

Annexure – V

1. Eligibility criteria for appointment of Internal Auditors by Clearing Members

- (i) Auditor should be an independent qualified Chartered Accountant / Company Secretary / Cost and Management Accountant (Seal & Signature) who is in practice and who do not have any conflict of interest.
- (ii) The Auditor/Audit firm or at least one partner should have a minimum of 5 years' experience in carrying out audits.
- (iii) The Auditor/ Audit firm is not debarred or restrained from issuing any certificate by ICAI, ICSI, ICMAI, RBI, SEBI or by other regulator/ law enforcement agency.
- (iv) Auditors and/or its employees or partners signing the internal audit report shall have a valid NISM Series – XIV: Internal Auditors for Stockbrokers Certification or NISM Series III-A: Securities Intermediaries Compliance Certification or ICAI Certificate Course on Financial Markets and Securities Laws or any other equivalent examination.

2. Disciplinary Actions

- (i) The Clearing Corporation may, where deemed necessary, initiate disciplinary actions including discontinuation from conducting the said internal audit of Clearing Member, after giving an opportunity to the Auditor/Audit Firm to submit explanations.