

<b>Department: Inspection</b>	<b>Segment: All</b>
<b>Circular No: MSE/INSP/14614/2023</b>	<b>Date : December 20, 2023</b>

**Subject: Framework for Empanelment of Auditors for conducting Internal Audit of Trading Members**

To All Members,

This is with reference to the SEBI vide Circular No. MIRSD/DPSIII/Cir-26/08 dated August 22, 2008, MRD/DMS/Cir-29/2008 dated October 21, 2008 and Exchange Circular No. MCX-SX/LEG/23/2008 dated October 24, 2008 wherein it was made mandatory for all Trading Members/Clearing Members to carry out complete internal audit on a half yearly basis. Further, SEBI vide Circular No. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, had prescribed additional requirements for internal audit, viz. appointment, rotation of internal auditors, formulation of objective sample criteria, monitoring of quality of internal audit reports, timelines for submissions of internal audit reports, etc. Further, Exchange vide Circular No. MSE/INSP/11510/2022 dated February 22, 2022 and MSE/INSP/12474/2022 dated October 21, 2022, has prescribed additional eligibility criteria for the auditors qualified to conduct internal audit of members.

This is has reference to the Exchange Circular No. MSE/INSP/14244/2023 dated October 04, 2023, wherein the Exchange had revised the eligibility criteria, the applicability and guidance on the empanelment of auditors.

Accordingly, the eligibility criteria for empanelment of the auditors is enclosed as **Annexure 1** and an Undertaking-cum-Affidavit to the Exchange in the prescribed format is enclosed as **Annexure 2**.

The Audit Firms who meet the prescribed eligibility criteria may submit an online application for empanelment for undertaking assignments relating to internal audit of Trading Members of the Exchange. The detailed submission procedure for empanelment of the auditors will informed through separate circular in due course.

Members may please note that the Exchange shall accept the internal audit report certified by empanelled auditor only with effect from the half year ending March 31, 2024, onwards.

All Members are advised to take note of the above and bring the provisions of this Circular to the notice of their respective internal auditors and ensure compliance of the above requirement.

**For and on behalf of**  
**Metropolitan Stock Exchange of India Limited**

**Mahendra Choudhari**  
**AVP – Inspection and Membership Department**

In case of any query kindly contact Inspection Department on (022) 6112 9000 or mail on [compliancemsx@msei.in](mailto:compliancemsx@msei.in).

**Metropolitan Stock Exchange of India Limited**