NOTICES

Notice No.	20240426-69	**Notice Date**	26 Apr 2024
Category	Compliance	**Segment**	General
Subject	Submission of Internal Audit Report for half year ended March 31, 2024 through BEFS (BSE Electronic Filing System)		
Attachments	Annexure - VII.docx ; Annexure III.pdf ; Annexure - VIII.docx ; Annexure V.pdf ; Annexure IV.pdf ; Annexure II.xls ; Annexure I.docx ; Annexure - VI.docx		

Content

This is further to the Exchange Notice no. 20240412-45 dated April 12, 2024 wherein all trading members were directed to submit Internal Audit Report for half year ended March 31, 2024 to the Exchange in electronic form through BEFS (BSE Electronic Filing System). No documents are to be submitted in physical form.

The audit shall be conducted only by independent qualified Chartered Accountants or Company Secretaries or Cost and Management Accountants who are in practice and do not have any conflict of interest in or relation with the member other than the internal audit assignment. Attention of members is also drawn to Exchange notice no. 20231003-61 dated October 03, 2023, regarding eligibility criteria for internal auditors.

Further, Members' attention is also drawn to Exchange Notice No. 20231215-55 dated December 15, 2023, and Exchange Notice No. 20240304-60 dated March 4, 2024, on " Framework for Empanelment of Auditors for conducting Internal Audit of Trading Members". As mentioned in these Notices, the Exchange shall accept the internal audit report certified by empaneled auditor only with effect from the half year ending March 31, 2024, onwards. The detailed procedure for empanelment of auditors has been prescribed in these Notices.

Members may note that the Internal Audit Report for the half year ended March 31, 2024 is to be submitted on or before May 31, 2024 in electronic form only through BEFS (BSE Electronic Filing System) and the module for submission is now enabled at following link:

https://befs.bseindia.com -> Internal Audit Report

Please find enclosed herewith the following Annexures applicable for the Inter Audit report for half year ended March 31, 2024

- Ø Internal Audit Certificate – **Annexure I**
- Ø Format for Internal Audit Report – **Annexure II**
- Ø Guidelines on Sample selection & other points to be noted – **Annexure III**
- Ø List of Indicative Processes & references of SEBI/Exchange circulars – **Annexure IV**
- Ø Procedure for empanelment for the auditors for conducting the internal audit of trading members –**Annexure V**
- Ø User Manual for Auditors – **Annexure VI**
- Ø User Manual for Members – **Annexure VII**
- Ø Guidelines for IAR XBRL Report Sheet & Audit Process – **Annexure VIII**

The penalties/disciplinary actions for late/non-submission of the Internal Audit Report and non-compliances observed in the Internal Audit Report, shall be applicable as per the Exchange notice no. 20220601-52 dated June 01, 2022, or any other relevant circular that may be issued by the Exchange from time to time.

Members' attention is drawn to Exchange notice no. 20220623-52 dated June 23, 2022, wherein it has been yearly basis along with 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 same 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 proprietor or partner or the designated director of the company. Member shall not be able to submit the Auditor details on BEFS unless the said undertaking is submitted on 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 and appropriate steps shall be taken if the reports do not meet minimum expected quality levels. In case where internal audit report submitted is incomplete and not as per the guidelines like sample size not given, only certificate submitted without report or management comments not given etc., same would be treated as non-submission of internal audit report. Stock brokers are strictly advised to submit the report in the format prescribed by the Exchange.

Auditors are requested to mandatorily adhere to the sample selection guidelines specified therein (Annexure-III) and mention the sample size selected along with details of the instances of non-compliance (if any) against each of the checklist points. All working papers and records with respect to the audit should be retained by the auditors for verification by the Exchange as and when required.

It may be noted that submission of Internal Audit Report shall be considered complete only after Member submits the report to the Exchange and receives an acknowledgment email. Saved reports/reports submitted by auditor will not be considered as final submission to Exchange.

In case of any queries/clarifications, you may reach us on the following contact details.

Purpose	Contact Nos.	Email ID
IAR Process related	2272 8435/5785	bse.reports@bseindia.com
IAR Technical queries	30594000	bsehelp@bseindia.com
IAR XBRL related issues	18002330445	bse.auditreport@bseindia.com

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