

<b>Department: Inspection</b>	<b>Segment: All</b>
<b>Circular No: MSE/INSP/14356/2023</b>	<b>Date : October 26, 2023</b>

**Subject: Cyber Security and Cyber Resilience Audit of Trading Members (Type-III)**

To All Members,

In accordance with SEBI circular no. SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 03, 2018, SEBI/HO/MIRSD/DOP/CIR/P/2019/109 dated October 15, 2019, SEBI/HO/MIRSD/TPD/P/CIR/2022/80 dated June 07, 2022 and SEBI/HO/MIRSD/TPD/P/CIR/2022/93 dated June 30, 2022 in relation to Cyber Security & Cyber Resilience framework for Stock Brokers / Depository Participants, trading members using algorithm software (Type – III) are required to conduct Cyber Security and Cyber Resilience Audit for the period April 01, 2023 to September 30, 2023 and submit the report to the Exchange as per the following timelines.

<b>Last date for Submission</b>			
<b>Type of Trading Members</b>	<b>Preliminary Audit Report</b>	<b>Action Taken Report (ATR) (If applicable)</b>	<b>Follow-on Audit Report (If applicable)</b>
<b>QSB &amp; Non QSB</b>	<b>November 30, 2023</b>	<b>February 28, 2024</b>	<b>May 31, 2024</b>

All Trading members are requested to take note that, for each non-compliance reported by the auditor, trading members are required to submit corrective action taken report as per above mentioned timelines. On review of the details of corrective action submitted by the trading member, the auditor shall submit the status of compliance as Compliant/Non-Compliant/Not Applicable.

Further, based on audit findings and related risks auditors should indicate if a follow-on audit is required to review the status of NCs (non-compliances). To ensure that the timely corrective actions are taken by the Trading members, follow-on audit, if any, shall be scheduled by the trading member as per above mentioned timelines.

Submission of Cyber Security and Cyber Resilience Audit Report shall be considered complete only after trading member submits the report to the Exchange after providing management comments. Further, auditor must provide compliance status for each TOR item as Compliant/Non-Compliant/Not Applicable and in case of any TOR item which is not applicable, auditor is required to provide justification for non-applicability of said TOR.

The members are advised to submit the digitally signed soft copy of the Cyber Security report in PDF format to the Exchange through mail at [compliancemsx@msei.in](mailto:compliancemsx@msei.in) or members may also submit the signed physical copy of the report to the Exchange.

**Metropolitan Stock Exchange of India Limited**

In case of physical copy of the Cyber Security audit report, it may be noted that all the pages of audit report should be duly stamped and signed by the auditor. Auditor should categorically certify in the report about absence of conflict of interest as given in the format. The members are advised to submit the Cyber Security audit report to the following address:

**Inspection Department**

Metropolitan Stock Exchange of India Ltd  
205-A, 2<sup>nd</sup> Floor, Piramal Agastya Corporate Park,  
Kamani Junction, LBS Road,  
Kurla (West), Mumbai - 400070.

Trading members shall comply with any Non-Compliance pending for Cyber Security and Cyber Resilience Audit Report for the previous audit period by submitting ATR and/or Follow-on audit report through mail at [compliancemsx@msei.in](mailto:compliancemsx@msei.in).

Trading Members are requested to take note of the Exchange circular MSE/INSP/14262/2023 dated October 06, 2023, regarding “Revised Penalties/disciplinary action(s)/charges for System Audit Report and Cyber Security & Cyber Resilience Audit Report related submissions”.

All members are advised to take note of the above to bring the provisions of this circular to the notice of the auditors and put in place adequate systems and procedures to ensure strict adherence to the compliance requirements.

Please find enclosed the following Annexures applicable for the Cyber Audit Report for half year ended September 30, 2023:

- Auditor Selection Norms – **Annexure A**
- Terms of Reference (TOR) for Cyber Audit, Executive Summary, Action Taken Report (ATR) and Follow on Report (FOR) – **Annexure B (Excel File)**
- Penalty/disciplinary action for Delay/Non-submission of Preliminary Audit Report / Corrective Action Taken Report/ Follow on audit report and non-Closure of observations – **Annexure C**

**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)