



NOTICE

Notice No.	20260417-24
Notice Date	17 Apr 2026
Category	Compliance
Segment	General
Department	DOSS
Subject	Submission of Internal Audit Report for half year ended March 31, 2026 through BEFS (BSE Electronic Filing System)
Attachments	Annexure_I ; Annexure_II ; Annexure_III ; Annexure_III A ; Annexure_IV ; Annexure_V ; Annexure_VI ; Annexure_VII ; Annexure_VIII

This is in continuation to the Exchange notice no. 20260407-22 dated April 7, 2026 on the requirement to submit Internal Audit for the half year ended March 31, 2026 through the BEFS (BSE Electronic Filing System) member portal.

Internal Auditors are once again advised to take note of below changes while carrying out the Audit:

- I. There are certain changes in the sampling criterion and methodology for sample selection compared to previous half year submission. Auditors are advised to refer to Annexure III and Annexure III A carefully before initiating the audit.
- II. For each “Not complied” observation, wherever applicable the auditor shall mandatorily provide the “No. of instances verified”, “No. of instances where non-compliance is observed” and “Amount/value involved where non-compliance is observed” while submitting the Audit report.
- III. In case SEBI has conducted inspection of the Member and issued Letter prescribing corrective measures to the Member through the Exchange, the internal auditor shall verify whether the member has submitted during half year ended March 31, 2026, the "Compliance Status Report on the Corrective Actions Taken" to the Exchange in the format as prescribed in Exchange Notice No. 20250625-1 dated 25 Jun 2025. The Internal Auditor shall verify the veracity of the said Compliance Status Report and submit the certificate in the format prescribed as Annexure VI. The internal auditor is required to submit Annexure VI to the email id -enforcement@bseindia.com. The Internal Audit Report shall be considered complete only after submission of Annexure VI, if applicable.
- IV. In cases where Exchange has issued action letters during the half year period i.e., April 2025 to September 2025 for material non-compliances observed in the inspections(s), then internal auditor shall select the samples prescribed in Annexure III A for these material non-compliances.
- V. With effect from half year ended March 31, 2026, the following information that was previously required to be submitted by the member in Risk Based Supervision shall be now submitted in the Internal Audit Report by the internal auditor -
 - a. Whether there are any subsidiaries/ branches/representative offices in other countries and whether regulatory approval taken for the same?
 - b. Number of instances of non-compliances and amount of penalties levied by SEBI on the Member during assessment period with regard to fraud instances by the Member – Nature of the frauds, amount involved, whether involving client assets or Member’s own assets, whether actions taken against employees, APs etc. w.r.t Broking Operation
 - c. Details of inspection undertaken by SEBI during the assessment period, details of adverse observations and penalties/regulatory action, if any, w.r.t. Broking Operations.

Members may note that the Internal Audit Report for the half year ended March 31, 2026, is to be submitted on or before May 31, 2026, in electronic form only through BEFS (BSE Electronic Filing System)

Please find enclosed herewith the following Annexures applicable for the Internal Audit report for half year ended March 31, 2026.

- Internal Audit Certificate – **Annexure I**
- Format for Internal Audit Report (Including for QSBs) – **Annexure II**
- Guidelines on Sample selection & other points to be noted – **Annexure III**

- Guidelines on sample selection where material non-compliances are observed in the action letters issued for inspections- **Annexure III A**
- List of Indicative Processes & references of SEBI/Exchange circulars – **Annexure IV**
- Procedure for empanelment for the auditors for conducting the internal audit of trading members – **Annexure V**
- Format for reporting compliance of corrective actions -**Annexure VI**
- User Manual for Auditors- **Annexure VII**
- User Manual for Member- **Annexure VIII**

As prescribed vide Exchange Notice No. 20250722-16 dated 22 Jul 2025, the internal auditors shall report the critical non-compliances viz; shortfall of client funds/networth wherein such shortfalls are not recouped and offering fixed/assured/periodic returns to clients / mobilizing deposits from investors within 2 days from the date of finding of such non-compliance to the email id - bse.reports@bseindia.com.

The action for late/non-submission of the Internal Audit Report and/or non-compliances observed in the Internal Audit Report which are not closed within 2 months or Action Taken Report is not submitted within the due date applicable for ATR submission, shall be applicable as per the Exchange notice no. 20251010-20 dated 10 Oct 2025, or any other relevant circular that may be issued by the Exchange from time to time.

Further in cases where critical non-compliances viz; shortfall of client funds/networth wherein such shortfalls are not recouped and offering fixed/assured/periodic returns to clients / mobilizing deposits are reported in the internal audit report, immediate action shall be taken in accordance with Exchange Notice No. 20251010-20 dated 10 Oct 2025 without waiting for submission of Action Taken Report.

Members' attention is drawn to Exchange notice no. 20220623-52 dated June 23, 2022, wherein it has been stated that the members shall submit an undertaking to the Exchange on a half yearly basis, along with the Internal Audit Report confirming that the penalty levied by clearing corporations on account of "short/non-collection of upfront margins from clients" is not being passed on to respective clients under any circumstances. Accordingly, the facility to submit the said undertaking has been provided while entering the Auditor Details under the Internal Audit Report link on BEFS. The undertaking submitted by the member shall be digitally signed by the designated partner or designated director of the partnership firm/company as applicable. Member shall not be able to submit the Auditor details on BEFS unless the said undertaking is duly submitted on the BEFS.

As per Exchange notice no. 20191004-46 dated October 04, 2019, all Internal Audit Certificate shall mandatorily contain Unique Document Identification Number (UDIN).

The quality of internal audit reports received from members shall be monitored by the Exchange and appropriate action shall be taken if the reports do not meet the minimum expected quality levels. In case where the internal audit report submitted is incomplete or not as per the prescribed guidelines like sample size is not given, only audit certificate is submitted without the report or management comments not given etc., the same would be treated as non-submission of the internal audit report. Stock-brokers are strictly advised to submit the internal audit report in the format prescribed by the Exchange.

Auditors are requested to mandatorily adhere to the sample selection guidelines specified therein (Annexure-III) or (Annexure-IIIA) and to mention the sample size selected, along with details of the instances of non-compliance (if any) against each of the checklist point. All working papers and records with respect to the audit must be retained by the auditors for verification by the Exchange as and when required.



It may be noted that the submission of the Internal Audit Report shall be considered complete only after the Member submits the report to the Exchange and receives an acknowledgment email. Saved reports/reports submitted by the auditor will not be considered as final submission to the Exchange.

In case of any queries/clarifications, you may reach us on the following contact details.

Purpose	Contact Nos.	Email ID
IAR Process related	022-45720640/440	bse.reports@bseindia.com
IAR Technical queries	30594000	bsehelp@bseindia.com
IAR XBRL related issues	18002330445	bse.auditreport@bseindia.com

For and on behalf of BSE Ltd.

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