Circular No.: NSDL/POLICY/2014/0101 Date: September 19, 2014

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 twice a year and a copy of the report should be submitted to NSDL.

Attention of Participants is invited to Circular No. NSDL/POLICY/2013/0097 dated July 30, 2013 and NSDL/POLICY/2014/0063 dated May 16, 2014 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 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 enclosed as Annexure 3. 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, 2014, then it can submit first audit report for period January 1, 2014 – September 30, 2014.

4. Audit work for areas which are covered under the scope of concurrent audit should be completed by 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 both audits are being done by different auditors, then two separate reports must be submitted.

6. **Participants are advised to note that the audit report format provided in this circular is applicable for audit period April 1, 2014 to September 30, 2014 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. The auditor should obtain certification from the National Institute of Securities Markets (NISM) by passing the NISM-Series-VI: Depository Operations Certification Examination DOCE). Alternatively, eligible auditors may undergo Continuing Professional Education (CPE) program for depository operations (details available on www.nism.ac.in).

10. Participants can submit internal/concurrent audit report in electronic form subject to the conditions mentioned in circular NSDL/POLICY/2010/0017 dated February 22, 2010.

For and on behalf of
National Securities Depository Limited

Samar Banwat
Senior Vice President

Enclosed: Five

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.
Networth Certificate and Audited Financial Statements	September 30th every year.	By hard copy to Participant Interface Department.	Circular No. NSDL/PI/98/414 dated September 1, 1998.