

NSE Clearing Limited

Circular

Department: Compliance	
Download Ref No: NCL/CMPL/77036	Date: October 21, 2026
Circular Ref. No: 33/2026	

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 for half year ended September 30, 2026

This is further to NCL circular no. NCL/CMPL/61288 dated March 22, 2024, NCL circular no. NCL/CMPL/61662 dated April 22, 2024, NCL circular no. NCL/CMPL/64520 dated October 11, 2024, NCL circular no. NCL/CMPL/67482 dated April 07, 2025, NCL/CMPL/68213 dated May 27, 2025, NCL/CMPL/70689 dated October 07, 2025, NCL/CMPL/73739 dated April 13, 2026, NCL/CMPL/74723 dated June 15, 2026 and NCL/CMPL/75260 dated July 17, 2026 wherein all Clearing Members are required to carry out and complete Internal Audit for the half year ended September 30, 2026. The due date to submit the Internal Audit Report 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.

Clearing members undertaking clearing activities for atleast one trade during the period from April 01, 2026 to September 30, 2026 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 through the portal of NCL <https://ims.connect2nsccl.com/NCLMemberPortal/>, in the prescribed format and comply with the regulatory requirements to avoid any penalties/disciplinary actions for late/non-submission of the Internal Audit Report. Detailed manual for submission of Internal Audit Report - Annexure A and B.

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

1. In cases where samples have been prescribed, auditors are required to procure the data from the clearing members. Auditors are advised to refer Annexure III carefully before initiating the audit. The samples for parameters/ criteria shall be as per the "Guidelines on sample selection" prescribed in Annexure III and the data required for the same may be sourced from the member.

2. For each “Not complied” observation, wherever applicable, the auditor shall mandatorily provide the “no. of instances verified” and “Amount/value involved where noncompliance is observed” while submitting the Report. Further, for each “Not Applicable” Points, appropriate justifying remarks are mandatory to be provided.

3. Internal auditors are required to give the details of the sample verified (sample date, shortlisted sample etc) wherever applicable. The formats for the same are given in Annexure V.

4. The Internal Audit Certificate (Annexure I) should be digitally signed by the auditor.

5. The Annexure II shall be submitted in excel file and as a PDF document. The PDF version of Annexure II shall be digitally signed by both the auditor and the clearing member along with management comments of the clearing member.

6. Auditors are also required to provide the compliance status of observations of previous inspections/internal audit and provide the details of last observations in case of repeat violation at Point No. K of the internal audit checklist.

Please find enclosed the following Annexures applicable for the Internal Audit Report for half year ended September 30, 2026:

- Internal Audit Certificate - Annexure I
- Annexure II (Excel File-"IARNCLSEP26")
- Guidelines on sample selection & other points to be noted- Annexure III
- List of indicative SEBI/NCL/NSE circulars-Annexure IV
- List of samples verified - Annexure V

7. Please note that the internal audit report with complete annexures shall be treated as valid submission to NCL.

Further, as advised by SEBI and to enhance the ease of doing compliance and reduce operational difficulties faced by Members/Audit Firms, it has been decided that the auditors empanelled with any of the Exchange(s), shall be eligible to conduct internal audit of the Clearing Members of any of the Clearing Corporations.

The penalties/disciplinary actions for late/non-submission of the Internal Audit Report shall be as per NCL/CMPL/ 58437 dated September 18, 2023. The penalties/disciplinary action for non compliances reported in the Internal Audit Report shall be as prescribed by NCL/CMPL/ 59930 dated December 26, 2023 or any other relevant circular that may be issued by NCL from time to time.

The clearing members are required to close all non-compliances reported in the internal audit report within 2 months from the end of due date of submission of Internal Audit Report i.e. January 31, 2027. In case the observations are not closed in the Action Taken Report or Action Taken Report has not been submitted within the due

date, prescribed enforcement actions shall be initiated in accordance with NCL/CMPL/59930 dated December 26, 2023 or such other penalty circulars issued by NCL from time to time. Further in cases where critical non-compliances are observed indicating misutilisation of client collaterals, net worth related observation or any other non-compliances as deemed critical, immediate action shall be taken in accordance with NCL/CMPL/59930 dated December 26, 2023, (or such other penalty circulars issued by NCL from time to time) without waiting for submission of Action Taken Report.

Appointment and Rotation of Internal auditors

Members shall comply with the provisions pertaining to appointment and rotation of Internal auditors as prescribed by SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016.

The relevant provisions of clause 4.2. of the said SEBI circular dated September 26, 2016 is reproduced below:

“4.2. Appointment and Rotation of Internal auditors

4.2.1. Stock Exchanges shall ensure that;

4.2.1.1. Stock Broker obtains from the internal auditor the following details and shares the same with the Stock Exchange:

a. Declaration stating that the internal auditor or its directors/partners have no interest in or relation with the stock broker concerned other than the proposed internal audit assignment, and

b. Details of the internal auditor viz., Name, Address, PAN, Designation of Auditor, Name & Address of the Audit Firm, registration number of the Auditor and the Audit firm, any regulatory action taken against internal auditor/partner/director, if any, etc.

4.2.1.2. No stock broker shall appoint or re-appoint—

a) an individual as internal auditor for more than one term of five consecutive years; and

b) an audit firm as internal auditor for more than two terms of five consecutive years:

Provided that—

4.2.1.3. An individual internal auditor who has completed his term under clause 4.2.1.2 (a) above shall not be eligible for re-appointment as internal auditor for the same stock broker for five years from the completion of his term;

4.2.1.4. An audit firm which has completed its term under clause 4.2.1.2 (b) above, shall not be eligible for re-appointment as internal auditor for the same stock broker for five years from the completion of such term;

Provided further that as on the date of appointment no audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a stock broker immediately preceding the financial year, shall be appointed as internal auditor for the same stock broker for a period of five years”

For and on behalf of

NSE Clearing Limited

Shivani Dalvi
Associate Vice President

In case of any clarifications, Members/Internal Auditors may contact on below:

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