

National Stock Exchange of India Limited

Circular

DEPARTMENT: INSPECTION	
Download Ref No: NSE/INSP/51110	Date: January 24, 2022
Circular Ref. No: 08/2022	

To All Trading Members,

Sub: Penalty Structure related to Internal Audit of Trading Members

Members' attention is drawn to Exchange circular ref. No: NSE/INSP/39094 dated October 10, 2018, wherein the penalty structure for non-compliances observed in the internal audit reports has been prescribed.

In order to ensure that the penalties/disciplinary actions for non-compliances observed during the internal audit of the members are in accordance with the principle of 'proportionality', the existing penalty structure has been reviewed and harmonized as per the penalty framework applicable in respect of inspections carried out by the Exchange. The penalties shall be charged to the members based on the materiality of non-compliance reported, which may include factors such as the number of instances, repeated violations, and shall be governed by the Exchange circular ref. No. NSE/INSP/47457 dated February 25, 2021, and other relevant circulars that may be issued by the Exchange from time to time.

It is clarified that the revised penalty structure for non-compliances observed in the internal audit reports shall be applicable in respect of the submissions made to the Exchange for the half-year ended March 31, 2022 and onwards.

Auditors are requested to mandatorily adhere to the sample selection guidelines issued by the Exchange specified from time to time. All working papers and records with respect to the audit should be retained by the Auditors for verification by the Exchange as and when required.

It may be noted that the penalties/ disciplinary action(s)/charges are indicative in nature. The relevant authority of the Exchange, on case-to-case basis and based on the gravity of the violations, shall deal with such non-compliances after following the due process.

All members are hereby advised to take note of the above and bring the provisions of this circular to the notice of the internal auditors.

National Stock Exchange of India Limited

**For and on behalf of
National Stock Exchange of India Limited**

**Harinatha Reddy M
Senior Manager - Inspection**

In case of any clarifications, Members may contact our below offices:

Regional Office	CONTACT NO.	E MAIL ID
Ahmedabad (ARO)	079-49008632	inspectionahm@nse.co.in
Chennai (CRO)	044- 66309915/17	inspection_cro@nse.co.in
Delhi (DRO)	011-23459127 / 38 / 46	delhi_inspection@nse.co.in
Kolkata (KRO)	033-40400411 / 405	inspection_kolkata@nse.co.in
Mumbai (WRO)	Board Line : 022-25045000 / 022-61928200 Direct Line : 022 2504 5138/022 25045144 Extn: 28144/28138	compliance_wro@nse.co.in
Central Help Desk	compliance_assistance@nse.co.in	