

NATIONAL COMMODITY CLEARING LIMITED

Circular to all Members of the Clearing Corporation
Circular No : NCCL/COMPLIANCE-009/2019
Date : April 23, 2019
Subject : Internal Audit of Clearing Members of NCCL

Reference is drawn to Circular no. NCCL/COMPLIANCE-001/2018 dated October 12, 2018, notifying the Clearing Members to carry out internal audit.

All the Clearing Members are required to carry out internal audit on half yearly basis for the period October 01, 2018 to March 31, 2019 and the said audit shall be conducted only by independent qualified Chartered Accountants, Company Secretaries or Cost and Management Accountants who are in practice and who do not have any conflict of interest.

The internal auditor shall submit the audit report to the Clearing Member, who shall place it before its Board of Directors and shall forward the same to NCCL along with para-wise comments of the Management with regard to audit observations within the timelines specified above.

The internal audit report is required to be submitted to NCCL in **hard copy** at the registered office of NCCL within two months from the end of the half year. Accordingly, for the half year ended March 31, 2019, the submissions shall have to reach NCCL on or before **May 31, 2019**.

Auditors shall mandatorily adhere to the sample selection guidelines specified in the Annexure III of the circular and mention the details of actual sample in Annexure IV. Auditors are also required to give the details of the instances of non-compliance (if any) against each of the checklist points in Annexure II. In case of non-compliance(s) reported, Auditors should give instance wise details of such non-compliance along with amounts if any involved, and also attach the relevant supporting documents. All the workings and records with respect to the Audit should be retained by the Auditors for verification by NCCL as and when required. **Auditors shall submit Annexure I, II and IV to the Clearing Member.**

Please note that NCCL reserves the right to initiate appropriate actions – remedial, penal or disciplinary against such Clearing Members where deficiencies are noticed in audit reports or where there is a delay or in case of non-submission of the audit report. Please note that incomplete audit report will also be treated as non-submission.

The following annexures applicable for the internal audit report for the half year ended March 31, 2019 are available in the downloads section on the NCCL website, <https://nccl.co.in/downloads/> as **“Internal audit Annexure for half year ended March 2019”**.

- Internal Audit Certificate – Annexure I
- Format of Internal Audit Report – Annexure II (Excel File)
- Guidelines on sample selection and other points to be noted – Annexure III
- Actual Sample selected by Auditor – Annexure IV
- List of Indicative Processes & reference of Exchange & SEBI Circulars – Annexure V

In this regard, Trading Cum Clearing Member (TCM) & Strategic Trading Cum Clearing Member (STCM) are requested to refer to NCDEX circular no. NCDEX/Compliance-016/2019 dated April 11, 2019 on “Internal Audit of Members of the Exchange.”

All the Clearing Members are advised to take note of the same and ensure compliance accordingly.

For and on behalf of
National Commodity Clearing Limited

Hemalatha S
Chief Compliance Officer

For further information/clarifications, please contact

1. Customer Service Group on toll free number: 1800 266 6007
2. Customer Service Group by e-mail to : askus@nccl.co.in