| Cover page | |
|---|---|
| **Internal / Concurrent Audit Report for Depository Operations** | |
| **Type of Audit Report** | □ Internal Audit Report (IAR) □ Concurrent Audit Report (CAR) □ Combined IAR and CAR |
| | |
| **Name of the auditee** | |
| | |
| **DP ID(s)** | INXXXXXX |
| | INXXXXXX |
| | |
| **SEBI Registration Number** | |
| | |
| **Audit period** | **From DD-MMM-YYYY to DD-MMM-YYYY** |
| | |
| **Name of the auditor** | |
| | |
| **Membership no. of the auditor** | |
| | |
| **NISM – DOCE / CPE Certificate no. [*of any one person conducting the internal and/or concurrent audit*]** | |
| | |
| **Date till which certificate is valid** | **DD-MMM-YYYY** |
| | |
| **Name of the audit firm** | |
| | |
| **Full postal address of the audit firm** | |

| | |
|---|---|
| | |
| **Contact number along with STD code / mobile number of auditor** | |
| | |
| **email ID of auditor** | |
| | |

I / We hereby declare that Circular no. NSDL/Policy/2015/00~~25~~87 dated ~~February 23, 2015~~ October 1, 2015 was read and understood by me / us and this report is based on the guidelines given in this Circular. I / We hereby further declare that I / we have no conflict of interest with the Participant.

| | |
|---|---|
| **Signature of the auditor** | |
| **Stamp of the auditor / audit firm** | |
| **Date** | **DD-MMM-YYYY** |

If auditor is submitting digitally signed audit report then the holder of the digital signature certificate should give following declaration:

"I hereby declare that digital signature certificate being used by me for signing this document is a valid digital signature certificate on this date in terms of provisions of Information Technology Act, 2000 and rules framed thereunder and that it has not been revoked by the issuing authority till this date."

**Activity wise sampling details**

| Sr. No. | Area | Count for the audit period (total number of accounts opened, demat request processed, etc.) | No. of samples checked | Percentage of samples checked |
|---|---|---|---|---|
| 1 | Account Opening (100%) | | | |
| 2 | Demat requests / Conversion request | | | |
| 3 | Remat requests / Reconversion request / Redemption request | | | |
| 4 | DIS book issuance (100%) | | | |

| | | | | |
|---|---|---|---|---|
| 5 | DIS execution (atleast 25%) | | | |
| 6 | Pledge / hypothecation instructions | | | |
| 7 | Client data modifications | | | |
| 8 | Modification in the name of client pursuant to error made by Participant(100%) | | | |
| ~~8~~9 | Power of Attorney modifications (100%) | | | |
| ~~9~~10 | Account Closure requests<br>- Initiated by Participant (100%) | | | |
| | - Initiated by client | | | |
| ~~10~~11 | Transmission (100%) | | | |
| ~~11~~12 | Investor grievances received by Participant (100%) | | | |
| ~~12~~13 | Providing statement of accounts to clearing member ~~clients~~ (100% process level) (For count / samples checked, specify number of occasions of dispatch during audit period - typically it would be six for the six month period). [In case a Participant does not have any clearing member account and has only beneficial owner account then 'Not Applicable' may be specified]. | **Specify number of occasions of dispatch of statement during audit period by Participant** | **Specify number of occasions of dispatch checked by auditor** | |

**Checklist**

| Sr. No. | Audit Areas | Auditor's Observation | Auditor's Remarks | Management's Comment* |
|---|---|---|---|---|
| **1** | **Audit of Account Opening** | | | |
| 1.1 | Whether proof of identity, proof of address and other stipulated documents have been obtained for all the accounts as per KYC guidelines issued by SEBI, PMLA and NSDL? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.2 | If correspondence address of third party is accepted, whether guidelines prescribed by SEBI, PMLA and NSDL have been followed? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.3 | Whether PANs are obtained for all the accounts, wherever applicable? | □ Yes □ No | If no, then number of accounts with discrepancies must be | |

| | | | | |
|---|---|---|---|---|
| | | | mentioned here | |
| 1.4 | Whether PANs are verified with the database of Income Tax Department and stamp of "PAN Verified" has been affixed on the photocopy of the PAN card(s) for all the accounts? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.5 | Whether copies of all the documents submitted by the applicant are self-attested? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.6 | Whether copies of all the documents submitted by the applicant are accompanied with originals for verification / properly attested by entities authorized for attesting the documents in cases where the original of the said document is not produced for verification? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.7 | Whether the 'in - person' verification of the account holders has been done before activation of the account and the record of in-person verification is maintained as per SEBI, PMLA and NSDL guidelines? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.8 | Whether Participant has provided a copy of the "Rights and Obligations of the Beneficial Owner and Depository Participant" document to the client and obtained an acknowledgement of the same from the client? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.9 | Whether data entered in DPM system matches with the details mentioned in the account opening form? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.10 | Whether signature of account holder(s) as given in the account opening form has been scanned in the DPM system clearly and correctly? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.11 | Whether all KYC application forms and account opening forms are completely filled? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 1.12 | Whether the scanned images of the KYC documents of the clients have been furnished to KRA within 10 working days from the date of execution of documents by clients? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.13 | Whether required information / documents are forwarded by Participants to KRA for cases which are informed as incomplete by KRA? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.14 | Whether the Participant has uploaded existing clients' KYC data on KRA system and sent scanned images of KYC documents to KRA as per SEBI guidelines? | □ Yes □ No | If no, then number of accounts with discrepancies must be mentioned here | |
| 1.15 | Whether the Participant has used the KYC data of a client obtained from the KRA only for the purposes it is meant for? | □ Yes □ No | If no, then details must be mentioned here | |
| 1.16 | Whether Participant has downloaded KYC information of client(s) who are KYC compliant from KRA platform? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 1.17 | Whether sufficient information has been obtained from clients, to identify and verify the identity of persons who beneficially own or control the securities account as per SEBI, PMLA and NSDL guidelines? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 1.18 | Whether activation of Rajiv Gandhi Equity Savings Scheme (RGESS) flag in the Depository account opened is as per SEBI and NSDL guidelines? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 1.19 | Whether Participant has provided 'New Retail Investor Certificate' (NRIC) to accountholders who have availed RGESS facility or has informed to client that the NRIC is available on NSDL website? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 1.20 | Whether Participant has created POA ID for all POA holders in DPM and map the same to the respective demat account where DIS is issued to POA holder? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 2 | **Client Data Modification** | | | |

| | | | | |
|---|---|---|---|---|
| 2.1 | Whether clients' request for changes in data (e.g. name of client, address, signature, bank details, nomination, mobile number, E-mail, mode of receiving annual report, AGM notice and other communications, etc.) have been processed as per prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned | |
| 2.2 | Whether Client name modification pursuant to error of Participant has been processed as per prescribed procedure ? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned | |
| 2.~~2~~3 | Whether clients' request for closure / freezing / unfreezing of account have been processed as per prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned | |
| 2.~~3~~4 | Whether modification in RGESS flag has been done as per SEBI and NSDL prescribed guidelines? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned | |
| 2.~~4~~5 | Whether Participant has uploaded updated information on KRA platform upon receipt of information on change in KYC details of client? | □ Yes □ No □ Not Applicable | If no, then number of accounts with discrepancies must be mentioned | |
| **3** | **Demat / Remat / Conversion / Reconversion / Redemption request** | | | |
| 3.1 | Whether the demat / conversion requests have been accepted and processed as per the prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 3.2 | Whether Participant refers to the list of Distinctive Numbers of certificates submitted for dematerialisation as made available by NSDL and ensures that the appropriate International Securities Identification Number (ISIN) is filled in DRF? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 3.3 | Whether date of receiving the demat / conversion request and date of forwarding the documents to Issuer / Registrar & Transfer Agent have been recorded correctly? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 3.4 | Whether demat / conversion requests received have been sent to Issuer / Registrar & Transfer Agent within seven days from the date of receipt of the request from the account holder? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 3.5 | Whether there are sufficient provisions / arrangements for safe keeping of security certificates received from account holders for dematerialisation and certificates received after rejection of the demat request from Issuer / Registrar & Transfer Agent? | □ Yes □ No | | |
| 3.6 | Whether any demat / conversion request was rejected due to error attributable to Participant? | □ Yes □ No | | |
| 3.7 | Whether Participant has taken necessary corrective and preventive measures to avoid rejections attributable to Participant? | □ Yes □ No □ Not Applicable | | |
| 3.8 | Whether demat cancellation request, if any, has been processed by the Participant as per the prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 3.9 | Whether the remat / reconversion requests have been accepted and processed as per the prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 3.10 | Whether the Mutual Fund redemption requests have been accepted and processed as per the prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4 | **Delivery Instruction Slip (DIS)** | | | |
| 4.1 | ***Issuance of DIS*** | | | |
| 4.1.1 | Whether physical inventory of DIS booklets is reconciled with the DIS issue records periodically? | □ Yes □ No | | |
| 4.1.2 | Whether the DIS issued to client has pre-stamped client ID and pre-printed unique serial number? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.3 | Whether DIS booklets have been issued on receipt of requisition slips signed by the client (all holders in case of joint account)? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.4 | Whether issuance of loose DIS to account holder is done as per prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 4.1.5 | If DIS booklet is handed over to the authorized person other then account holder, then whether the signature of authorized person and his proof of identity are verified before issuance of DIS booklet? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.6 | Whether DIS (booklet or loose) issued to account holder is immediately updated in back office or issuance register? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.7 | Whether the existing stock of DIS which is already printed and being used is in accordance with NSDL guidelines such as DIS serial number not greater than 12 digits and DIS serial number is unique within a DP ID? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.8 | Whether the details regarding issuance of DIS booklet and loose slips to the clients made on or after October 1, 2014 have been entered in the eDPM within two days of issuance? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.9 | Whether DIS printed on or after October 1, 2014 are as per the specifications including layout, size of logo, contents and inside front & back cover of the DIS booklet? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.10 | Whether post one month from the date of issuance of new DIS booklet (new format) the old slips have been blocked in the back-office and the DPM system (if old DIS master is entered in the DPM system)? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.11 | Whether DP has intimated to clients that old DIS will not be accepted after the receipt of new DIS by the clients? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.1.12 | Whether code 'CL9999999999', 'TR9999999999' and 'RO9999999999' are entered in the system for instruction for which it is allowed? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| **4.2** | ***Verification of DIS*** | | | |
| 4.2.1 | Whether 'date and time stamp' is affixed on both Participant and client copy of DIS received? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 4.2.2 | Whether Participant affixes 'late stamp' on DIS received beyond the prescribed deadline time for old DIS? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.3 | Whether Participant verifies that the DIS received from client was actually issued to same client ID? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.4 | Whether serial number of all the executed DIS(s) (irrespective of whether executed through back office or directly in DPM system) and DIS(s) reported as lost / misplaced / stolen by the account holder are blocked in the back office or in the DIS issuance register and eDPM to prevent any re-acceptance? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.5 | Whether DIS(s) given by account holder are available for all instructions executed in DPM (instruction other than those given by account holders through Speed-e electronically)? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.6 | Whether signature(s) on DIS match with the signature(s) scanned in the DPM system? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.7 | Whether corrections / cancellation on DIS, if any, are authenticated by the client (all holders for joint accounts)? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.8 | Whether Participant accepts instructions by fax from account holder? | □ Yes □ No | | |
| 4.2.9 | If reply to 4.2.8 is yes, then whether original DIS has been received within three working days for all faxed instructions? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.10 | If reply to 4.2.8 is yes, then whether there is a system in place to prevent multiple execution of the same instruction, in case fax instructions are accepted? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 4.2.11 | If reply to 4.2.8 is yes, then whether Participant has obtained an indemnity from account holders who want to give instruction over fax? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.12 | If Participant is accepting delivery instruction in form of an annexure to a DIS, whether it is done as per the prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.13 | Whether Participant is ensuring that information under columns "Consideration" and "Reason / Purpose /code" are mentioned for off market instructions by clients? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.14 | Whether Participant follows maker - checker system to process the instructions? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.15 | Whether there is an additional level of verification for high value instructions in a single DIS *(* DIS with value of Rs. 5 lakhs and above)? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.16 | Whether there is an additional level of verification for DIS received for dormant accounts? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.17 | Whether instructions executed in the DPM system are as per DIS? | □ Yes □ No | If no, then number of cases with discrepancies must be mentioned here | |
| 4.2.18 | Whether Participant accepts instructions from clients in electronic form (Other than Speed-e/SPICE)? | □ Yes □ No | | |
| 4.2.19 | If reply to 4.2.18 is yes, whether NSDL's approval has been obtained? | □ Yes □ No □ Not Applicable | | |
| 4.2.20 | If reply to 4.2.18 is yes, whether NSDL prescribed guidelines are being followed in case of acceptance and execution of instructions in electronic form? | □ Yes □ No □ Not Applicable | If no, then number of cases along with the nature of discrepancies must be mentioned here | |
| 5 | **Statement of Account (including transaction statement and holdings statement)** | | | |

| | | | | |
|---|---|---|---|---|
| 5.1 | Whether statements are generated from back office or DPM system? | □ Back office<br>□ DPM system | | |
| 5.2 | If generated from back office, whether the details match with statement generated from DPM system? | □ Yes □ No □ Not Applicable | | |
| 5.3 | Whether the narration of corporate action / ISIN description (*especially in case of debt*) appearing in the statement of accounts are meaningful to the Client? | □ Yes □ No □ Not Applicable | | |
| 5.4 | Whether statements are provided to the clearing member account ~~account holders~~ are as per prescribed frequency: | □ Yes □ No □ Not Applicable | If no, then the periodicity of providing the statement must be mentioned | |
| | ~~a) For Non BSDA clients having transaction in the account, statements are sent on monthly basis.~~ | ~~□ Yes □ No □ Not Applicable~~ | | |
| | ~~b) For BSDA clients having transaction in the accounts, statements are sent atleast once in quarter.~~ | ~~□ Yes □ No □ Not Applicable~~ | | |
| | ~~c~~b) ~~For clients having no transaction and NIL holding in the accounts, statements are sent on annual basis in physical form~~ | ~~□ Yes □ No □ Not Applicable~~ | | |
| | ~~d~~c) ~~For clients having holding in the account but no transaction, statements are sent on annual basis~~ | ~~□ Yes □ No □ Not Applicable~~ | | |
| 5.5 | If Participant is sending statement of accounts through internet (web based / email), then whether the relevant guidelines have been followed? | □ Yes □ No □ Not Applicable | If no, then number of cases with discrepancies must be mentioned here | |
| **6** | **Compliance under Prevention of Money Laundering Act, 2002 (PMLA)** | | | |
| 6.1 | Whether Participant has adopted a policy to comply with its obligations under PMLA? | □ Yes □ No | | |
| 6.2 | Whether Participant has complied with all the policies and procedures as prescribed under PMLA and SEBI guidelines such as customer due diligence, suspicious transaction monitoring and reporting, record keeping etc.? | □ Yes □ No | | |

| | | | | |
|---|---|---|---|---|
| 6.3 | Whether Participant has appointed a 'Principal officer' as required under PMLA and intimated about changes, if any, in the Principal Officer to FIU? | □ Yes □ No | | |
| 6.4 | Whether Participant has appointed a 'Designated Director' as required under PMLA and intimated about changes, if any, in the Designated Director to FIU? | □ Yes □ No | | |
| 6.5 | Whether there is a mechanism to deal appropriately with the alerts provided by NSDL? | □ Yes □ No | | |
| 6.6 | If any suspicious transaction is reported to FIU India then whether count of STRs reported to FIU are informed to NSDL? | □ Yes □ No □ Not Applicable | | |
| 6.7 | Whether suspicious transaction register (physical and/or in electronic form) has been maintained? | □ Yes □ No | | |
| **7** | **Operations Manual** | | | |
| 7.1 | Whether Participant has prepared an operations manual? | □ Yes □ No | | |
| 7.2 | If reply to 7.1 is yes, whether operations manual covers all depository activities? | □ Yes □ No □ Not Applicable | If no, then mention the areas not covered in operations manual | |
| 7.3 | If reply to 7.1 is yes, whether operations manual is updated as and when required? | □ Yes □ No □ Not Applicable | If no, then mention when is it updated | |
| 7.4 | If reply to 7.1 is yes, whether operations manual is available to persons who need to refer it? | □ Yes □ No □ Not Applicable | If no, then mention how is the work done by those persons | |
| 7.5 | If reply to 7.1 is yes, whether procedures mentioned in the operations manual are followed? | □ Yes □ No □ Not Applicable | If no, then give details here | |
| 8 | **Maintenance of record** | | | |
| 8.1 | Whether Participant has informed NSDL about place(s) of record keeping? | □ Yes □ No | If no, then mention the place of record keeping | |
| 8.2 | Whether every DIS executed in the DPM on or after October 1, 2014 is scanned alongwith all annexures / computer printouts (if | □ Yes □ No | If no, then mention the place of record keeping | |

| | | | | |
|---|---|---|---|---|
| | any) by the end of the next working day and digital signed image of the same is posted on DIVS system successfully for validation and digital signature of NSDL? | | | |
| 8.3 | If reply to point to 4.2.8 is yes, then whether the Participant scans the DIS received through fax and post the same to the DIVS and whenever original DIS is received the same is also scanned and posted on DIVS system within one working day from receipt of original DIS? | □ Yes □ No | If no, then mention the place of record keeping | |
| 8.4 | Whether scanned images of DIS are legible and tagged to the correct DIS serial number? | □ Yes □ No | If no, then mention the place of record keeping | |
| 8.5 | Whether the NSDL signed DIS images are stored in the system set up by the Participants as per the specification of NSDL? | □ Yes □ No | If no, then mention the place of record keeping | |
| **9** | **Outsourced activities** | | | |
| 9.1 | Whether Participant has outsourced record keeping activity (partly or fully)? | □ Yes □ No | If yes, then the name of the agency / firm and nature of arrangement must be mentioned here | |
| 9.2 | If reply to 9.1 is yes, whether NSDL's approval has been obtained? | □ Yes □ No □ Not Applicable | | |
| 9.3 | Whether any business activity **other than record maintenance** is outsourced? | □ Yes □ No | | |
| 9.4 | If reply to 9.3 is yes, mention the activities outsourced and whether NSDL's approval has been obtained? | □ Yes □ No □ Not Applicable | | |
| 9.5 | If reply to 9.1 and / or 9.3 is yes - a) Whether Participant has entered into legally binding written contract/agreement/terms and conditions with the Vendor(s) as per the stipulated guidelines issued by SEBI? | □ Yes □ No □ Not Applicable | If no, then various outsourcing risks inherent in the process must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| | b) Whether proper checks and control mechanism has been implemented by the vendor/agency? | □ Yes □ No □ Not Applicable | If no, then details should be mentioned here | |
| | c) Whether during the course of periodic review, material outsourcing risks if any, are properly mitigated? | □ Yes □ No □ Not Applicable | If no, then details should be mentioned here | |
| | d) Whether Participant has a comprehensive policy to guide the assessment of whether and how the above activities are outsourced in terms of stipulated SEBI guidelines? | □ Yes □ No □ Not Applicable | If no, then details should be mentioned here | |
| 10 | **Service centre (whether offering the services as a DPM setup, branch, franchisee, collection centre, drop box centre or called by any other name)** | | | |
| 10.1 | Whether NSDL's approval has been obtained for all the service centres opened during the audit period? | □ Yes □ No □ Not Applicable | If no, then details of non compliance must be mentioned here | |
| 10.2 | Whether prescribed procedure has been followed for any service centre closed / terminated during the audit period? | □ Yes □ No □ Not Applicable | If no, then details of non compliance must be mentioned here | |
| 10.3 | Whether the data of all the service centres (DPM setup, branch, franchisee, collection centre, drop box centre or called by any other name) displayed on the NSDL website is updated and correct? | □ Yes □ No | If no, then details such as missing service centre, non existent service centre, errors in contact person name or contact information, etc. must be mentioned here | |
| 10.4 | Whether the associated persons engaged or employed by Participant have required certification (NISM-CPE/DOCE/NCFM/NCDO) except those doing basic / elementary level / clerical level work and whose work is supervised by NISM qualified person? | □ Yes □ No | If no, then details of non compliance must be mentioned here | |
| 10.5 | Whether internal audit has been conducted at adequate number of service centres other than DPM setup to verify guidelines prescribed by SEBI, PMLA and NSDL have been followed ? | □ Yes □ No □ Not Applicable | If yes, then mention count of service centres audited and locations thereof and If no, then details of non compliance must be | |

| | | | | |
|---|---|---|---|---|
| | | | mentioned here | |
| 10.6 | Whether the depository services offered at the service center are displayed at the service centers (where all depository services are not offered by the service center)? | □ Yes □ No □ Not Applicable | If no, then details of non compliance must be mentioned here | |
| 11 | **Status of compliance for deviations / observations noted in last NSDL inspection and internal / concurrent audit report** | | | |
| 11.1 | Whether Participant has complied with all the deviations noted during last NSDL inspection? | □ Yes □ No □ Not Applicable | If no, then details of the non compliance must be mentioned here | |
| 11.2 | Whether Participant has taken adequate preventive measures in respect of deviations noted during last NSDL inspection? | □ Yes □ No □ Not Applicable | | |
| 11.3 | Whether Participant has taken adequate preventive and corrective measures in respect of deviations noted during last internal / concurrent audit? | □ Yes □ No □ Not Applicable | If no, then details of the non compliance must be mentioned here | |
| 11.4 | Whether NSDL has sought any specific comment from auditor with respect to any issue? | □ Yes □ No | If yes, then provide details / comments on issues | |
| 11.5 | Whether NSDL has sought any specific certification from auditor with respect to any issue? | □ Yes □ No | If yes, provide details along with supporting documents | |
| 12 | **Reporting by Participants to its Board of Directors** | | | |
| 12.1 | Whether Participant has placed last inspection findings alongwith management comment before its Board of Directors/ Audit Committee? (*same may be verified from the extract of the minutes of the Board Meeting).* | □ Yes □ No □ Not Applicable | If yes, then mention date of the Board Meeting | |

| | | | | |
|---|---|---|---|---|
| 12.2 | Whether Participant has placed last internal/concurrent audit findings alongwith management comment before its Board of Directors / Audit Committee? (*same may be verified from the extract of the minutes of the Board Meeting*) | □ Yes □ No □ Not Applicable | If yes, then mention date of the Board Meeting | |
| 13 | **Billing** | | | |
| 13.1 | Whether all account holder are billed as per the tariff sheet? | □ Yes □ No | | |
| 13.2 | Whether Participant has given atleast one month's prior notice for any increase in the tariff sheet? | □ Yes □ No □ Not Applicable | | |
| 13.3 | Whether charges levied for demat accounts are in accordance with SEBI/NSDL guidelines? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 13.4 | Whether Participant, in the event of closing of the demat account or shifting of the demat account from one Participant to another, refunded the account maintenance charges collected upfront on annual/half yearly basis (if so), to the client for the balance of the quarter/s? | □ Yes □ No □ Not Applicable | If no, then number of accounts, with discrepancies must be mentioned here | |
| 13.5 | Whether Participant has not charged account holder(s), for transfer of all the securities lying in his account to another account of client with another branch of the same Participant or to another Participant of the same depository or another depository, provided the account holder(s) at transferee Participant and at transferor Participant are identical in all respects? | □ Yes □ No □ Not Applicable | If no, then number of accounts, with discrepancies must be mentioned here | |
| 13.6 | Whether Participant has offered BSDA facility to all eligible Beneficial Owners? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 13.7 | Whether the Participant has reassessed the eligibility of the Beneficial Owners at the end of every billing cycle to provide facility of BSDA? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 13.8 | Whether increase or decrease made in charges i.e changes in tariff sheet has been intimated to NSDL for making it available on NSDL website? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 14 | **Back Office** | | | |
| 14.1 | If Participant is using backoffice software for depository operations like providing statement, billing etc., whether balances as per back office are reconciled on a daily basis with DPM? | □ Yes □ No □ Not Applicable | | |
| 15 | **Miscellaneous areas** | | | |
| 15.1 | Whether all transmission cases have been processed as per prescribed procedure? | □ Yes □ No □ Not Applicable | If no, then number of accounts, with discrepancies must be mentioned here | |
| 15.2 | Whether there is any supplementary agreement / letter of confirmation / power of attorney obtained / executed with account holder which are in contravention to 'Rights and Obligations of the Beneficial Owner and Depository Participant' document / SEBI/ NSDL guidelines? | □ Yes □ No □ Not Applicable | | |
| 15.3 | Whether Participant has collected requisite documents to claim waiver of settlement fees? | □ Yes □ No □ Not Applicable | | |
| 15.4 | Whether pledge and hypothecation instructions are processed as per prescribed procedure? | □ Yes □ No □ Not Applicable | | |
| 15.5 | Whether Participant has executed software utilities provided by NSDL on a monthly basis and taken appropriate action in respect of the exceptions identified? | □ Yes □ No | | |
| 15.6 | Whether all investors' grievances have been redressed as per the procedure and within the stipulated time? | □ Yes □ No □ Not Applicable | If no, then give details of grievances pending for redressal | |
| 15.7 | Whether Participant has prominently displayed basic information about the grievance redressal mechanism available to investors in their offices? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 15.8 | Whether grievances received directly from clients at service center or DPM setup location/ through NSDL or SEBI are included in the monthly Investor grievance report submitted to NSDL by Participant? | □ Yes □ No □ Not Applicable | If no, then details should be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 15.9 | Whether forms in use for various activities are as prescribed? | □ Yes □ No | If no, then mention the forms and the discrepancies observed therein. | |
| 15.10 | Whether Power of Attorney contains clauses which are as per the SEBI stipulated guidelines? | □ Yes □ No □ Not Applicable | If no, then mention the discrepancies observed therein. | |
| 15.11 | Whether Power of Attorney documents are duly executed and the details have been entered into DPM? | □ Yes □ No □ Not Applicable | If no, then mention the discrepancies observed therein. | |
| 15.12 | Whether Participant has a policy for dealing with conflicts of interest? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 15.13 | Whether Board of Directors of the Participant has reviewed the policy document dealing with conflicts of interest on a periodic basis? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 15.14 | Whether Participant has provided 'Annual Statement- RGESS' to account holders who have availed RGESS facility or has informed to client that the Annual Statement for RGESS is available on NSDL website? | □ Yes □ No □ Not Applicable | If no, then details must be mentioned here | |
| 15.15 | Whether Participant has displayed ticker on its website to create awareness among clients to subscribe for SMS alerts? | □ Yes □ No □ Not Applicable | If no, then reason for the non compliance must be mentioned here | |
| 15.16 | Whether Participant has displayed ticker on its website to create awareness among clients for KYC registration? | □ Yes □ No □ Not Applicable | If no, then reason for the non compliance must be mentioned here | |
| 15.17 | Whether separate mobile number and email ID for each client is captured in the DPM system as per prescribed guidelines? | □ Yes □ No | If no, then reason for the non compliance must be mentioned here | |
| 15.18 | Whether Participant has taken up the matter with Clients where same mobile number and email ID is captured for more than one Client? | □ Yes □ No □ Not Applicable | If no, then reason for the non compliance must be mentioned here | |

| | | | | |
|---|---|---|---|---|
| 15.19 | Whether DIVS GAP report utilities is executed on regular basis and appropriate action (if required) is taken? | □ Yes □ No □ Not Applicable | If no, then details of the non compliance must be mentioned here | |
| 15. ~~17~~20 | Comment on improvements made in the operations since last audit. | | Views of the auditor on the improvements, if any (or nil), in operations of the Participant should be mentioned here | |
| 16 | **System areas** | | | |
| 16.1 | Whether hardware and software installed on machines used for depository operations are as per the specifications mentioned in the latest Form B submitted to NSDL and made available on i-Assist? | □ Yes □ No | If no, then mention the mismatch | |
| 16.2 | Whether Participant is taking backup on a daily basis? | □ Yes □ No | | |
| 16.3 | Whether Participant has kept remote backup media as per prescribed guidelines? | □ Yes □ No | | |
| 16.4 | Whether updated antivirus is installed on the server and all the client machines? | □ Yes □ No | | |
| 16.5 | Whether robocopy feature is working on one client machine? | □ Yes □ No | | |
| 16.6 | Whether all the software installed on server and client machines are licensed? | □ Yes □ No | | |
| 16.7 | Whether RAID has been configured as per the prescribed guidelines? | □ Yes □ No | | |
| 16.8 | Whether database reorg and shrinking are done as per the prescribed guidelines? | □ Yes □ No | | |
| 16.9 | Whether scheduled switch to fallback connectivity is done and the record thereof is maintained? | □ Yes □ No | | |
| 16.10 | Whether all the hardware / equipments used for depository operations are covered under AMC / warranty? | □ Yes □ No | If no, then mention whether the Participant has obtained approval for the same? | |
| 16.11 | Whether UPS / alternate power arrangement is available for all the hardware / equipments used for depository operations? | □ Yes □ No | | |

| | | | | |
|---|---|---|---|---|
| 16.12 | Whether adequate physical and logical access restrictions for usage of system are in place? | □ Yes □ No | | |
| 16.13 | Whether backup of back office data is taken? | □ Yes □ No □ Not Applicable | | |
| 16.14 | Whether back office is directly connected to DPM system? | □ Yes □ No | | |
| 16.15 | If reply to 16.14 is yes, whether it is in accordance with NSDL guidelines? | □ Yes □ No □ Not Applicable | If no, then details of the non compliance must be mentioned here | |
| 16.16 | Whether atleast one staff managing the systems is NSDL trained? | □ Yes □ No | | |
| 16.17 | Whether physical access to client machines and server is restricted only to authorised persons? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 16.18 | Whether tamper proof storage system of DIS images in which the NSDL signed DIS images (i.e. response files generated by DIVS) are stored maintain proper records of all NSDL signed DIS images including audit trail for changes made, if any and have adequate checks and procedures to prevent unauthorized changes to scanned DIS images? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 16.19 | Whether tamper proof storage system restrict unauthorized alteration or deletion? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 16.20 | Whether tamper proof storage system is in compliance with the specification prescribed by NSDL? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 16.21 | Whether tamper proof storage system has facility to check integrity of the system? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| 16.22 | Details of alert generated by tamper proof storage system during integrity check. | | Number of alert generated | |

| | | | | |
|---|---|---|---|---|
| 16.23 | Whether the operating system and other softwares installed on the machines used for depository operations are as per NSDL specifications and upgraded as per NSDL guidelines? | □ Yes □ No □ Not Applicable | If no, then details of the non compliance must be mentioned here | |
| 17 | **Additional information about Participant** | | | |
| 17.1 | Whether Participant is satisfying the eligibility criteria as specified at Regulation 19 (a) of SEBI (Depositories and Participants) Regulations, 1996? | □ Yes □ No | If no, then details of the same must be mentioned here | |
| 17.2 | Whether the Compliance Officer of the Participant has obtained NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund) Certification Examination (SICCE)? | □ Yes □ No | If no, then details of the non compliance must be mentioned here | |
| | **Important References (only illustrative, not exhaustive) -** | | | |
| 1 | NSDL Bye laws and Business Rules | | | |
| 2 | Compliance Manual | | | |
| 3 | Circular No. NSDL/POLICY/ 2014/ 0065 dated May 21, 2014 - Master Circular on 'Account Opening' | | | |
| 4 | Circular No. NSDL/POLICY/2013/0017 dated January 24, 2013 - Guidelines on Identification of Beneficial Ownership | | | |
| 5 | Circular No. NSDL/POLICY/ 2013/ 0096 dated July 26, 2013- Master Circular on 'Delivery Instruction Slip' | | | |
| 6 | Circular No. NSDL/POLICY/ 2014/ 0029 dated March 14, 2014- Master Circular on Anti Money Laundering and Combating Financing of Terrorism | | | |
| 7 | Circular No. NSDL/POLICY/ 2013/ 0066 dated May 6, 2013- Master Circular on 'Mutual Fund Units in dematerialized form' | | | |
| 8 | Other circulars issued by NSDL and SEBI from time to time | | | |
| **Management's Comment* - Mandatory if auditor's observation is negative.** | | | | |