

Circular No.: NSDL/CIR/II/39/2020

Date: October 19, 2020

Subject: Internal Audit of Registrar and Transfer Agents (RTAs)/ Issuers having direct connectivity with NSDL.

RTAs/Issuers having direct connectivity with NSDL are aware that as per Bye Law 8.5.9, every Issuer or its Registrar and Transfer Agent is required to have its operations audited by a qualified Chartered Accountant or a Company Secretary or a Cost and Management Accountant holding a Certificate of Practice. Based on such audit, a copy of the report should be submitted to NSDL on half yearly basis.

Attention of RTAs/Issuers having directivity is invited to Circular No. NSDL/CIR/II/19/2016 dated November 07, 2016 in which guidelines related to scope of the audit and format of the audit report were provided. The audit report format has been modified and enclosed as Annexure 1 in track change mode and as Annexure 2 (without highlighting the changes). The broad objectives / guidelines for the internal audit are enclosed as Annexure 3. RTAs/ Issuers having direct connectivity are advised to take note of the following:

1. Audit should cover all facets of the RTA/Issuer having direct connectivity operations. Auditor may expand the scope of audit / add more audit points to achieve the objectives enclosed as Annexure 3. RTAs/Issuers having direct connectivity are advised to extend full co-operation to their auditors to enable them to perform an effective audit. All circulars / guidelines issued by NSDL / SEBI from time to time and other information / records desired by the auditors should be made available to them within a reasonable time.
2. RTAs/Issuers having direct connectivity should forward the audit report as per schedule given below to NSDL –

| Audit Period | Due date for submission of report to NSDL |
|-------------------------|---|
| April 1 to September 30 | November 15 th |
| October 1 to March 31 | May 15 th |

3. The RTAs/Issuers having direct connectivity which remain operational for less than three months in an audit period can submit audit report for that audit period along with the audit report for next audit period. For example, if a RTA/Issuer having direct connectivity is made

operational by NSDL on July 1, 2020, then it can submit first audit report for period October 1, 2020 – March 31, 2021.

4. RTAs/Issuers having direct connectivity are advised to note that the audit report format provided in this circular is applicable for audit period April 1, 2020 to September 30, 2020 and onwards.
5. RTAs/Issuers having direct connectivity are hereby informed that internal audit report which is not as per guidelines will be treated as non-submission of the report. NSDL reserves the right to advise a RTA/Issuer having direct connectivity to change its auditor if quality of the report is found to be not satisfactory or the audit is not carried out as per guidelines.
6. Any one person conducting the internal should obtain certification from the National Institute of Securities Markets (NISM) by passing the NISM-Series-VI: Depository Operations Certification Examination (DOCE). Alternatively, such persons, if eligible, may undergo Continuing Professional Education (CPE) program for depository operations (details available on www.nism.ac.in).

For and on behalf of
National Securities Depository Limited

Rakesh Mehta
Vice President

Encl:a/a.