

PRESCRIBED SAMPLE SIZE

ID	Area of Verification	Indicative Sample Size
A.	COMPLIANCES	
1	The Clearing member custodial participant/client agreements are executed in prescribed formats (wherever applicable)	Audit Period
2	Compliance officer has obtained NISM-Series-III A/prescribed certification	Audit Period
3	Clearing member has not outsourced their core business activities and compliance functions and adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15th Dec 2011	Audit Period
4	Prescribed policies are maintained (Risk Management Policy, PMLA Policy and SORM policy)	Audit Period
5	Exclusive e-mail id for any complaints created	Audit Period
6	Regular back up of data taken and maintained.	Audit Period
7	Proper monitoring mechanism is in place to review the IT/Security related incidents detected and resolution of the same	Audit Period
8	Adverse comments in Statutory Audit Report of Corporate Member have been considered	Audit Period
B.	NETWORTH REQUIREMENTS	
9	Networth is maintained as prescribed by the SEBI Gazette Notification No. SEBI/LAD-NRO/GN/2022/73 dated February 23, 2022 and submitted as per the CC prescribed norms.	As on 31st December/30th June of every year as applicable in the Audit period
10	Last submitted net worth certificate to the CC is correctly submitted. In case of incorrect reporting of Networth that is leading to shortfall, please specify in remarks.	Audit Period
C.	COMPLIANCE STATUS OF LAST INSPECTION CARRIED OUT BY SEBI/ CC/ INTERNAL AUDITOR	

11	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by SEBI. Further whether Member has complied with the qualifications/violations made in last SEBI inspection report	Audit Period
12	Member has taken corrective steps to rectify the deficiencies observed in the inspection carried out by CC. Further Member has complied with the qualifications/violations made in last CC inspection report	Audit Period
13	Member has taken corrective steps to rectify the deficiencies observed in the latest half yearly internal audit report	Audit Period
14	There are no repeat violations as per last inspection carried out by SEBI/ CC and last half yearly Internal Audit	Audit Period

ANNEXURE III

Methodology for Sample Selection
CM-CP/client Agreements executed during the Audit period to be checked
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Report if Member has not adhered to the provisions of SEBI circular CIR/MIRSD/24/2011 dated 15th Dec 2011 relating to outsourcing of their core business activities and compliance
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Ascertain whether all the recommendations of system audit/cyber security audits have been closed during the audit period by taking corrective actions. Details of pending Recommendations to be provided separately
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Analyze the Net worth requirement as specified, report if there is shortfall of Net worth/erosion of more than 50% of the Net worth. In case of shortfall of Net worth comment on reason and date of recoupment of shortfall and in case of erosion, comment on reason of erosion.
Ascertain the correctness of the Net worth calculation and report if there is an erosion of more than 50% of the Net worth submitted to the CC along with the reasons of such erosion. In case of shortfall of Net worth comment on reason and date of recoupment of shortfall and in case of erosion, comment on reason of erosion.

Last SEBI/CC Inspection Report
Last SEBI/CC Inspection Report/half yearly internal audit report
Last half yearly internal audit Report
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