p>In case of non-submission within three weeks from the due date of submission, New TM/CP registration for clearing to be prohibited and notice of 7 days for disablement of clearing facility till submission of data/report.</p> <p>The disablement notice issued to the member shall be shared with all the CCs for information. In case of non-submission within four weeks from the due date of submission, Member shall be disabled in all segments till submission of data/report.</p>

The penalties/disciplinary action for non-compliances reported in the Internal Audit Report shall be as prescribed by NCL circular no. NCL/CMPL/49286 dated August 13, 2021 or any other relevant circular that may be issued by NCL from time to time.

**For and on behalf of  
NSE Clearing Limited**

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Head-Compliance

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