
NATIONAL COMMODITY CLEARING LIMITED

Circular to all the Clearing Members of the Clearing Corporation
Circular No : NCCL/COMPLIANCE-019/2020
Date : October 30, 2020
Subject : Internal Audit of Clearing Members of NCCL

Reference is drawn to Circular no. NCCL/COMPLIANCE-007/2020 dated April 23, 2020 regarding submission of internal audit report. In this regard, all clearing members are directed to carry out internal audit for the period **April 01, 2020 to September 30, 2020.**

The internal 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 and against whom no regulatory action is taken.

The internal audit report is required to be submitted in digitally signed soft copy on or before November 30, 2020 by way of sending the same as an attachment only to email ID: membership@nccl.co.in. **Hence, no Hard Copy of internal Audit Report is required to be submitted to NCCL.**

The internal auditor shall submit a digitally signed audit report i.e. Annexure I, II and IV (A to O) to the Clearing Member including comments of Management with regard to Audit observations, who shall place it before its Board of Directors and shall forward the same to NCCL within the timelines specified above.

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 (A to O).

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 September 30, 2020 are available in the downloads section on the NCCL website, <https://nccl.co.in/downloads/> as “**Internal audit Annexure for half year ended September 2020**”.

Members are required to send Annexure I, II and IV to the NCCL at membership@nccl.co.in.

- Internal Audit Certificate – Annexure I (PDF format with digital signature and UDIN)
- 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 (A to O) (Excel file)
- List of Indicative Processes & reference of Exchange & SEBI Circulars – Annexure V

In this regard, Trading Cum Clearing Members (TCM) & Strategic Trading Cum Clearing Members (STCM) are requested to refer to NCDEX circular no. NCDEX/COMPLIANCE-066/2020 dated October 27, 2020 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 : contactus@nccl.co.in