

## Annexure 1

### **Empanelment of Auditors for conducting Internal Audit of Trading Members**

#### **1. Eligibility criteria for empanelment**

- i. Auditor in the Audit Firm should be an independent qualified Chartered Accountant or Company Secretary or Cost and Management Accountant who is in practice and who does not have any conflict of interest.
- ii. The Audit firm should have a minimum of 5 years' experience in carrying out audits, preferably in securities markets.
- iii. The Audit Firm shall have at least two partners at all times.
- iv. The Audit Firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/law enforcement agency.
- v. Any partner/employee of the Audit Firm shall have a valid NISM Series III-A: Securities Intermediaries Compliance Certification or certification of "Financial Market & Securities Laws" as provided by ICAI or equivalent certification offered by any other institution. Further, any partner/employee of the Audit Firm having valid certification of NISM-Series-XIV: Internal Auditors for Stockbrokers is also eligible till the expiry of the Certification.
- vi. In addition to the above, the Audit Firm which undertakes the Internal Audit of Qualified Stock Brokers ("QSBs") shall have at least five partners at all times; of which at least two partners should be full-time partners.

#### **2. Procedure for Empanelment**

- i. Audit Firm desirous of getting empaneled with the Exchange will be required to submit an online application form through Exchange website. The link is available on the Home Page- <https://www.bseindia.com> as shown below:

# Annexure 1

The screenshot displays the BSE website interface. At the top, there are two large numbers: 355 and 370. Below them, a table provides market statistics:

Market Capitalization of BSE Listed Co. (Rs Cr.) (USD.Tn)	3,94,20,934.27   4.76		
Registered Investors	16,42,31,385		
Median Response Time (µs)			
Equity: 2	Derivatives: 2	Currency: 5	Commodity: 6
Colocation Network Latency(Two-way) - 99 percentile (µs)		6.00	

To the right, under the heading "Attention Investors", there are several links:

- SEBI New investor Website
- Registration of matters for Online Disputes Resolution (ODR)
- Investors beware of unsolicited Messages:
- Advisory for KYC Updation

A "Quick Links" section is visible below. The footer of the page contains a list of navigation links, with "Empanelment of Internal Auditor" circled in red. Other links include: Historical Data, Pre Open, Equity Market watch, ETF Market Watch, Derivatives Market Watch, Currency Derivatives Watch, SLB Market Watch, IRD Options Calculator, MF Market Summary, ICDM Market Watch, Indices Watch, Illiquid Securities, Advances / Declines, Gainers / Losers, 52 Weeks High/Low, Bulk Deals, Block Deals, Institutional Turnover, Daily Bhav Copy, Gross Deliverables, Results Calendar, Trade Check, Status of Issue Application, BSEPlus, Funds Mobilized Using BSE Platform, IPO / Bookbuilding, Offer for Sale (OFS), DRHP, Debt Issues, Debt Announcements, Corporate Announcements, Board Meeting, Corporate Actions, Results Announced, BSEPSU.com, Contact Us, Members Directory, Training & Certification, BSEVarsity.com | Learn Online, BSE Administration and Supervision Ltd. (BASL), e-Complaint Registration, Complaint Registration - Scores, Careers, and Master link. The footer also includes: "Site optimized for IE9 & above. | Disclaimers | Website Policies | Privacy Policy | Sitemap. Copyright © BSE Ltd. All Rights Reserved." and "04 Mar 24 | 02:39 (IST) (41 UAT)".

- ii. Audit Firm will also be required to submit an Undertaking-cum- Affidavit in a prescribed format which is attached as Annexure -2.
- iii. The audit firm shall also submit original Undertaking-cum-Affidavit within 7 days from the submission of application through the online portal at the following address:

Inspection Department  
BSE Limited  
24<sup>th</sup> Floor, P J Towers, Dalal Street,  
Fort, Mumbai - 400 001.
- iv. The applications for empanelment shall be reviewed and considered by the Exchange.
- v. Empanelment of the Audit Firm shall be at the sole discretion of the Exchange and binding on the Audit Firm.
- vi. The list of Audit Firms empanelled with the Exchange shall be displayed on the website of the Exchange.
- vii. The Audit Firm is required to submit Internal Audit Report of minimum one Trading Member for the half year ended March 31/September 30, as may be applicable, following the half year in which the Audit Firm is empanelled, failing which the Audit Firm shall cease to be empaneled.

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For e.g.

### Scenario -1

The Audit Firm is empanelled on March 31, 2024. The half year following the aforesaid date of empanelment is September 30, 2024. In this scenario, the Audit Firm can do the internal audits from the half year ended March 31, 2024 onwards. However, they shall cease to be empanelled if they fail to submit the internal audit report of minimum one Trading Member for the half year ended September 30, 2024.

### Scenario -2

If the Audit Firm is empanelled on April 10, 2024, Audit Firm can do the internal audits from the half year ended March 31, 2024, onwards. However, they shall cease to be empanelled if they fail to submit the internal audit report of minimum one Trading Member for the half year ended March 31, 2025.

### **viii. Disciplinary Actions**

The Exchange may, where deemed necessary, initiate disciplinary actions including discontinuation from conducting the said internal audit, or dis-empanelment from any assignment related to any registered Trading Member, after giving an opportunity to the Audit Firm to submit explanations.