National Stock Exchange of India

Circular

Department: Compliance	
Download Ref No: NSE/COMP/57360	Date: June 30, 2023
Circular Ref. No: 48/2023	

To All Members,

Sub: Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries

This is further to the Exchange Circulars NSE/COMP/40174 dated February 07, 2019 and NSE/COMP/55067 dated December 30, 2022 regarding the reporting of Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by market intermediaries, within 15 calendar days of the expiry of the quarter.

The submission of AI-ML details is mandatory for all active Members of the Exchange (i.e. those who have executed even a single trade during the quarter i.e. from April 01, 2023 to June 30, 2023) irrespective of whether they are using AI-ML systems or not. The members who are not using AI-ML systems are also required to report NIL submission.

Kindly note, submission of AI-ML reporting should be done through the ENIT module. The URL for accessing ENIT portal is https://enit.nseindia.com/MemberPortal/

Members are hereby informed and advised to submit the report for the quarter end June 30, 2023 through **NEW ENIT > COMPLIANCE > 'ML and AI' > ML and AI Details**. The ENIT link for submission shall remain active **from July 01, 2023 till July 15, 2023**. The user manual for submission of AI-ML data or NIL reporting is as attached in Annexure I.

Failure to report AI-ML details within the prescribed timeline, would be treated as non-compliance and attract a penalty of Rs. 10,000/- each quarter in accordance with circular ref. no. NSE/INSP/53530 dated September 02, 2022.

National Stock Exchange of India

Circular

All members are advised to ensure submission on or before July 15, 2023.

For any support, please reach out to the helpdesk on 1800 266 0050 (Select IVR option 3) or email at memcompliance_support@nse.co.in.

For and on behalf of
National Stock Exchange of India Limited

Swati Sopare
Chief Manager

ANNEXURE I

USER MANUAL FOR ELECTRONIC REPORTING FOR ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML) APPLICATIONS AND SYSTEMS OFFERED AND USED BY MEMBERS (Electronic NSE interface for Trading Members)

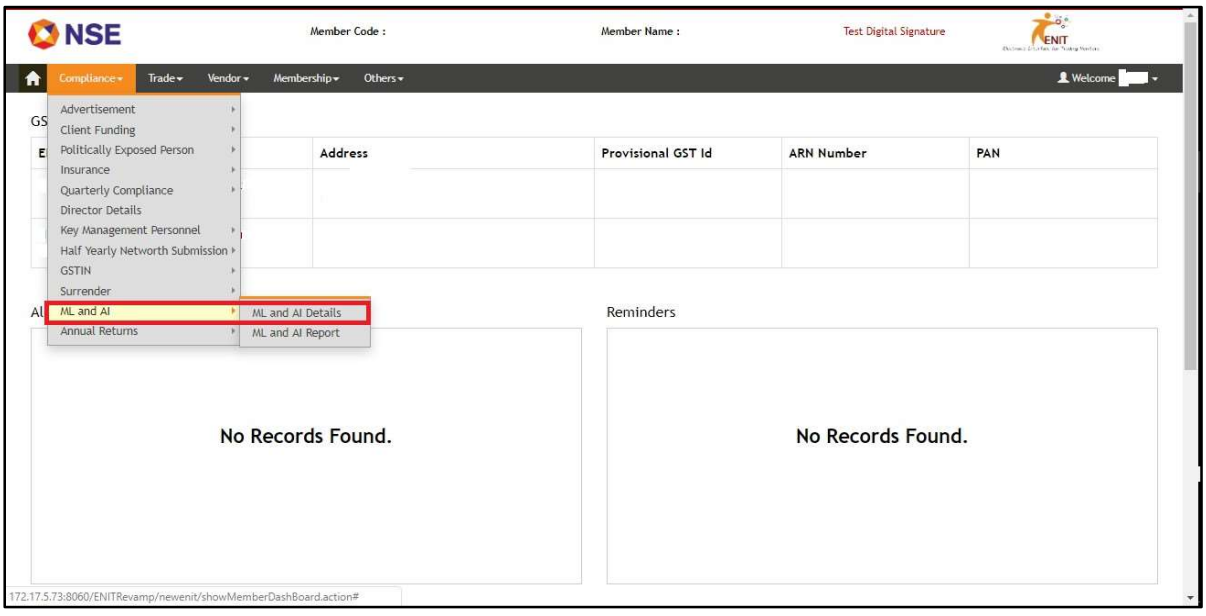
1.1 Quarterly Compliance for ML and AI

Trading members need to do the Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems offered and used by them for every quarter. Using this module, user can submit the details.

1.1.1 ML and AI

[A] Open 'ML and AI' screen:

1. Login with correct member credentials.
2. Click on 'Compliance'.
3. Go to 'ML and AI'.
4. Select 'ML and AI details' & click on it.

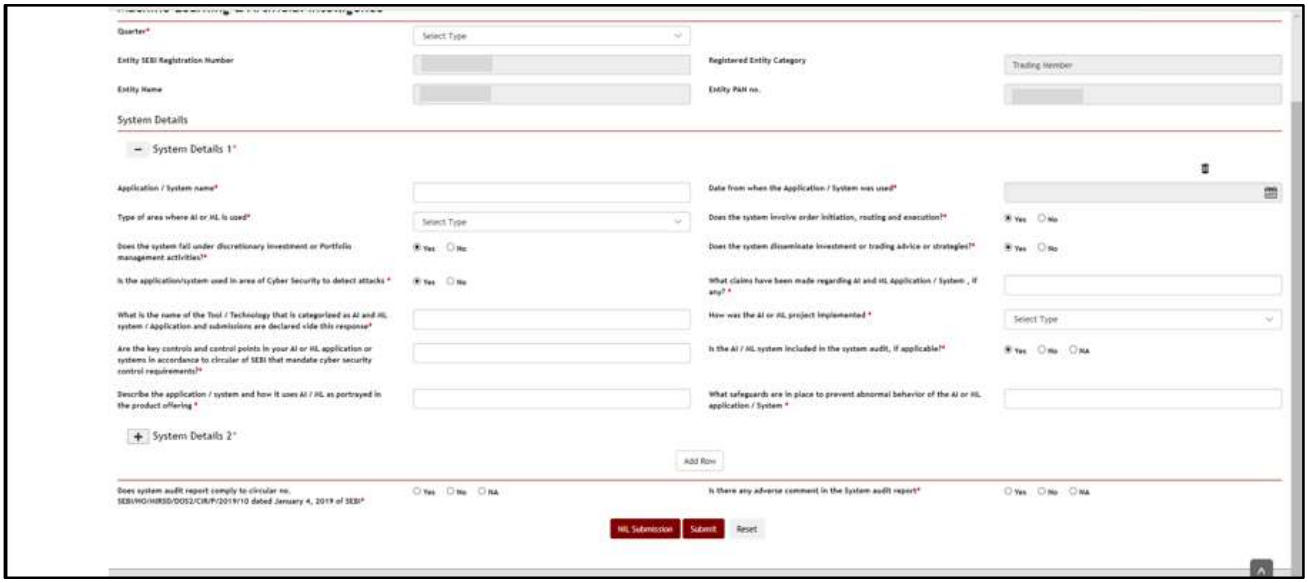


Below screen will open & user has to fill all editable fields. This form will contain dropdowns, texts and fields to be filled.

'Name of Trading Member, SEBI Reg. No., PAN No. and Registered Entity Category' are the auto populated fields which are disabled.

'Quarter' represents the applicable quarter period for which the Member needs to submit the details. The quarter period changes as per the applicable quarter.

Below 'Quarter', the **Member details** also get changed as per the login credentials.

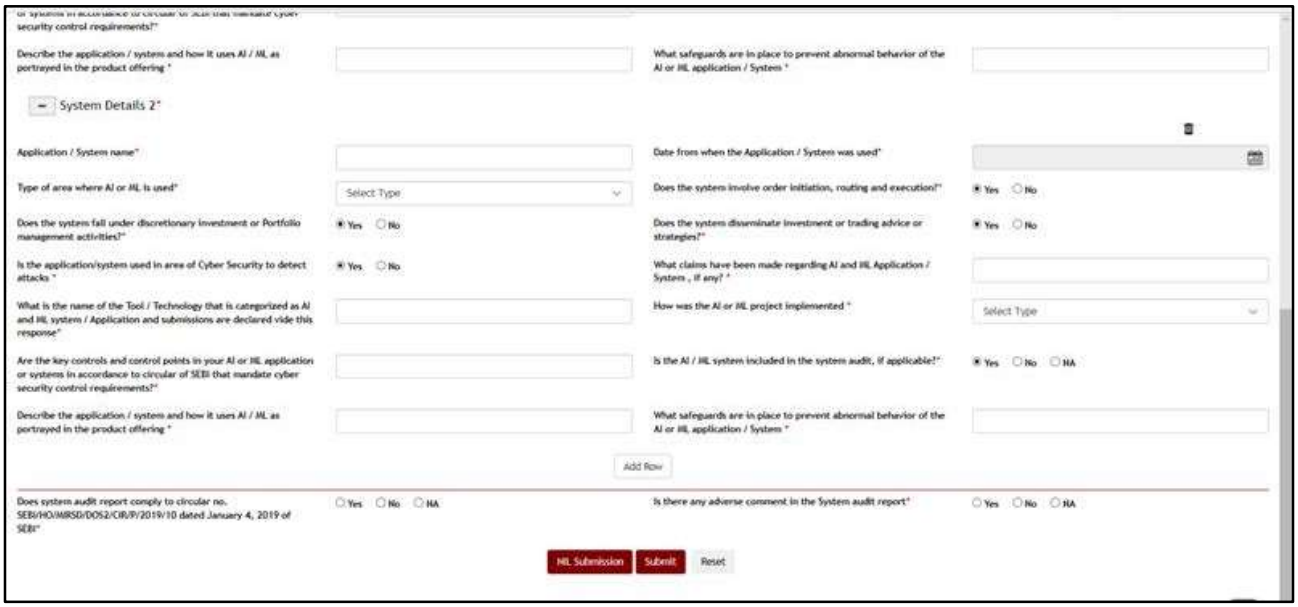


In this form, Name of Trading Member, SEBI Reg. No., PAN No. and Registered Entity Category are the auto populated fields which are disabled.

User needs to fill/select other details as required in the form under 'System Details 1'.

In case user wants to report more than one such AI-ML system, user needs to click on 'Add Row' button and a new 'System Details 2' will be available to fill the details. Similarly, user can create as many 'System Details' as he wants – by clicking on 'Add Row' button.

User is required to suitably select the option for last two questions which are common to all the systems

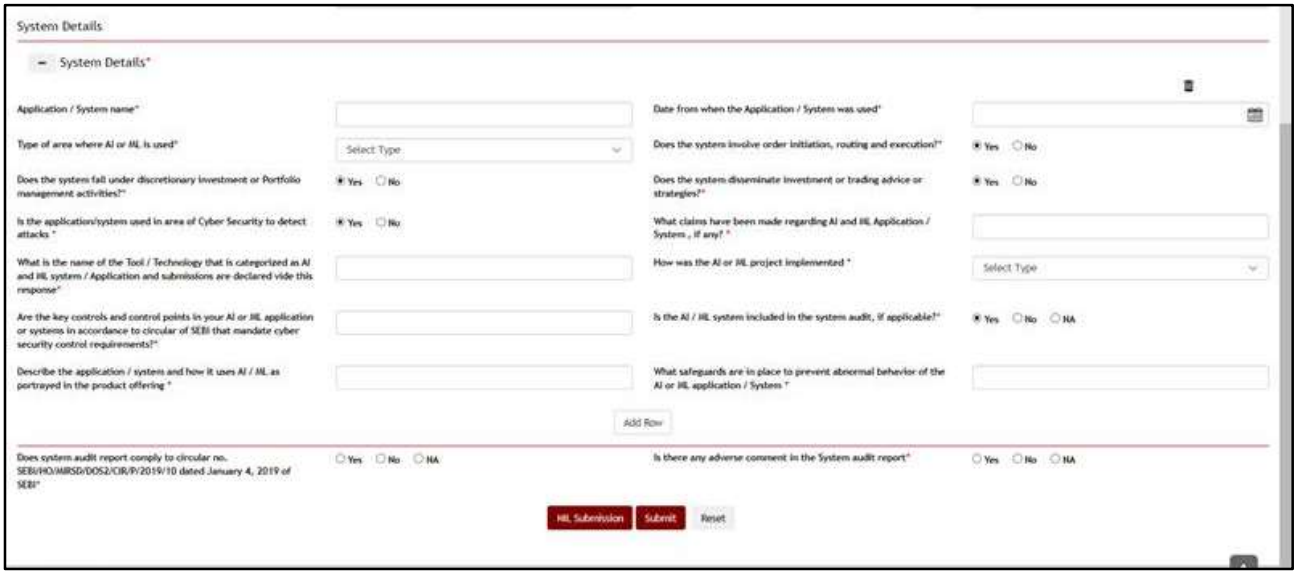


Same are as below:

Does system audit report comply to circular no. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019 of SEBI* Yes/No/NA

Is there any adverse comment in the System audit report* Yes/No/NA

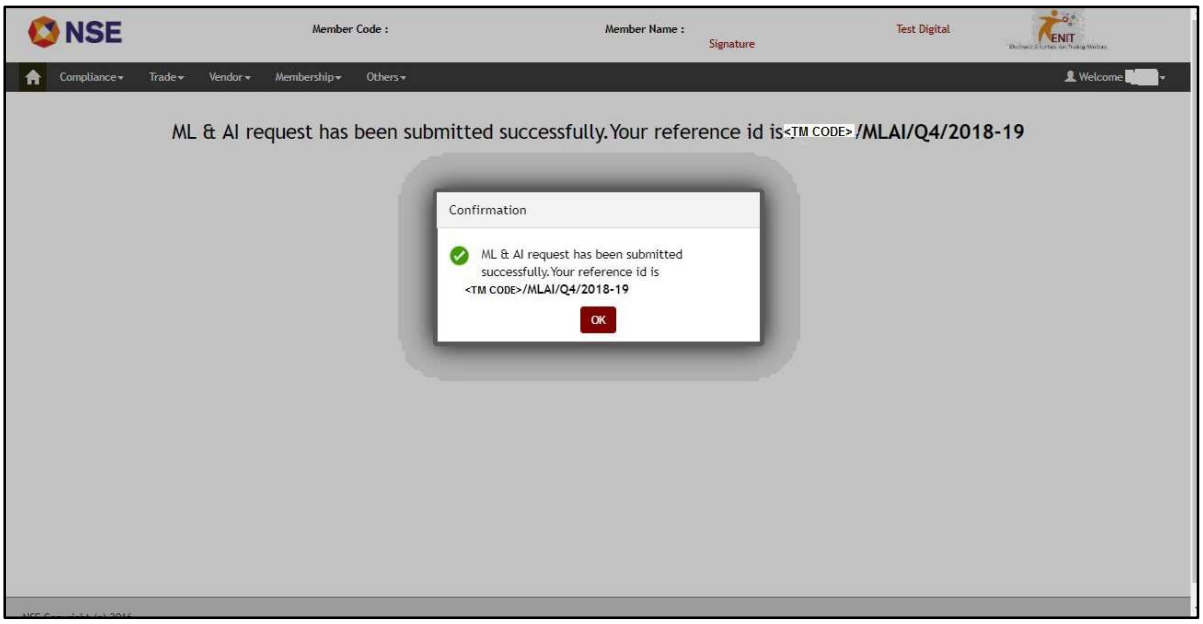
If AI-ML systems are not used by members and user wants to report accordingly, user needs to click on NIL submission



[B] Submitting the details:

1. Once user has finished filling the details and clicked on Submit OR
2. User has clicked on NIL submission

The successful alert is seen when user submits the details successfully. It will also generate a Reference No. as follow:


NSE
Member Code :
Member Name :
Signature
Test Digital
Compliance
Trade
Vendor
Membership
Others
Welcome
ML & AI request has been submitted successfully. Your reference id is <TM CODE>/MLAI/Q4/2018-19
Confirmation
ML & AI request has been submitted successfully. Your reference id is
<TM CODE>/MLAI/Q4/2018-19
OK