

**Annexure I**

**Auditor Selection Norms**

1. The Audit shall be conducted by **CERT-In empanelled organization/ entity**.
2. The Auditor/Auditor firm can perform minimum of 3 successive audits of the Trading Members. Follow on Audit conducted by the auditor shall not be considered in the successive audit. However, such an auditor shall be eligible for reappointment after a cooling – off period of one year.
3. 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.
4. Auditor should not have been engaged over the last three years in any consulting engagement with any departments / units of the Trading Member.
5. 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.
6. 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.

