National Securities Depository Ltd.

Participant Interface
Circular

Circular No.: NSDL/POLICY/2013/0068 Date: May 7, 2013

Subject: Internal and Concurrent Audit for depository operations.

Participants are aware that as per Bye Law 10.3, each Participant is required to have its depository operations audited by a qualified Chartered Accountant or a Company Secretary or a Cost and Management Accountant holding a Certificate of Practice. Such audit should be conducted at least twice a year and a copy of the report should be submitted to NSDL.

Participants are advised to refer to Circular No. NSDL/POLICY/2012/0047 dated April 19, 2012 in which guidelines related to scope of the audit and format of the audit report were provided. The audit report format has been modified and enclosed as Annexure 1 in track change mode and as Annexure 2 (without highlighting the changes). The broad objectives / guidelines for the internal / concurrent audit remain unchanged and are enclosed as Annexure 3. Participants are advised to take note of the following:

1. Audit should cover all facets of the depository operations. Auditor may expand the scope of audit / add more audit points to achieve the objectives as enclosed herewith. Participants are advised to extend full co-operation to their auditors to enable them to perform an effective audit. All circulars / guidelines issued by NSDL / SEBI from time to time and other information / records desired by the auditors should be made available to them within a reasonable time.

2. Participants should forward the audit report as per schedule given below to NSDL -

Audit Period	**Due date for submission of report to NSDL**
April 1 to September 30	November 15
October 1 to March 31	May 15

3. The Participants which remain operational for less than three months in an audit period can submit audit report for that audit period along with the audit report for next audit period. For example, if a Participant is made operational by NSDL on January 1, 2013, then it can submit first audit report for period January 1, 2013 – September 30, 2013.

4. Concurrent audit should be done by the next working day. If audit cannot be completed by next working day due to large volume, it must be completed within a week.

5. Participants may appoint same auditor for concurrent and internal audit. If both audits are done by same auditor, then a consolidated report must be submitted instead of two separate reports. If two audits are being done by different auditor, then two separate reports must be submitted.

6. Participants are advised to note that the guidelines provided in this circular are applicable for audit period April 1, 2013 to September 30, 2013 and onwards.

7. Participants are hereby informed that internal and/or concurrent audit reports which are not as per guidelines will be treated as non submission of the report. NSDL reserves the right to advise a Participant to change its auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

8. The auditors may visit service centers (on sample basis) to check whether proper procedures are being followed at such centers.

9. As per SEBI notification on NISM-series-VI Depository operations Certification Examination dated March 29, 2011, the associated persons engaged or employed by a registered depository participant in internal control or risk management shall have certification from the National Institute of Securities Markets (NISM) by passing the NISM-Series-VI; Depository Operations Certification Examination (DOCE). Accordingly, Participant must ensure that the auditors engaged by them for internal / concurrent audit obtain certification under NISM-Series-VI: DOCE.

For and on behalf of
National Securities Depository Limited

Samar Banwat
Senior Vice President

Encl: a/a

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	By email at dp_igreport@nsdl.co.in. Alternatively, by hard copy to the Investor Relationship Cell.	1. Circular No. NSDL/PI/98/500 dated October 6, 1998 2. Circular No. NSDL/PI/2004/1688 dated September 16, 2004
Internal/ Concurrent Audit Report (October - March)	May 15th every year	Digitally signed report by email at nsdl-bp-inspection@nsdl.co.in. Alternatively, by hard copy to Inspection Department.	Circular No. NSDL/ NSDL/POLICY/2012/0047 dated April 19, 2012 and Circular No. NSDL/POLICY/2010/0017 dated February 22, 2010.

Signature Not Verified

Digitally signed by BANWAT SAMAR
Date: 2013.05.07 17:33:53 +05:30
Reason: Authentication
Location: NSDL, Mumbai