Annexure I

Auditor Selection Norms

1. The Auditor should have experience of IT audit/governance frameworks and processes conforming to industry leading practices like CobiT 5/ ISO 27001.

2. The Auditor shall have a minimum of 3 years of experience in IT audit of securities market participants e.g., Stock Exchanges, Clearing Corporations, Depositories, Trading Member, Depository Participants etc. The audit experience should cover all the major areas mentioned under Terms of Reference (ToR) of the system audit specified by SEBI / Stock exchange.

3. The Auditor/Auditor firm can perform a maximum of 3 successive audits of the Trading Member. However, such an auditor shall be eligible for re-appointment after a cooling-off period of one year.

4. The appointed Auditor's resources should possess at least one of the following certifications:

- CISA (Certified Information System Auditors) from ISACA
- DISA (Post Qualification Certification in Information Systems Audit) from Institute of Chartered Accountants of India (ICAI)
- CISM (Certified Information Securities Manager) from ISACA
- CISSP (Certified Information Systems Security Professional) from International Information Systems Security Certification Consortium, commonly known as (ISC)

5. The Auditor, as being appointed by Trading Member must not have any conflict of interest in conducting fair, objective, and independent audit. Further, the directors / partners of Audit firm shall not be related to any Directors/Promoters/Proprietor of the said Trading Members either directly or indirectly.

6. Auditor should not have been engaged over the last three years in any consulting engagement with any departments / units of the Trading Member.

7. The Auditor shall not have any cases pending against its previous audited companies/firms, which fall under SEBI's jurisdiction, which point to its incompetence and/or unsuitability to perform the audit task.

8. The trading members and auditors are required to retain records of physical visits conducted during audits like name, qualification & date of visit/s of auditor, along with audit artifacts, proofs of concept (POCs), and evidence related to terms of reference (TOR) points for a minimum duration of three years.