MCX Circular no.: MCX/MCXCCL/608/2026 October 27, 2026
MCXCCL Circular No. MCXCCL/INSP/231/2026

Submission of Half-yearly Internal Audit Report by Clearing Members (ITCM & PCM) for half year ended September 30, 2026

To All Clearing Members (Clearing for other Trading Members and/or Custodial Participants Code),

This is to inform that all Clearing Members undertaking clearing activities, for at-least one trade during the period from April 01, 2026 till September 30, 2026, for other stock-brokers and/or for custodian participants code (their direct trading clients or otherwise) are required to carry out Internal Audit and submit the report to Multi Commodity Exchange Clearing Corporation Limited (MCXCCL).

It is to be noted that the due date to submit the Internal Audit Report is within two months from the end of half year i.e., for the half year ended September 31, 2026 is **November 30, 2026**.

The submissions shall be made through the Member Reporting Portal (MRP) of MCXCCL as well as to the email ID "inspection@mcxccl.com" with the subject line as "Internal Audit Report- Name of the Clearing Member (Clearing Member Code) – September 2026". Detailed manual for submission of Internal Audit Report through MRP is explained in Annexure- A

Further, Internal Auditors are advised to take note of below while carrying out the Audit:

1. In cases where samples have been prescribed, auditors are required to procure the data from the clearing members. Auditors are advised to refer Annexure III carefully before initiating the audit. The samples for parameters/ criteria shall be as per the "Guidelines on sample selection" prescribed in Annexure III and the data required for the same may be sourced from the member.

2. For each "Not complied" observation, wherever applicable, the auditor shall mandatorily provide the "no. of instances verified" and "Amount/value involved where non-compliance is observed" while submitting the Report. Further, for each "Not Applicable" Points, appropriate justifying remarks are mandatory (to be provided).

3. Internal auditors are required to give the details of the sample verified (sample date, shortlisted sample etc.) wherever applicable. The formats for the same are given in Annexure V.

4. The Internal Audit Certificate (Annexure I) should be digitally signed.

5. Annexure II which is a Format of Internal Audit Report shall be submitted in excel file and as a PDF document. PDF version of Annexure II shall be digitally signed by both the auditor and the clearing member along with management comments of the clearing member.

6. Auditors are also required to provide the compliance status of observations of previous inspections/internal audit and provide the details of last observations in case of repeat violation at Point No. K of the internal audit checklist.

Please find enclosed the following Annexures applicable for the Internal Audit Report for half year ended September 30, 2026:

- Internal Audit Certificate - Annexure I
- Format of Internal Audit Report - Annexure II
- Guidelines on sample selection & other points to be noted - Annexure III
- List of indicative SEBI/MCXCCL/MCX circulars- Annexure IV
- List of samples verified - Annexure V

7. Please note that, only internal audit report with complete annexures shall be treated as valid submission to MCXCCL.

As advised by SEBI and in order to enhance the ease of doing compliance and reduce operational difficulties faced by Members/Audit Firms, it has been decided that only the auditors empaneled with any of the Exchange(s), shall be eligible to conduct internal audit of the Clearing Members of any of the Clearing Corporations.

The penalties/ disciplinary actions for late/ non-submission of the Internal Audit Report shall be as per MCXCCL/INSP/078/2024 dated April 01, 2024. The penalties/ disciplinary action for non-compliances reported in the Internal Audit Report shall be as prescribed by MCXCCL Circular No. MCXCCL/INSP/001/2024 dated January 01, 2024.

The clearing members are required to close all non-compliances reported in the internal audit report within 2 months from the end of due date of submission of Internal Audit Report i.e**. January 31, 2027.** In case the observations are not closed in the Action Taken Report or Action Taken Report has not been submitted within the due date, prescribed enforcement actions shall be initiated in accordance with MCXCCL/INSP/001/2024 dated January 01, 2024 or such other penalty circulars issued by MCXCCL from time to time. Further in cases where critical non-compliances are observed indicating misutilization of client collaterals, net worth related observation or any other non-compliances as deemed critical, immediate action shall be taken in accordance with MCXCCL/INSP/001/2024 dated January 01, 2024, (or such other penalty circulars issued by MCXCCL from time to time) without waiting for submission of Action Taken Report.

Members are advised to adhere to the norms prescribed under clause 4.2 of SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016, w.r.t. Appointment and Rotation of Internal auditors. The relevant provisions of clause 4.2. of the said SEBI circular dated September 26, 2016 is mentioned in **Annexure VI**:

Prashant Sinha
Inspection

---------- Corporate office ----------
Multi Commodity Exchange Clearing Corporation Limited
Exchange Square, CTS No. 255, Suren Road, Chakala, Andheri (East), Mumbai – 400 093
Tel.: 022 – 6864 6000 Fax: 022 – 67269558 CIN: U74999MH2008PLC185349
www.mcxccl.com email: customersupport@mcxindia.com

Annexure I

CERTIFICATE FOR INTERNAL AUDIT

We have examined the relevant books of accounts, records and documents maintained by M/s. _____, (name of the clearing member) bearing SEBI registration number _____) a member of the MCXCCL to fulfil the internal audit requirement as prescribed by SEBI vide Circulars dated August 22, 2008 and October 21, 2008 for the half year ended_____.

Segment - Commodity Derivative Segment)	Activity (Clearing)	SEBI registration number

The purpose of this Audit is to examine that the processes, procedures followed, and the operations carried out by the Clearing Member are as per the applicable Acts, Rules, Regulations, Bye-laws and Circulars prescribed by SEBI and the Clearing Corporation.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of this Internal Audit. In our opinion proper books of accounts, records and documents as per the regulatory requirement have been maintained by the member, so far as it appears from examination of the books.

We have conducted the audit within the framework provided by SEBI/Clearing Corporation for the purpose of this Internal Audit.

Based on the scrutiny of relevant books of accounts, records and documents , and to the best of our knowledge and explanations given to us, we certify that the Member has complied with the relevant provisions of SEBI Act, 1992, Securities Contracts (Regulation) Act 1956, Securities Contracts (Regulation) Rules 1957, SEBI (Stock Brokers) Regulations, 1992 and various circulars of SEBI and with the Rules, Bye laws, Regulations of MCXCCL and various circulars issued by the Stock Exchange and Clearing Corporation except otherwise mentioned in the Annexure to this report.

We declare that the audit firm meets the eligibility criteria as prescribed vide Exchange Circular no. MCX/INSP/180/2024 dated March 26, 2024.

Further, we declare that we do not have any direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management, other than the proposed Internal Audit assignment and also confirm that we do not perceive any conflict of interest in such relationship / interest while conducting internal audit of the said member.

In our opinion and to the best of our information and according to the explanations given to us by the proprietor/partners/directors/ compliance officer, the Report provided by us as per the Annexure and subject to our observations, which covers the entire scope of the Audit, is true and correct.

_____

Company Secretary / Cost and Management Accountant / Chartered Accountant
(Seal & Signature)

(Name of the Proprietor / Partner)

Membership no. / CP. No.
UDIN No.
Place: -
Date:-

Membership no. / CP. No.
UDIN No.
Place: -
Date:-

Annexure II

Sl. No.	Area of Verification	Observations of Internal Auditor (C for Complied, NC for Not Complied and N.A for Not Applicable)	Sample Size verified	No. of instances where non-compliance is observed	% of instances where non-compliance is observed	Amount/value involved where non-compliance is observed	Management Comments (Whether Auditor comments accepted, Y-Yes and N-No)	Applicability/ Member Remarks
A.	**MARGINS**							
1	The Clearing member has collected margins on Consolidated Crystallized Obligation from its respective TMs-Prop/CPs only in the form of Cash (and not in the form of FDRs/BGs or any other form of collateral) Refer to Annexure V for format of samples verified to be provided by auditor.							
2	The clearing member had collected appropriate and adequate margins (EOD margins and peak margins) in prescribed							

	forms from respective trading members/custodial participants. Refer to Annexure V for format of samples verified to be provided by auditor.							
3	Margin collection reported to Clearing Corporation is in accordance with margins actually collected from trading member/custodial participant. Refer to Annexure V for format of samples verified to be provided by auditor							
B	**DEALING WITH CLIENTS' FUNDS AND SECURITIES AND COMMODITIES**							
4	Client (TM/CP) funds and securities & commodities are segregated from own funds and securities & commodities							
5	No Cash dealings with TM/CP							
6	Member has not pledged clients' securities to the Banks/NBFCs for raising funds, even with authorization by client as the same would amount to fund-based activity which is in contravention of Rule 8(1)(f) & 8(3)(f) of Securities Contracts (Regulation) Rules, 1957.							
7	Member has not engaged in any activity involving any personal financial liability, other than of securities or commodities derivative or which is connected to or incidental to or consequential upon securities/commodities business							
8	Whether member has availed loan facility based on Client Bank Account/Upstreaming Account							

9	Record of Monies borrowed or loaned.							
10	Statement of accounts has been sent to trading member/ custodial participants.							
11	Daily Margin statement is issued to the respective clients with the details as specified and Proof of delivery / dispatch/ log for dispatch is maintained. Refer to Annexure V for format of samples verified to be provided by auditor							
12	Whether there was any delay in issuing the DMS? Refer to Annexure V for format of samples verified to be provided by auditor							
13	In case of any transfer of funds between client account & proprietary account for legitimate purposes, member has maintained a daily reconciliation statement clearly indicating the details of funds transferred.							
C	**MAINTENANCE OF BOOKS OF ACCOUNTS**							
14	Maintenance of a) Client/TM ledger b) Register of Securities (Client / TM wise scrip wise Register) (as applicable)							
15	Register of Securities maintained in the prescribed format (as applicable).							
16	All Entries for receipt and payment/ transfer of securities & Commodities are duly recorded in the register of securities & commodities.							

17	CM has maintained prescribed books of accounts like general ledgers/ Cash and Bank Book/ Margin Deposit details/ Register of complaints/ Register of transaction/ Register of commodity (as applicable)							
D	**REPORTINGS BY CLEARING MEMBERS**							
18	Clearing member has undertaken adequate reconciliation before submitting TM wise securities details to Clearing corporation (Submission of collateral details by clearing member as per Clearing Corporation circulars)							
19	Verification of T+1 segregated client collateral reporting Refer to Annexure V for format of samples verified to be provided by auditor							
20	Member has correctly allocated the collaterals. Refer to Annexure V for format of samples verified to be provided by auditor							
21	Submission of Associate details by clearing members in terms of MCXCCL/COMP/182 /2024 dated July 25, 2024							
22	Member is required to mention justifications for retention of collateral in the daily client collateral segregation file in terms of MCXCCL/INSP/100/2024 dated April 25, 2024.							

	Refer to Annexure V for format of samples verified to be provided by auditor							
E	**STRENGTHENING OVERSIGHT ON CLEARING MEMBERS**							
23	Monitoring pay-in timelines by the TMs CM should monitor the pay-in timelines by the TM and regular delayed receipt of pay-ins/ repeated instances of shortfalls be dealt with in accordance with the Risk Management Policy of the Clearing Member Refer to Annexure V for format of samples verified to be provided by auditor							
24	Monitoring penalties levied to clients of the Trading Members The CM should analyze the data of the Trading Members such as repeated instances of penalties being levied to the clients of TM for client margin reporting Refer to Annexure V for format of samples verified to be provided by auditor.							
25	Seeking data of debit balances of Trading Member's clients. CM should seek data with respect to debit balances of clients from Trading Member and review the exposure allowed by the TM and direct the TM to restrict / reduce exposure for such clients							

26	Monitoring misuse of client collaterals by TM for proprietary trading The CM should ensure that the TM does not comingle client collateral with the proprietary collateral and that it provides separate collaterals for proprietary positions out of own funds only and not from the client collaterals. The inspection of TM should cover this aspect in compliance with MCXCCL/INSP/032/ 2022 dated February 16, 2022.							
27	"Correctness of data submitted by TMs to CM TMs submit various data to the CM, which may be submitted by the CM to CC. The CM should assess the correctness of the data submitted by the TMs to CM in compliance with MCXCCL/INSP/032/ 2022 dated February 16, 2022."							
28	Inspection of TMs It is recommended that the CM carry out inspections of Trading Members, covering at least 1/3rd of the TMs cleared by it each year in order to cover all TMs over a period of 3 years. Additionally, CM may also conduct surprise inspection based on any rumours / adverse news in the media about the TM or any other concern/ alerts as arising out of the above points by the CM during the course of business in compliance with MCXCCL/INSP/032/2022 dated February 16, 2022.							

29	Formation of Risk Management Committee / Board Approved Committee for monitoring the risks. The CMs should be required to form a Risk Management Committee / board Approved Committee to monitor the various risks in the business. A periodic report (monthly or at least quarterly) for the TMs for which it has undertaken the clearing activity should be submitted to such Committee							
30	Whether the member has placed any periodic reports before its Risk management Committee/Board Approved Committee during the audit period							
31	Reporting of alerts by Clearing Members Clearing Members should be reporting the concerns identified by them during the oversight over Trading Members to the concerned Clearing Corporation, which in turn would report the same to the concerned Exchange for further action							
32	CMs should have a Risk Management policy duly approved by the Board / Board Approved Committee covering the below points: i. Internal escalation matrix with respect to non-compliances / defaults by TMs/CPs ii. Performance evaluation process of TMs/CPs registered with the CMs including its periodicity							

	iii. Seeking data information from TMs/CPs in the event of repeated cases of shortfall in margins / margins on Consolidated Crystallised Obligation or governance issues iv. Procedures for segregation of TM proprietary and Client collaterals v. Inspection of TMs vi. Upper Cap for acceptance of securities from a member and / or across all members in absolute terms and / or on an overall basis to avoid concentration risk vii. List of banks from which FDRs and BGs shall be accepted viii. List of securities that shall be accepted as collaterals ix. Components of cash collateral and non-cash collateral x. Ratio of Cash and Non-cash component of collateral xi. Haircut percentage for all types of collaterals other than Cash, FDRs and BGs. xii. Securities subject to a minimum of VAR and other collateral shall be subject to minimum haircut of 10%							

	xiii. Timelines and threshold limits beyond which action such as square off of positions shall be undertaken by CM for non-payment of margins on Consolidated Crystallised Obligation by the TMs/CPs							
33	Confirmation on reporting of TM/CP level fund shortfall beyond Rs 5 lacs to CC as per the timelines prescribed by CC							
34	Invocation of pledged securities by the Clearing Member was carried out only in respect of debit balance clients							
F	**OTHER COMPLIANCES**							
35	The Clearing member custodial participant agreements are executed in prescribed formats (wherever applicable).							
36	All the mandatory clauses have been included in CM - TM agreement (wherever applicable). Member has not executed trading member and clearing member agreement otherwise than in the prescribed format							
37	Compliance officer has obtained NISM-Series-III A/ prescribed certification.							
38	Member has complied with the Guidelines on Compliance Officers as issued in Circular no.: MCX/MEM/681/2022 November 29, 2022							
39	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							

40	Prescribed policies are maintained (Risk Management Policy, PMLA Policy and SORM policy)							
41	Exclusive e-mail id for any complaints created							
42	Regular back up of data taken and maintained.							
43	Proper monitoring mechanism is in place to review the IT/Security related incidents detected and resolution of the same							
44	Member has closed all existing demat accounts tagged as Client Collateral/ Client Margin Trading Securities/Client Beneficiary accounts in compliance with relevant SEBI Circular. If accounts are not closed due to reasons prescribed in MCX / MCXCCL circular, whether the member has suspended or frozen the demat account.							
45	Member has accepted securities as margin obligation from clients only by way of margin pledge/re-pledge in the depository system by opening a separate demat account for accepting margin pledge which shall be tagged as “Client Securities Margin Pledge account" in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/CIR/P/2020/28 dated February 25, 2020.							
46	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/ GN/ 2010-11/ 21/ 29390 dated December 10, 2010 have valid NISM series VII certification – (Securities Operations and Risk Management							

	Certification Examination)							
47	Adverse comments in Statutory Audit Report of Corporate Member have been considered							
48	Member has submitted Undertaking/ Authorization to Stock Exchanges and MCXCCL to access the information/ statements pertaining to all bank accounts (maintained by members) from Banks							
49	Segregation and Monitoring of Collateral at Client Level- Display of link of client collateral details on website in accordance with circular - MCXCCL/INSP/256/2024 dated October 07, 2024.							
50	Principal officer has been appointed and details of the same or any change thereafter was intimated to FIU.							
51	Designated Director has been appointed and details of the same or any change thereafter was intimated to Financial Intelligence Unit(FIU).							
G	**NETWORTH REQUIREMENTS**							
52	Networth is maintained as prescribed by the SEBI Gazette Notification No. SEBI/LADNRO/GN/2022/73 dated February 23, 2022 and submitted as per the CC prescribed norms.							

53	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.							
H	**BANK GUARANTEE (BG) MADE OUT OF CLIENT FUNDS**							
54	No new BGs have been made out of client funds on or after May 1, 2023. Refer to Annexure V for format of samples verified to be provided by auditor.							
I	**UPSTREAMING OF CLIENT FUNDS TO CLEARING CORPORATION**							
55	Whether the member has opened the designated bank account(s) maintained with the nomenclature “Name of the CM –TM prop account” to receive/pay proprietary funds from/to stock brokers							
56	Whether the member has opened the Up Streaming Client Nodal Bank Account (USCNBA) and the Down streaming Client Nodal Bank Account (DSCNBA)							
57	Clear credit balances of all the clients in the book of account of the SBs/CMs at the end of a given day are placed with the CC in form of either cash, lien on Fixed Deposit Receipts (FDRs) created out of the clients’ funds, or pledge of units of MFOS, created out of the clients’ funds							

58	Member has ensured that any clear credit balance that could not be upstreamed to Clearing Corporations due to receipt of funds from clients beyond cut-off time has remained in UNSCBA and upstreamed to Clearing Corporation on the next day.							
59	In case any clients' clear credit balances which are not placed by the SBs/CMs with the CC on account of justifiable reasons as enumerated in MCX circular no. MCX/INSP/049/2024 dated January 25, 2024, the said clear credit balances are reported in the segregation file as "Retained with TM" or "Retained with CM" in the T+1 report.							
60	Clients' balances reported as retained with the SBs/CMs should be either available in SCNBA/ DSCNBA/ Settlement account of the SBs/CMs and/or in transit to the CC.							
61	Member has not transferred funds from client bank account/DSCNBA/USCNBA to any third party or any other non-client account.							
62	The following conditions are met if any FDRs has been created out of clients funds: i. The FDR shall be created only with banks which satisfy the CC's exposure norms as specified by CCs/SEBI from time to time. ii. FDRs created only from 'Up Streaming Client Nodal Bank Account (USCNBA)' and has been lien-marked							

	to one of the Clearing Corporations at all times. iii. The tenor of FDRs created after July 01, 2023 are not more than one year and one day; and the FDRs is pre-terminable on demand. iv. The principal amount of the FDR is remained protected throughout the tenure, even after accounting for all possible pretermination costs. v. Member has not availed any funded or nonfunded banking facilities based on FDRs created out of clients' funds. vi. Existing FDRs (created out of clients' funds and having tenor of more than one year) created prior to June 30, 2023 shall be allowed to be grandfathered till maturity							
63	Payment for own trades (PRO) are not made from client bank accounts/ DSCNBA/ USCNBA							
64	Member has not transferred funds to its Group companies/ Associates from client bank accounts/DSCNBA/USCNBA							
65	Member has opened a separate Client Bank and set aside the funds and securities of Inactive/untraceable clients in such accounts and TM has upstreamed the untraceable/unclaimed clients funds to CC.							
66	Member has ensured that client funds have been invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Triparty Repo							

	Dealing and Settlement (TREPS)							
67	Member has maintained a dedicated demat account to as “Client Nodal MFOS Account” for subscription/ redemption of MFOS units in case they are investing clients funds in MFOS							
68	Member complied with the provisions of SEBI circular SEBI/HO/MIRSD/MIRSD-PoD1/P/CIR/2023/187 dated December 12, 2023 with respect to bank guarantees.							
69	Member has not transferred funds from/to USCNBA/DSCNBA/Settlement Accounts except for the permissible transfer of funds as per operational guidelines issued. Refer to Annexure V for format of instances verified to be provided by auditor.							
70	Member has maintained multiple Own, USCNBA, DSCNBA, Settlement and CM – TM prop bank accounts however total number of USCNBA and DSCNBA accounts shall not exceed 30.							
J	**COMPLIANCE WITH RESPECT TO SOP UNDERTAKING**							
71	In compliance to SEBI circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020 and MCXCCL/DEFAULT/150/2020 dated July							

	02, 2020 on the subject "Standard Operating Procedure in the cases of Trading Member /Clearing Member leading to default" whether member has provided: 1. A list of all its bank accounts. 2. An undertaking enabling the Exchange/CC to instruct the bank(s) of the members to freeze the bank account(s) for debits in the cases of Trading member/Clearing Member leading to default.							
72	Clearing member has submitted the undertaking for any new bank accounts opened within 7 days of opening the bank account in terms of MCXCCL/DEFAULT/212/2020 dated September 8, 2020.							
K	**COMPLIANCE STATUS OF LAST INSPECTION CARRIED OUT BY SEBI/ CC/ INTERNAL AUDITOR**							
73	Whether Member has placed the disciplinary action letter received from Exchanges/ SEBI before Board for consideration.							
74	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							
75	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							
76	Member has taken corrective steps to rectify the deficiencies observed in the latest half yearly internal audit report							
77	Comments /observation on any other specific area, which is not covered under any of the above area of verification.							
78	There are no repeat violations as per last inspection carried out by SEBI/ CC and last half yearly Internal Audit							

Annexure III

PRESCRIBED SAMPLE SIZE

ID	Area of Verification	Indicative Sample Size	Methodology for Sample selection
A.	**MARGINS**		
1	The Clearing member has collected margins on Consolidated Crystallized Obligation from its respective TMs-Prop/CPs only in the form of Cash (and not in the form of FDRs/BGs or any other form of collateral) Refer to Annexure V for format of samples verified to be provided by auditor.	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement. Verify whether the consolidated crystallised obligation has been collected in cash.
2	The clearing member had collected appropriate and adequate margins (EOD margins and peak margins) in prescribed forms from respective trading members/custodial participants. Refer to Annexure V for format of samples verified to be provided by auditor.	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments) Margin verification shall be done for the sample. For Cash- Ledger balance may be verified For BG and FD- verify the supporting For securities- verify with Sec pledge file Further, within the ledger for bank receipt entries (verify with bank statements)

3	Margin collection reported to Clearing Corporation is in accordance with margins actually collected from trading member/custodial participant. Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments) Margin verification shall be done for the sample. For Cash- Ledger balance may be verified For BG and FD- verify the supporting For securities- verify with Sec pledge file Further, within the ledger for bank receipt entries (verify with bank statements)
B.	**DEALING WITH CLIENTS' FUNDS AND SECURITIES AND COMMODITIES**		
4	Client (TM/CP) funds and securities & commodities are segregated from own funds and securities & commodities	Audit Period	Verify client bank and own bank accounts. Verify client collateral and own beneficiary accounts
5	No Cash dealings with TM/CP	Audit Period	Cash book maintained by the Member to be verified
6	Member has not pledged clients' securities to the Banks/NBFCs for raising funds, even with authorization by client as the same would amount to fund based activity which is in contravention of Rule 8(1)(f) & 8(3)(f) of Securities Contracts (Regulation) Rules, 1957	Audit Period	1. Ascertain if any client securities are pledged from any of the demat accounts of the clearing member. 2. Ascertain the ownership of securities pledged as Proprietary securities of the clearing member.
7	Member has not engaged in any activity involving any personal financial liability, other than of securities or commodities derivative or which is connected to or incidental to or consequential upon securities/ commodities business	Audit Period	
8	Whether member has availed loan facility based on Client Bank Account/Upstreaming Account	Audit Period	-
9	Record of Monies borrowed or loaned.	Audit Period	Check if loan/ICDs given to associates/subsidiaries.

			Whether the same have been deducted while computing half yearly net worth.
10	Statement of accounts has been sent to trading member/ custodial participants.	Audit Period	Verify the statement of accounts sent to all TMs
11	Daily Margin statement is issued to the respective clients with the details as specified and within the prescribed time limit and Proof of delivery / dispatch/ log for dispatch is maintained. Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments)
12	Whether there was any delay in issuing the DMS? Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments)
13	In case of any transfer of funds between client account & proprietary account for legitimate purposes, member has maintained a daily reconciliation statement clearly indicating the details of funds transferred.	Audit Period	Verification of transfer/JV entries between client accounts and proprietary accounts.
C.	**MAINTENANCE OF BOOKS OF ACCOUNTS**		
14	Maintenance of a) Client/TM ledger b) Register of Securities (Client / TM wise scrip wise Register) (as applicable)	Audit Period	-
15	Register of Securities maintained in the prescribed format (as applicable).	Audit Period	-
16	All Entries for receipt and payment/ transfer of securities & Commodities are duly recorded in the register of securities & commodities.	Audit Period	-
17	CM has maintained prescribed books of accounts like general ledgers/Cash and Bank Book/Margin Deposit details/Register of complaints/Register of transaction/Register of commodity (as applicable)	Audit Period	-
D.	**REPORTINGS BY CLEARING MEMBERS**		
18	Clearing member has undertaken adequate reconciliation before submitting TM wise securities details to Clearing corporation (Submission of collateral details by clearing member as per Clearing Corporation circulars)	Audit Period	Verify that the submission made by the member for the last Saturday of each month w.r.t securities balance is as per back office books maintained by the member.

19	Verification of T+1 segregated client collateral reporting Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments) Placed with CM, Retained by CM – figures reported to be verified from the books of the members. Placed with MCXCCL (Cash/FD/BG)- for the shortlisted date, members can take aggregate of each column (cash/FD and BG) under "Placed with MCXCCL" reported in T+1 and match with the COLLDTLS files issued by MCXCCL. Verify whether Securities Placed with CM is equal to sum of Securities Retained
20	Member has correctly allocated the collaterals. Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments) Verify that allocation of collateral at CC shall not be lower than the amount of collateral (except securities collateral re-pledged to CC) reported as having been passed on by the CM to the CC. Verify that the amount of collateral allocated shall not exceed the amount of collateral received by the TM/CM from the client and reported as such in T+1 (excluding the securities collateral re-pledged to CC through margin pledge mechanism)
21	Submission of Associate details by clearing members in terms of MCXCCL/ COMP/182/2024 dated July 25, 2024	Audit Period	List of associate details needs to be verified by the internal auditor with the submission made to MCXCCL.
22	Member is required to mention justifications for retention of collateral in the daily client collateral segregation file in terms of MCXCCL/INSP/100/ 2024 dated April 25, 2024.	Refer Sampling Criteria of margin dates	For Reason code mentioned in segregation reporting, internal auditor shall ask the justification of the same to the member along with relevant proof. Internal Auditor shall consider the same sample date as considered for margin reporting.
E.	**STRENGTHENING OVERSIGHT ON CLEARING MEMBERS**		

23	Monitoring pay-in timelines by the TMs CM should monitor the pay-in timelines by the TM and regular delayed receipt of pay-ins/ repeated instances of shortfalls be dealt with in accordance with the Risk Management Policy of the Clearing Member Refer to Annexure V for format of samples verified to be provided by auditor	Refer Sampling Criteria	6 Dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments)
24	Monitoring penalties levied to clients of the Trading Members. The CM should analyze the data of the Trading Members such as repeated instances of penalties being levied to the clients of TM for client margin reporting. Refer to Annexure-V for format of samples verified to be provided by auditor.	Out of number of members selected on the basis of the methodology given, select top 5 TMs on the basis of highest penalty	No. of instances of penalty levied on trading members is greater than 3 instances during the audit period
25	Seeking data of debit balances of Trading Member's clients CM should seek data with respect to debit balances of clients from Trading Member and review the exposure allowed by the TM and direct the TM to restrict / reduce exposure for such clients	Audit Period	-
26	Monitoring misuse of client collaterals by TM for proprietary trading The CM should ensure that the TM does not comingle client collateral with the proprietary collateral and that it provides separate collaterals for proprietary positions out of own funds only and not from the client collaterals. The inspection of TM should cover this aspect in compliance with MCXCCL/ INSP/ 032/ 2022 dated February 16, 2022.	Audit Period	-
27	Correctness of data submitted by TMs to CM. TMs submit various data to the CM, which may be submitted by the CM to CC. The CM should assess the correctness of the data submitted by the TMs to CM in compliance with MCXCCL/ INSP/ 032/ 2022 dated February 16, 2022.	Audit Period	-

28	Inspection of TMs: It is recommended that the CM carry out inspections of Trading Members, covering at least 1/3rd of the TMs cleared by it each year in order to cover all TMs over a period of 3 years. Additionally, CM may also conduct surprise inspection based on any rumours / adverse news in the media about the TM or any other concern/ alerts as arising out of the above points by the CM during the course of business in compliance with MCXCCL/ INSP/032/2022 dated February 16, 2022.	Audit Period	-
29	Formation of Risk Management Committee/ Board Approved Committee for monitoring the risks The CMs should be required to form a Risk Management Committee / board Approved Committee to monitor the various risks in the business. A periodic report (monthly or at least quarterly) for the TMs for which it has undertaken the clearing activity should be submitted to such Committee	Audit period	-
30	Whether the member has placed any periodic reports before its Risk management Committee/ Board Approved Committee during the audit period	Audit period	Details of the cases placed before the Committee to be sought.
31	Reporting of alerts by Clearing Members. Clearing Members should be reporting the concerns identified by them during the oversight over Trading Members to the concerned Clearing Corporation, which in turn would report the same to the concerned Exchange for further action.	Audit period	-
32	CMs should have a Risk Management policy duly approved by the Board / Board Approved Committee covering the below points: i. Internal escalation matrix with respect to non-compliances / defaults by TMs/CPs ii. Performance evaluation process of TMs/CPs registered with the CMs including its periodicity.	Audit period	-

	iii. Seeking data information from TMs/CPs in the event of repeated cases of shortfall in margins / margins on Consolidated Crystallized Obligation or governance issues iv. Procedures for segregation of TM proprietary and Client collaterals v. Inspection of TMs vi. Upper Cap for acceptance of securities from a member and / or across all members in absolute terms and / or on an overall basis to avoid concentration risk vii. List of banks from which FDRs and BGs shall be accepted viii. List of securities that shall be accepted as collaterals ix. Components of cash collateral and non-cash collateral x. Ratio of Cash and Non-cash component of collateral xi. Haircut percentage for all types of collaterals other than Cash, FDRs and BGs. xii. Securities subject to a minimum of VAR and other collateral shall be subject to minimum haircut of 10% xiii. Timelines and threshold limits beyond which action such as square off of positions shall be undertaken by CM for non-payment of margins on Consolidated Crystallized Obligation by the TMs/CPs.		
33	Confirmation on reporting of TM/CP level fund shortfall beyond Rs. 5 lacs to CC as per the timelines prescribed by CC	Audit period	-
34	Invocation of pledged securities by the Clearing Member was carried out only in respect of debit balance clients	Audit period	-
F.	**OTHER COMPLIANCES**		

35	The Clearing member custodial participant agreements are executed in prescribed formats (wherever applicable).	Audit Period	CM-CP Agreements executed during the Audit period to be checked
36	All the mandatory clauses have been included in CM - TM agreement (wherever applicable). Member has not executed trading member and clearing member agreement otherwise than in the prescribed format	Audit Period	CM-TM Agreements executed during the Audit period to be checked
37	Compliance officer has obtained NISM-Series-IIIA / prescribed certification.	Audit Period	-
38	Member has complied with the Guidelines on Compliance Officers as issued in Circular no.: MCX/MEM/681/ 2022 November 29, 2022	Audit Period	
39	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	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 functions.
40	Prescribed policies are maintained. (Risk Management Policy, PMLA Policy and SORM policy)	Audit Period	-
41	Exclusive e-mail id for any complaints created	Audit Period	-
42	Regular back up of data taken and maintained.	Audit Period	
43	Proper monitoring mechanism is in place to review the IT/Security related incidents detected and resolution of the same	Audit Period	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 pending Recommendations to be provided separately
44	Member has closed all existing demat accounts tagged as Client Collateral/ Client Margin Trading Securities/Client Beneficiary accounts in compliance with relevant SEBI Circular. If accounts are not closed due to reasons prescribed in MCX / MCXCCL circular, whether the member has suspended or frozen the demat account.	Audit Period	-

45	Member has accepted securities as margin obligation from clients only by way of margin pledge/ re-pledge in the depository system by opening a separate demat account for accepting margin pledge which shall be tagged as “Client Securities Margin Pledge account" in accordance with SEBI circular no. SEBI/HO/MIRSD/DOP/ CIR/P/2020/28 dated February 25, 2020.	Audit Period	-
46	Member has ensured that all associated person as defined in SEBI Notification LAD-NRO/ GN/ 2010-11/ 21/ 29390 dated December 10, 2010 have valid NISM series VII certification (Securities Operations and Risk Management Certification Examination)	Audit Period	To be checked for all associated person except for persons handling the basic clerical/elementary functions and whose work is supervised by NISM Series VII certified personnel.
47	Adverse comments in Statutory Audit Report of Corporate Member have been considered	Audit Period	Verify adverse Comments of Statutory Auditors
48	Member has submitted Undertaking/ Authorization to Stock Exchanges and MCXCCL to access the information/ statements pertaining to all bank accounts (maintained by members) from Banks	Audit Period	
49	Segregation and Monitoring of Collateral at Client Level- Display of link of client collateral details on website in accordance with circular - MCXCCL/INSP/256/2024 dated October 07, 2024.	Audit Period	Check whether the clearing member have displayed the link w.r.t. Client Collateral Details on their own website and have created awareness about the facility available to the clients for viewing of the collaterals.
50	Principal officer has been appointed and details of the same or any change thereafter was intimated to FIU.	Audit Period	-
51	Designated Director has been appointed and details of the same or any change thereafter was intimated to Financial Intelligence Unit(FIU).	Audit Period	-
G.	**NETWORTH REQUIREMENTS**		
52	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	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.

53	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	Ascertain the correctness of the Net worth calculation and report if there is an erosion of more than 50% of the Networth submitted to the CC along with the reasons of such erosion. In case of shortfall of Net worth.
H.	**BANK GUARANTEE (BG) MADE OUT OF CLIENT FUNDS**		
54	No new BGs have been made out of client funds on or after May 1, 2023. Refer to Annexure V for format of samples verified to be provided by auditor		Verify all the BGs created after May 1, 2023 comply with SEBI circular dated April 25, 2023.
I.	**UPSTREAMING OF CLIENT FUNDS TO CLEARING CORPORATION**		
55	Whether the member has opened the designated bank account(s) maintained with the nomenclature “Name of the CM –TM prop account” to receive/pay proprietary funds from/ to stock brokers	Audit Period	-
56	Whether the member has opened the Up Streaming Client Nodal Bank Account (USCNBA) and the Down streaming Client Nodal Bank Account (DSCNBA)	Audit Period	-
57	Clear credit balances of all the clients in the book of account of the SBs/ CMs at the end of a given day are placed with the CC in form of either cash, lien on Fixed Deposit Receipts (FDRs) created out of the clients’ funds or pledge of units of MFOS created out of the clients’ funds.	Audit Period	-
58	Member has ensured that any clear credit balance that could not be upstreamed to Clearing Corporations due to receipt of funds from clients beyond cut-off time has remained in UNSCBA and upstreamed to Clearing Corporation on the next day	Audit Period	
59	In case any clients’ clear credit balances which are not placed by the SBs/CMs with the CC on account of justifiable reasons as enumerated in MCX circular no. MCX/ INSP/ 049/ 2024 dated January 25, 2024, the said clear credit balances are reported in the segregation file as “Retained with TM” or “Retained with CM” in the T+1 report	Audit Period	-

60	Clients' balances reported as retained with the SBs/ CMs should be either available in USCNBA / DSCNBA/ Settlement account of the SBs/ CMs and/ or in transit to the CC.	Audit Period	-
61	Member has not transferred funds from client bank account/ DSCNBA /USCNBA to any third party or any other non-client account	Audit Period	All client bank accounts to be checked for the audit period.
62	The following conditions are met if any FDRs has been created out of clients funds: i. The FDR shall be created only with banks which satisfy the CC's exposure norms as specified by CCs/SEBI from time to time. ii. FDRs created only from 'Up Streaming Client Nodal Bank Account (USCNBA)' and has been lien-marked to one of the Clearing Corporations at all times. iii. The tenor of FDRs created after July 01, 2023 are not more than one year and one day; and the FDRs is pre-terminable on demand. iv. The principal amount of the FDR is remained protected throughout the tenure, even after accounting for all possible pre-termination costs. v. Member has not availed any funded or non-funded banking facilities based on FDRs created out of clients' funds vi. Existing FDRs (created out of clients' funds and having tenor of more than one-year) created prior to June 30, 2023 shall be allowed to be grandfathered till maturity.	Audit Period	-
63	Payment for own trades (PRO) are not made from client bank accounts/ DSCNBA/ USCNBA	Audit Period	All client bank accounts to be checked for the audit period.
64	**Member has not transferred funds to its Group companies/ Associates from client bank accounts/ DSCNBA/ USCNBA**	Audit Period	All client bank accounts to be checked for the audit period.
65	Member has opened a separate Client Bank and set aside the funds and securities of Inactive/untraceable clients in such accounts and TM has upstreamed	Audit Period	-

	the untraceable/unclaimed clients funds to CC.		
66	Member has ensured that client funds have been invested only in such MFOS that deploy funds into risk-free government bond overnight repo markets and overnight Triparty Repo Dealing and Settlement (TREPS)	Audit Period	-
67	Member has maintained a dedicated demat account to as “Client Nodal MFOS Account” for subscription/ redemption of MFOS units in case they are investing clients funds in MFOS	Audit Period	-
68	Member complied with the provisions of SEBI circular SEBI/ HO/ MIRSD/ MIRSD-PoD-1/ P/ CIR/ 2023/ 187 dated December 12, 2023 with respect to bank guarantees.	Audit Period	-
69	Member has not transferred funds from/to USCNBA/DSCNBA/Settlement Accounts except for the permissible transfer of funds as per operational guidelines issued.	Audit Period	All DSCNBA/USCNBA to be checked for the audit period.
70	Member has maintained multiple Own, USCNBA, DSCNBA, Settlement and CM – TM prop bank accounts however total number of USCNBA and DSCNBA accounts shall not exceed 30.	As on last date of the audit period	-
J.	**COMPLIANCE WITH RESPECT TO SOP UNDERTAKING**		
71	In compliance to SEBI circular SEBI/HO/MIRSD/DPIEA/CIR/P/2020/115 dated July 01, 2020 and MCXCCL/DEFAULT/150/2020 dated July 02, 2020, on the subject "Standard Operating Procedure in the cases of Trading Member /Clearing Member leading to default" whether member has provided: 1. A list of all its bank accounts. 2. An undertaking enabling the Exchange/CC to instruct the bank(s) of the members to freeze the bank account(s) for debits in the cases of Trading member/Clearing Member leading to default.	Audit Period	-

72	Clearing member has submitted the undertaking for any new bank accounts opened within 7 days of opening the bank account in terms of MCXCCL/DEFAULT/212/2020 dated September 8, 2020.	Audit Period	All bank accounts to be verified
K.	**COMPLIANCE STATUS OF LAST INSPECTION CARRIED OUT BY SEBI/ CC/ INTERNAL AUDITOR**		
73	Whether Member has placed the disciplinary action letter received from Exchanges/ SEBI before Board for consideration.	Audit Period	
74	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	Last SEBI/CC Inspection Report
75	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	Last SEBI/CC Inspection Report/half yearly internal audit report
76	Member has taken corrective steps to rectify the deficiencies observed in the latest half yearly internal audit report	Audit Period	Last half yearly internal audit Report
77	Comments /observation on any other specific area which is not covered under any of the above area of verification.	Audit Period	
78	There are no repeat violations as per last inspection carried out by SEBI/ CC and last half yearly Internal Audit	Audit Period	-

Sample Details

Identify top 6 dates (one date in each month of the Audit period) with highest margin requirement (combined across all segments)

Out of the 6 dates selected, identify top clients in each segment, with highest margin obligation.

No. of clients* for which CM clears the trades	**Sample size**
Less than 100 active clients during the audit period	Minimum of 25 clients or the total number of clients per segment whichever is lower.
Between 100 to 500 active clients during the audit period	Minimum of 50 clients per segment
More than 500 active clients during the audit period	Minimum of 100 clients per segment

(*Client for the purpose of shortlisting shall mean TM Prop or CP)

POINTS TO BE NOTED

The guidelines prescribed here are only indicative in nature and not exhaustive. It does not in any way limit the scope of the internal audit. The guidelines have been prepared based on the regulatory requirements (as per relevant Acts, Rules, Regulations and circulars) which keep on developing from time to time on best effort basis. The auditors should peruse them and update the scope of the audit. **The auditors should clearly indicate 'Complied' indicating Compliance, 'Not Complied' indicating Noncompliance and 'N.A' wherever 'Not Applicable'.**

a. The audit report shall also include the following:

Management comments

In case of any non-compliances / findings / observations / qualifications by the auditor, the management responses should be given to the CC against each point.

Points to be noted by the Internal Auditor

a. No remarks will be allowed by Auditor in case of "complied" status. In case the auditor is of the opinion that the relevant checklist point has not been complied by the Member in full, Auditor shall indicate "Non-compliance" against such points.

b. For each "Not complied" observation, wherever applicable the auditor shall mandatorily provide the "no. of instances verified", "% of instances where non-compliance is observed" and "Amount/value involved where non-compliance is observed" while submitting the Audit report

c. A statement by the auditor that the provisions of SCRA 1956, SEBI Act 1992, SEBI (Stock Brokers) Regulations 1992, SCRR 1957, Rules, Bye laws, Regulations, circulars of SEBI, agreements, Bye laws of Clearing Corporation, data security.

d. Auditor shall specifically declare about direct / indirect interest in or relationship with the member or its shareholders / directors / partners / proprietors / management if any and also confirm that they do not perceive any conflict of interest in such relationship / interest while conducting internal audit of the said member.

e. Sample size indicated in the format above is minimum sample size. The guidelines for selection of sample is given in Annexure III. All Auditors are advised to adhere to the guidelines while verifying the respective areas. The auditor may increase the sample size as it may deem fit.

f. For each theme/area of audit, auditor shall clearly specify the sample size verified and in case of any non-compliance, the number of instances where adverse observations is noted including the details of the adverse observations in the space provided.

g. The internal audit report should be submitted to the CC as per the report format specified above.

h. In case where internal audit report submitted is incomplete and not as per the prescribed guidelines like non-adherence to sample size guidelines same would be treated as nonsubmission of internal audit report. MCXCCL reserves the right to advise a Member to change its auditor if quality of the report is not satisfactory or the audit is not carried out as per guidelines.

Annexure IV

Particulars	References	Date
Provisions of PMLA	Anti-Money Laundering Act, 2002	-
Mandatory requirement of NISM-Series-III A Certification for Compliance officer	MCXCCL Circular No. MCXCCL/MEM/066/2019	March 25, 2019
Guidelines on Outsourcing of Activities by Intermediaries	SEBI circular CIR/MIRSD/24/2011	December 15, 2011
Handling of Clients' Securities by Trading Members/Clearing Members	SEBI CIR/HO/MIRSD/DOP/CIR/P /2019/75 dated June 20, 2019 & SEBI/HO/MIRSD/DOP/CIR/ P/2019/95 dated August 29, 2019	August 29, 2019
Margin obligations to be given by way of Pledge/Re-pledge in the Depository System	SEBI/HO/MIRSD/DOP/CIR/ P/2020/28 dated February 25, 2020 and SEBI/HO/MIRSD/DOP/CIR/ P/2020/143 dated July 29, 2020	July 29, 2020
Standard Operating Procedure in the cases of Trading Member/Clearing Member leading to default	MCXCCL Circular No. MCXCCL/DEFAULT/150/2020	July 02, 2020
Submission of undertaking pursuant to Standard Operating Procedure in the cases of Trading Member/Clearing Member leading to default	MCXCCL Circular no.: MCXCCL/DEFAULT/212/2020	September 8, 2020
Strengthening oversight on Clearing Members	MCXCCL Circular No. MCXCCL/INSP/221/2021	August 24, 2021
Guidelines to Clearing Members for effective oversight over trading members cleared by Clearing Members–Clarifications	MCXCCL Circular No. MCXCCL/INSP/032/2022	February 16, 2022
Submission of information by ITCM/ PCM Members	MCXCCL Circular No. MCXCCL/INSP/079/2021	March 24, 2021
Consolidated Master Circular - MCXCCL	MCXCCL Circular No. MCXCCL/COMP/162/2023	June 30, 2023
BG Created out of client funds		
Bank Guarantees (BGs) created out of clients' funds	MCXCCL Circular No. MCXCCL/C&S/105/2023	April 25, 2023
Bank Guarantees (BGs) created out of clients' funds	MCXCCL Circular No. MCXCCL/C&S/108/2023	April 27, 2023
Bank Guarantees (BGs) created out of clients funds	MCXCCL Circular No. MCXCCL/INSP/169/2023	July 06, 2023

Bank Guarantees (BGs) created out of clients funds	MCXCCL Circular No. MCXCCL/INSP/227/2023	September 25, 2023
Bank Guarantees (BGs) created out of clients' funds	MCXCCL Circular No. MCXCCL/C&S/230/2023	September 26, 2023
Penalty Structure related to provisions of Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs) and Bank Guarantees (BGs) created out of client's funds	MCXCCL Circular No. MCXCCL/INSP/204/2024	August 14, 2024
Upstreaming Of Client Funds By Stock- Clearing Members		
Upstreaming of clients' funds by Stock Brokers (SBs) Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/C&S/146/2023	June 09, 2023
Upstreaming of clients' funds by Stock Brokers (SBs)/Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/C&S/154/2023	June 23, 2023
Upstreaming of clients' funds by Stock Brokers (SBs)/Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/C&S/161/2023	June 28, 2023
Implementation of circular on upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/C&S/165/2023	June 30, 2023
Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/C&S/295/2023	December 13, 2023
Operational guidelines and SOP on Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs)	MCXCCL Circular No. MCXCCL/INSP/142/2024	June 07, 2024
Penalty Structure related to provisions of Upstreaming of clients' funds by Stock Brokers (SBs) / Clearing Members (CMs) to Clearing Corporations (CCs) and Bank Guarantees (BGs) created out of client's funds	MCXCCL Circular No. MCXCCL/INSP/204/2024	August 14, 2024
Segregation and Monitoring of Client Collateral		
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/C&S/184/2021	July 20, 2021
Segregation and Monitoring of Collateral at Client Level - Reporting Format	MCXCCL Circular No. MCXCCL/INSP/218/2021	August 20, 2021
Segregation and Monitoring of Collateral at Client Level - Reporting Format	MCXCCL Circular No. MCXCCL/INSP/241/2021	September 20, 2021
Segregation and Monitoring of Collateral at Client Level - Reporting Format	MCXCCL Circular No. MCXCCL/254/INSP/2021	October 01, 2 21
Segregation and Monitoring of Collateral at Client Level – Extension of timeline	MCXCCL Circular No. MCXCCL/C&S/293/2021	November 23, 2021

Segregation and Monitoring of Collateral at Client Level - Penalty	MCXCCL Circular No. MCXCCL/INSP/300/2021	November 25, 2021
Segregation and Monitoring of Collateral at Client Level - Penalty	MCXCCL Circular No. MCXCCL/INSP/315/2021	December 17, 2021
Particulars	**References**	**Date**
Segregation and Monitoring of Collateral at Client Level - Penalty	MCXCCL Circular No. MCXCCL/INSP/333/2021	December 30, 2021
Segregation and Monitoring of Collaterals	MCXCCL Circular No. MCXCCL/C&S/034/2022	February 17, 2022
Segregation and Monitoring of Collateral at Client Level – Extension of timeline	MCXCCL Circular No. MCXCCL/C&S/041/2022	February 24, 2022
Consolidated Circular on Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/INSP/050/2022	March 07, 2022
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/C&S/102/2022	April 27, 2022
Segregation and Monitoring of Collateral at Client Level- Reporting Format	MCXCCL Circular No. MCXCCL/INSP/233/2022	October 27, 2022
Segregation and Monitoring of Collateral at Client Level- Reporting Format	MCXCCL Circular No. MCXCCL/INSP/244/2022	November 21, 2022
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/C&S/057/2023	February 25, 2023
Segregation and Monitoring of Collateral at Client Level- Reporting	MCXCCL Circular No. MCXCCL/INSP/118/2023	May 09, 2023
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/C&S/175/2023	July 12, 2023
Segregation and Monitoring of Collateral at Client Level- Reporting	MCXCCL Circular No. MCXCCL/INSP/196/2023	August 17, 2023
Segregation and Monitoring of Collateral at Client level	MCXCCL Circular No. MCXCCL/INSP/285/2023	November 29 2023
Segregation and Monitoring of Collateral at Client Level-Reporting Format	MCXCCL Circular No. MCXCCL/INSP/61/2024	March 19, 2024
Segregation and Monitoring of Collateral at Client Level- Reporting Format	MCXCCL Circular No. MCXCCL/INSP/100/2024	April 25, 2024
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/INSP/256/2024	October 07, 2024
Clarifications on Reporting of Segregation and Monitoring of collateral at Client level Submission	MCXCCL Circular No. MCXCCL/INSP/248/2024	September 30, 2024
Segregation and Monitoring of Collateral at Client Level	MCXCCL Circular No. MCXCCL/INSP/256/2024	October 07, 2024

Annexure V

Margins

Date	Client code	Margin Obligation	Peak Margin Obligation	Ledger Balance Verified	FDR Verified	BG Verified	Securities Verified	Client Margin Reported	Value of False Margin Reported	Peak Margin Reported	Value of False Peak Margin Reported

Crystallised Obligation Verification

Date	TM Code/CP Code	Consolidated Crystallized Obligation	Ledger Balance Verified	Crystallised obligation not received in Cash	Remark
1	2	3	4	5=4-3	6

DMS (Daily Margin Statement)

Date	TM Code/CP Code	Delay (Yes/No)	Date when DMS was issued	Time when DMS was issued

Segregated client collateral reporting

Placed with CM

Date	TM Code /CP Code	Segment	Peak Financial Ledger Balance (Clear)-C in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP	Cash Placed with CM as per T+1	FD Placed with CM as per T+1	BG placed with CM as per T+1	Securities placed with CM as per T+1	Peak Financial Ledger Balance (Clear)-C in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP as	Cash placed with CM as per auditor	FD placed with CM as per auditor	BG placed with CM as per auditor	Securities Placed with CM as per auditor	Discrepancy in Peak Financial Ledger Balance (Clear)-C in the books of TM for clients and in the books of CM for TM (Pro) and in the books of CM for CP as per auditor	Discrepancy in cash	Discrepancy in FD	Discrepancy in BG	Discrepancy in securities	Remarks

								per auditor										

Retained by CM

Date	TM Code/ CP Code	Segment	Cash retained by CM as per T+1	FD Retained by CM as per T+1	BG retained by CM as per T+1	Securities retained by CM as per T+1	Cash retained by CM as per auditor	FD retained by CM as per auditor	BG retained by CM as per auditor	Securities retained by CM as per auditor	Discrepancy in cash	Discrepancy in FD	Discrepancy in BG	Discrepancy in securities	Remarks

Placed with MCXCCL

Date	cash Placed with MCXCCL as per T+1	FD placed with MCXCCL as per T+1	BG placed with MCXCCL as per T+1	Cash placed with MCXCCL as per auditor	FD placed with MCXCCL as per auditor	BG placed with MCXCCL as per auditor	Discrepancy in cash	Discrepancy in FD	Discrepancy in BG	Remarks

Validation for Securities				
Date	TM Code/ CP Code	Securities placed with CM as per T+1	Securities retained by CM as per T+1	Securities placed with MCXCCL as per T+1

***Note**: Securities shall be given a sum of approved securities cash component, approved securities non cash component, non-approved securities and value of approved commodities.*

Allocation of Segregated Client Collateral							
Date	TM Code/ CP Code	Allocation as per Web allocation report	Sum of Cash/FD/BG reported as placed with CM (as per T+1 report)	Sum of Cash/FD/BG passed on to MCXCCL (as per T+1 report)	Upper Band mismatch	Lower band mismatch	Remarks
1	2	3	4	5	6=4-3	7=5-3	

Monitoring pay-in timelines by the TMs		
Date	TM Code/CP Code	Payin Obligation

Monitoring penalties levied to clients of the Trading Members		
Date	TM Code/CP Code	Penalty levied

BG made out of client funds					
Date	BG Instrument no.	TM PAN	BG Amount	Complies with SEBI circular dated April 25, 2023 (Yes/No)	Remarks

Justifications for retention of collateral in the daily client collateral segregation file					
Date	Total Amount Retained as per segregation report (Rs.)	Reason Code reported in Segregation report	Whether proof obtained for retention (Yes/No)	Whether amount retained as per segregation report is justified in terms of the circular	Remarks

Non-permissible transfers

Sr. No.	Bank account no.	Account type(USCNBA/DSCNBA/Settlement Accounts/Own)	Date	From	To	Amount	Remark

Annexure VI

Guidelines for appointment of internal Auditors by Clearing Members (ITCM/PCM)

Members are advised to adhere to the norms prescribed under clause 4.2 of SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated September 26, 2016. The relevant provisions of clause 4.2 of the said SEBI circular dated September 26, 2016 is reproduced below:

4.2. Appointment and Rotation of Internal auditors

4.2.1. Stock Exchanges shall ensure that;
4.2.1.1. Stock Broker obtains from the internal auditor the following details and shares the same with the Stock Exchange:

a. Declaration stating that the internal auditor or its directors/partners have no interest in or relation with the stock broker concerned other than the proposed internal audit assignment, and b. Details of the internal auditor viz., Name, Address, PAN, Designation of Auditor, Name & Address of the Audit Firm, registration number of the Auditor and the Audit firm, any regulatory action taken against internal auditor/partner/director, if any, etc.

4.2.1.2. No stock broker shall appoint or re-appoint—
a) an individual as internal auditor for more than one term of five consecutive years; and
b) an audit firm as internal auditor for more than two terms of five consecutive years: Provided that—

4.2.1.3. An individual internal auditor who has completed his term under clause 4.2.1.2 (a) above shall not be eligible for re-appointment as internal auditor for the same stock broker for five years from the completion of his term;

4.2.1.4. An audit firm which has completed its term under clause 4.2.1.2 (b) above, shall not be eligible for re-appointment as internal auditor for the same stock broker for five years from the completion of such term; Provided further that as on the date of appointment no audit firm having a common partner or partners to the other audit firm, whose tenure has expired in a stock broker immediately preceding the financial year, shall be appointed as internal auditor for the same stock broker for a period of five years.

Accordingly, all Clearing Members are advised to ensure the above provisions relating to appointment and rotation of Internal auditors while appointing Internal Auditor.

Further, all Clearing Members are advised to take note that auditor meeting the following eligibility criteria is qualified to conduct the Internal Audit of the Clearing Members:

a) Auditor in the Audit Firm should be an independent qualified Chartered Accountant or Company Secretary or Cost and Management Accountant who is in practice and who does not have any conflict of interest.
b) The Audit Firm should have at least two partners at all times.

c) The Auditor / Audit firm or at least one of the partners should have a minimum of 5 years' experience in carrying out audits.

d) 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.

e) Auditor and/or its employee or partner signing the Internal Audit Report shall have a valid NISM Series-III-A: Securities Intermediaries Compliance Certification or ICAI Certificate Course on Financial Markets and Securities Laws or any other equivalent examination.

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Public

Annexure- A

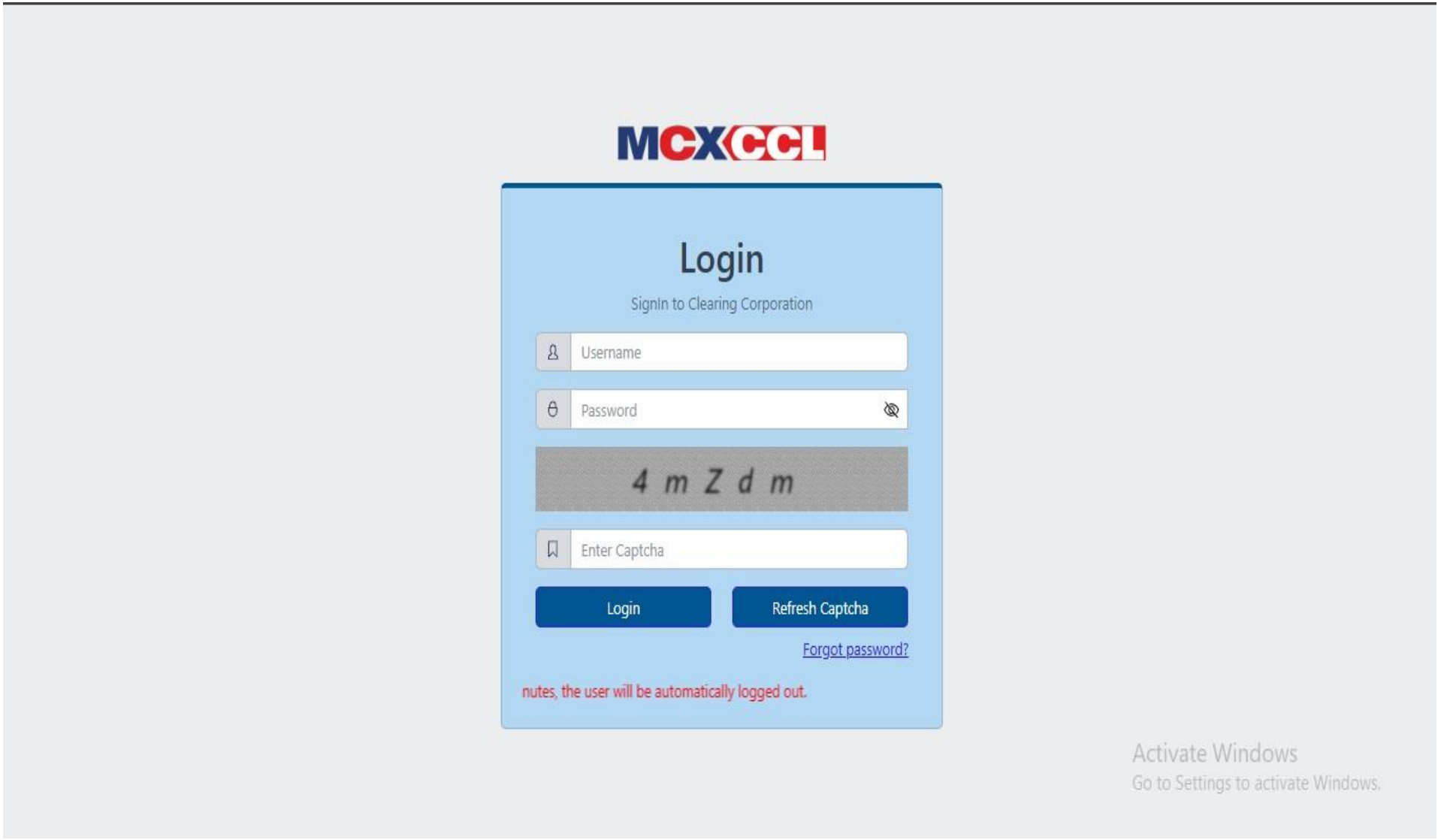
User Manual for submission of Internal Audit Report through MRP

Step-by-step instructions to submit Half Yearly Internal Audit Report (IAR) in Member Reporting Portal (MRP) are given as follows

1. Visit MCXCCL website: https://www.mcxccl.com/
2. Go to tab: 'Member Reporting'



3. Member shall login using login credentials along with OTP & Dashboard can be viewed.

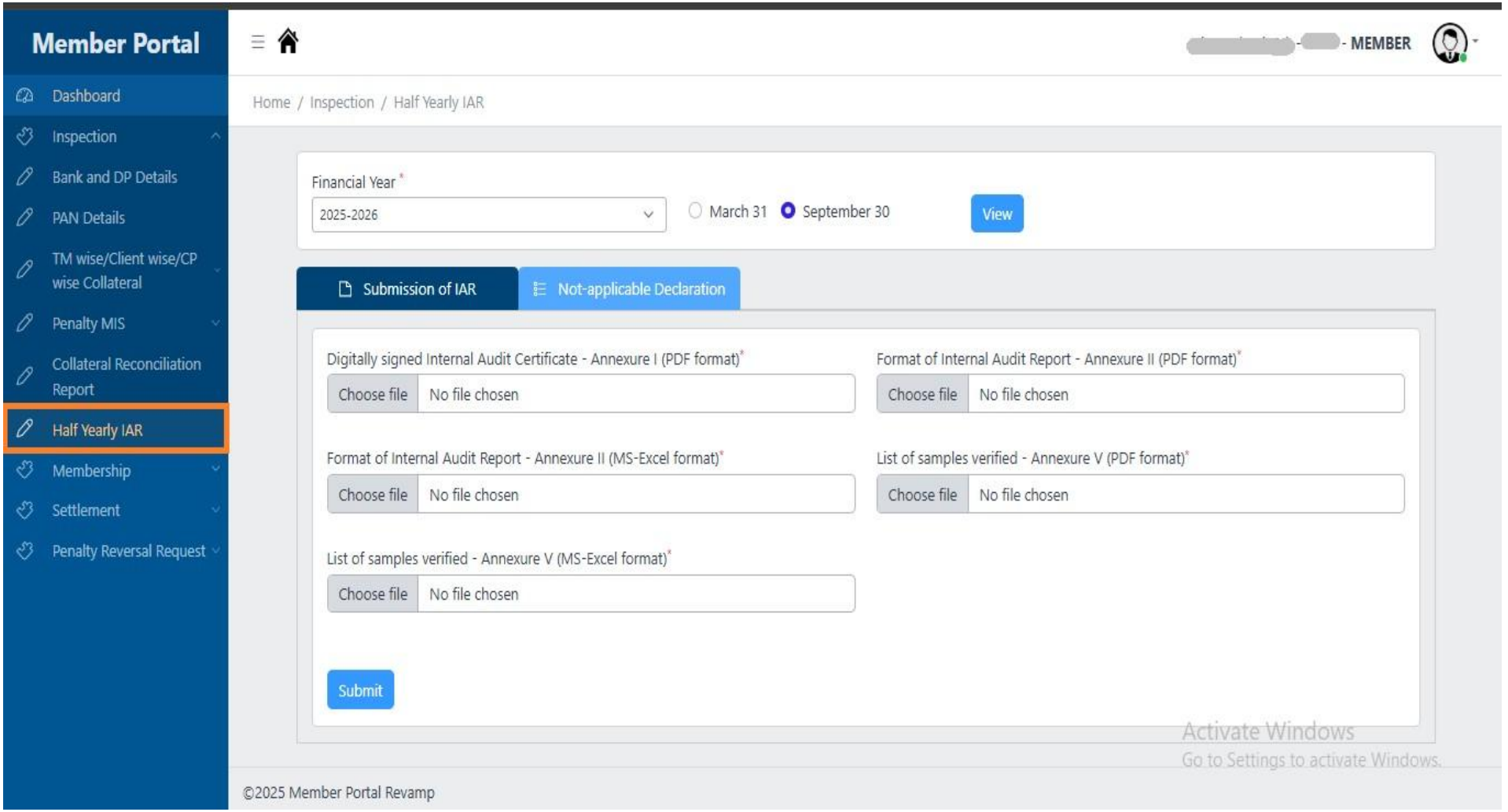


4. After successful login, ‘Dashboard’ can be viewed.



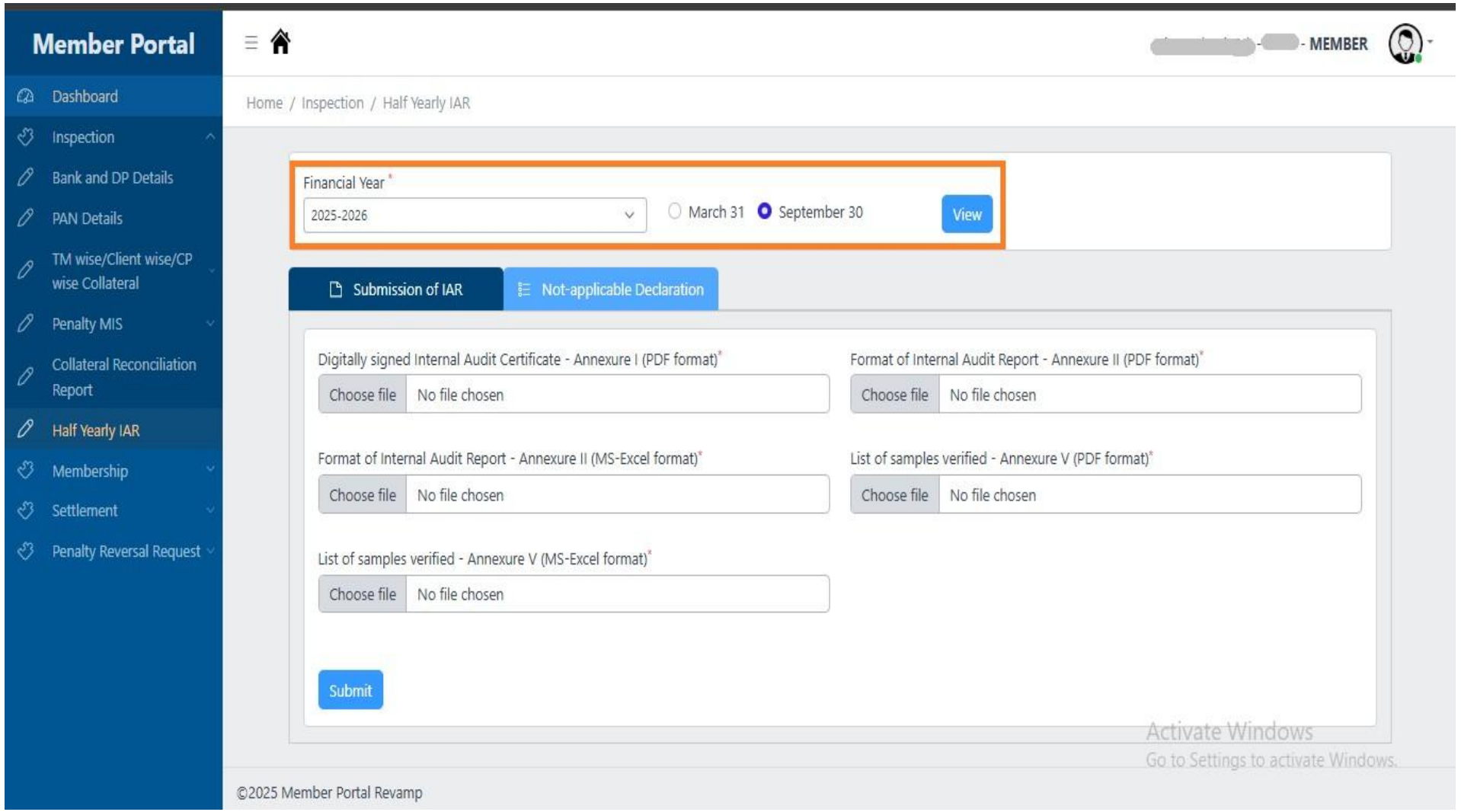
Submission of 'Half Yearly IAR'

5. Click on menu "Half Yearly IAR"* for uploading Half Yearly IAR.



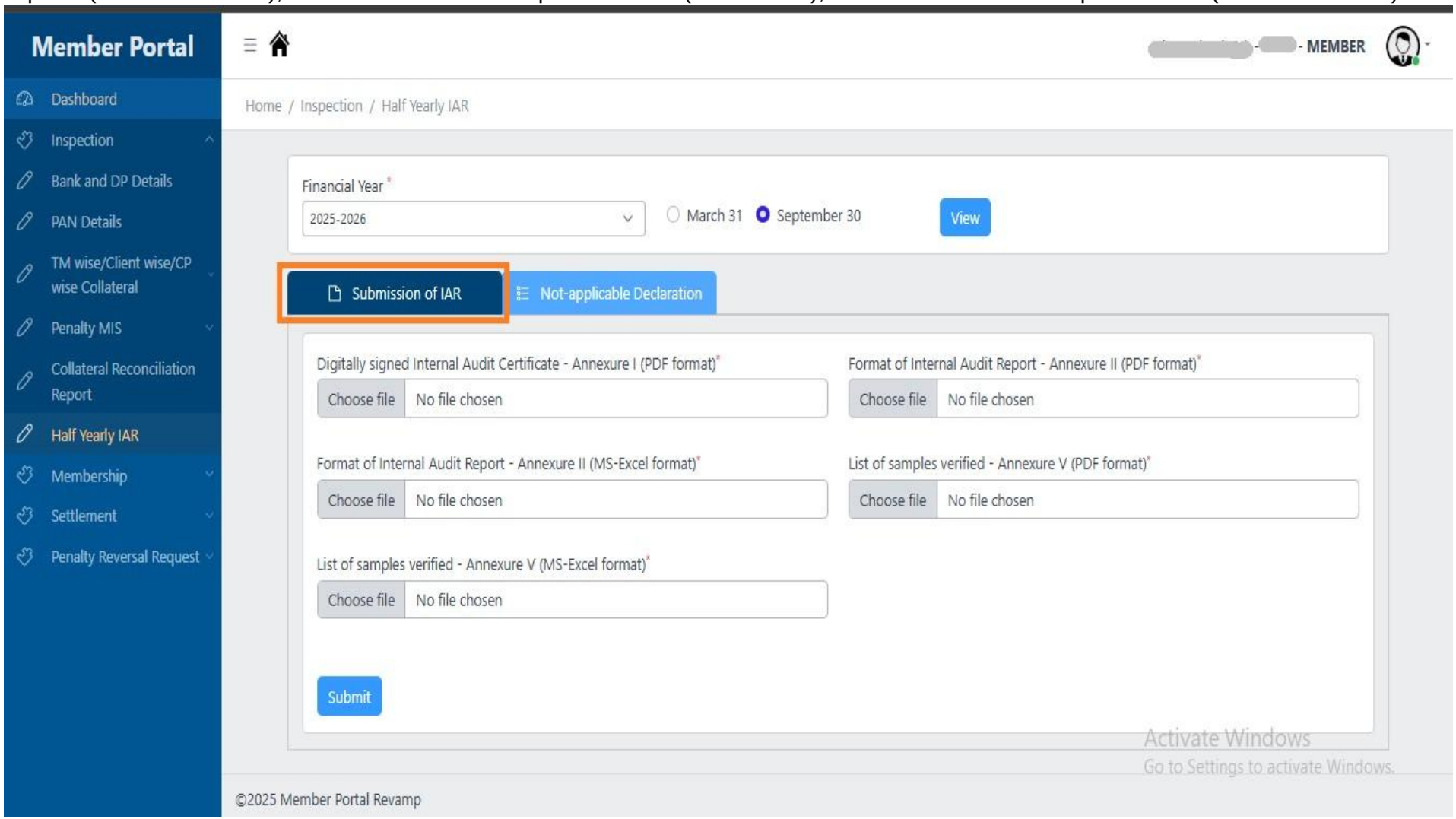
**** 'Half Yearly IAR' menu is applicable only for ITCM & PCM and not applicable for TCM member category.***

6. Select ‘Financial Year’ from drop-down and ‘Half Year Ended’ period (31st March Or 30th September) for which IAR submission to be done & click on “View”.

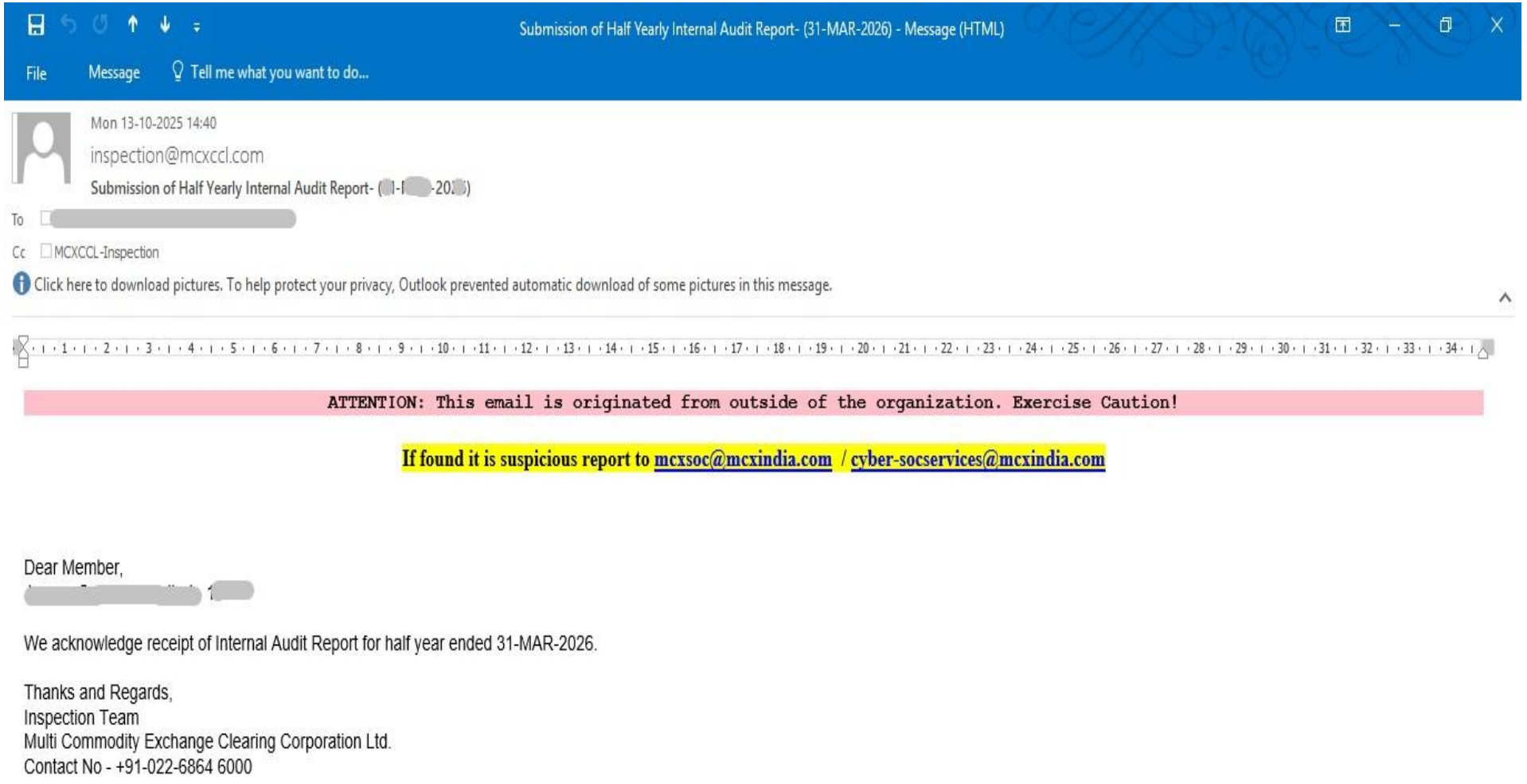


7. Select '**Submission of IAR**' for submission of report. Portal will enable submission of relevant Annexures:

Annexure I- Digitally signed Internal Audit Certificate (PDF format), Annexure II- Internal Audit Report (PDF format), Annexure II- Format of Internal Audit
Report - (MS-Excel format), Annexure V- List of samples verified - (PDF format), Annexure V- List of samples verified (MS-Excel format)



8. On successful submission of '**Half Yearly Internal Audit Report**', Member will receive system generated auto email on their registered email ID.



Submission of Half Yearly Internal Audit Report- (31-MAR-2026) - Message (HTML)

File Message Tell me what you want to do...

Mon 13-10-2025 14:40

inspection@mcxccl.com

Submission of Half Yearly Internal Audit Report- ([redacted])

To [redacted]

Cc MCXCCL-Inspection

Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

ATTENTION: This email is originated from outside of the organization. Exercise Caution!

If found it is suspicious report to mcxsoc@mcxindia.com / cyber-socservices@mcxindia.com

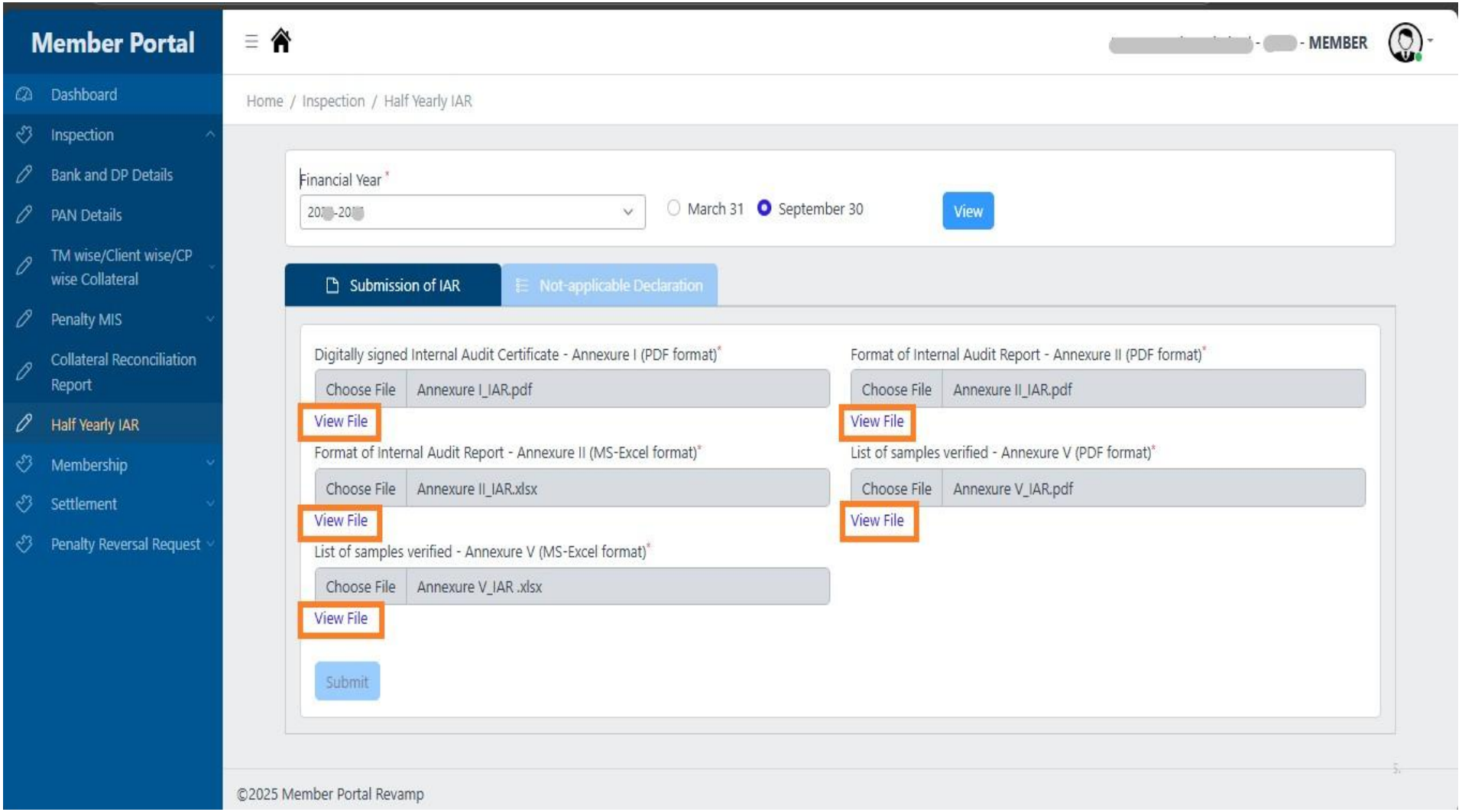
Dear Member,

[redacted]

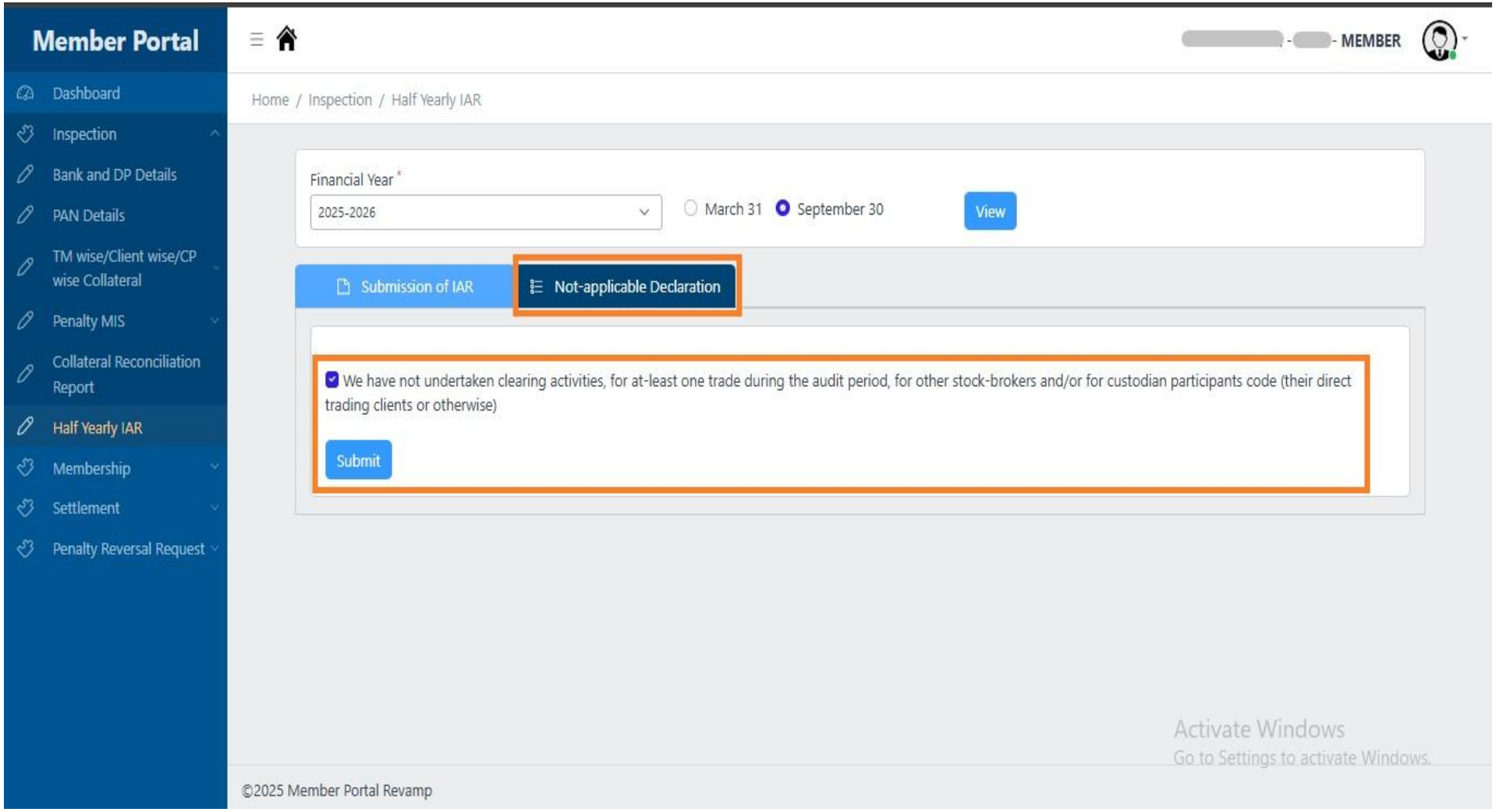
We acknowledge receipt of Internal Audit Report for half year ended 31-MAR-2026.

Thanks and Regards,
Inspection Team
Multi Commodity Exchange Clearing Corporation Ltd.
Contact No - +91-022-6864 6000

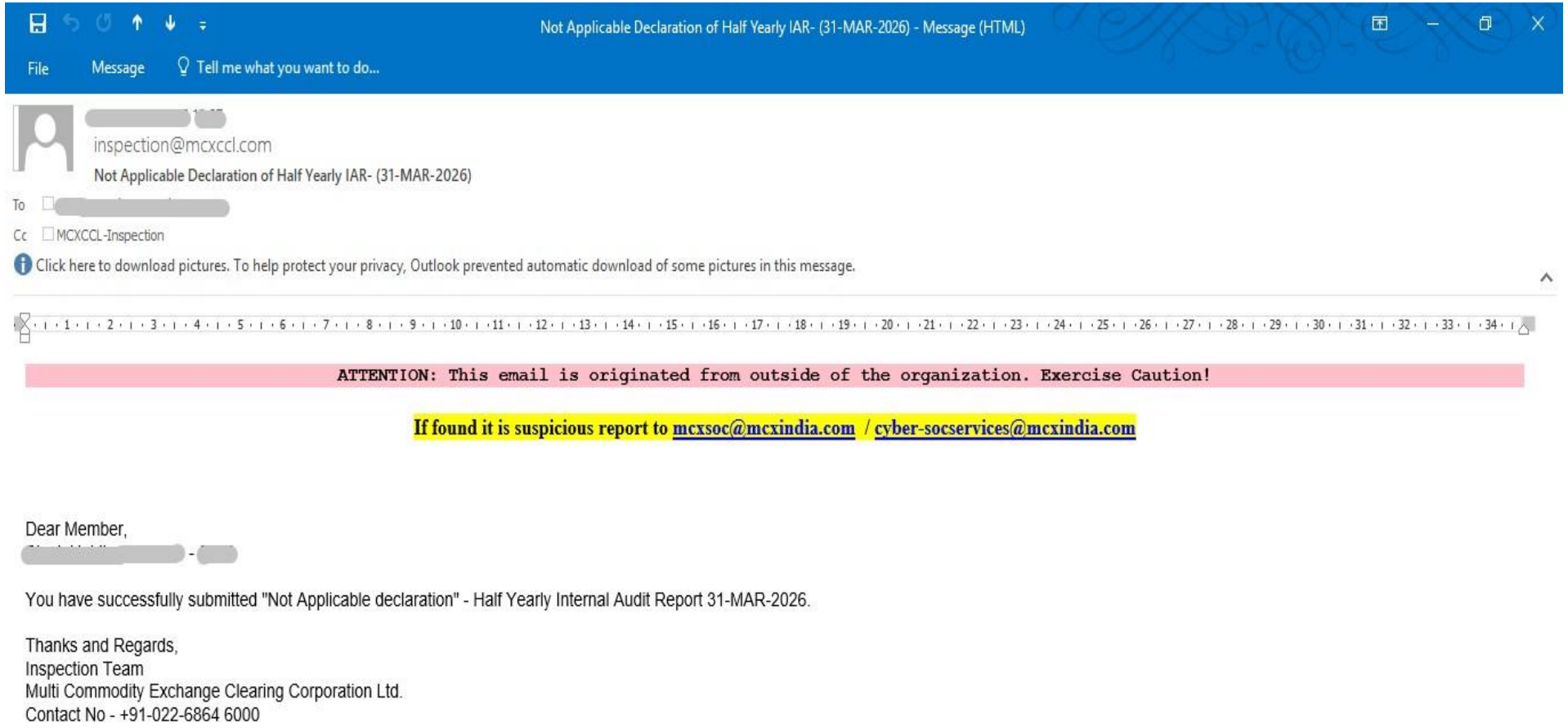
9. Relevant Annexures of **Half Yearly Internal Audit Report** submitted by the Member can be downloaded by clicking on 'View File'.



10. Submit '**Not-applicable Declaration**' if Member had not undertaken clearing activities, for at-least one trade during the audit period, for other stock-brokers and/or for custodian participants code (their direct trading clients or otherwise) by selecting check box & clicking '**Submit**'.



11. On successful submission of '**Not-applicable Declaration**', Member will receive system generated auto email on their registered email ID.



Not Applicable Declaration of Half Yearly IAR- (31-MAR-2026) - Message (HTML)

File Message Tell me what you want to do...

inspection@mcxccl.com

Not Applicable Declaration of Half Yearly IAR- (31-MAR-2026)

To [redacted]

Cc MCXCCL-Inspection

Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

ATTENTION: This email is originated from outside of the organization. Exercise Caution!

If found it is suspicious report to mcxsoc@mcxindia.com / cyber-socservices@mcxindia.com

Dear Member,
[redacted]

You have successfully submitted "Not Applicable declaration" - Half Yearly Internal Audit Report 31-MAR-2026.

Thanks and Regards,
Inspection Team
Multi Commodity Exchange Clearing Corporation Ltd.
Contact No - +91-022-6864 6000

Both 'Not-applicable Declaration' as well as 'Submission of IAR' tabs will get frozen after submission.

In case Member had erroneously submitted Not-applicable Declaration instead of Submission of IAR Or vis-à-vis, then Member is required to request MCXCCL-Inspection dept. for re-opening of submission menu via email on inspection@mcxccl.com