

NOTICE

Notice No.	20261001-37
Notice Date	01 Oct 2026
Category	Compliance
Segment	General
Department	DOSS
Subject	Submission of Internal Audit Report for the Half Year Ended September 30, 2026
Attachments	Annexure_I ; Annexure_II ; Annexure_III ; Annexure_IIIA ; Annexure_IV ; Annexure_V ; Annexure_VI

All Trading Members are required to carry out Internal Audit for the Half Year Ended September 30, 2026, and submit the report electronically through the BEFS (BSE Electronic Filing System) member portal. The due date to submit the Internal Audit Report (IAR) is within two months from the end of the half year, i.e., for the half year ended September 30, 2026, the due date is **November 30, 2026**. The action for late/non-submission shall be applicable as per the Exchange Notice No 20260417-45 dated April 17, 2026

Members' attention is drawn to the Exchange Notice No. 20231215-55 dated December 15, 2023, and Exchange Notice No. 20240304-60 dated March 04, 2024, on "Framework for Empanelment of Auditors for conducting Internal Audit of Trading Members". As mentioned in these Notices, the Exchange shall accept the IAR certified by empanelled auditor only. The detailed procedure for empanelment of auditors has been prescribed in these Notices.

Members shall ensure to comply with the SEBI Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, with respect to Appointment and Rotation of Internal auditors.

As per the clause 4.2 of the aforementioned circular, an Individual auditor that has completed one term of five consecutive years and audit firm that has completed two terms of five consecutive years shall not be eligible for re-appointment as internal auditor for the same trading member for five years from the completion of such terms.

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

- I. For sampling criterion and methodology for sample selection, the auditors are advised to refer to Annexure III and Annexure III A carefully before initiating the audit.
- II. In cases where the Exchange has issued action letters during the half year period i.e., October 2025 to March 2026 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.
- III. 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 Internal Audit Report.
- IV. In case SEBI has conducted an 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 September 30, 2026, the "Compliance Status Report on the Corrective Actions Taken" to the Exchange in the format as prescribed in the Exchange Notice No. 20250625-1 dated June 25, 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.

Please find enclosed herewith the following Annexures applicable for the Internal Audit report for half year ended September 30, 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

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/net worth 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. 20260417-45 dated April 17, 2026, 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/net worth 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. 20260417-45 dated April 17, 2026, 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 IAR 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 IAR. Stock-brokers are strictly advised to submit the IAR in the format prescribed by the Exchange.

Auditors are requested to mandatorily adhere to the sample selection guidelines specified therein (Annexure-III) or (Annexure-III A) 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.

Please be informed that a separate notice shall be issued shortly regarding availability of BEFS for submission of Internal Audit Report for half year ended September 30, 2026.

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	93167 49660	bse.auditreport@bseindia.com

For and on behalf of BSE Ltd.

Kaustubh Mundada

Assistant Vice President

Member Oversight

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Manager

Member Oversight