

**DEPUTY GENERAL MANAGER  
MIRSD-DIVISION OF POLICY AND SUPERVISION III**

MIRSD/DPS-III/ Cir-22 /2008  
July 23, 2008

**The Managing Director / Executive Director  
of All Stock Exchanges**

Dear Sir,

**Sub: Annual Systems Audit**

Considering the importance of systems audit in a highly technology driven securities market, it has been decided that exchanges shall conduct audit of their systems by a reputed independent auditor on an annual basis. The systems audit should be comprehensive encompassing audit of systems and processes related to examination of Trading Systems, Clearing and Settlement Systems (Clearing Corporation/Clearing House), Risk Management, Databases, Disaster Recovery Sites, Business Continuity Planning, Security, Capacity Management and Information Security Audit.

Accordingly, you are advised to get the above systems audit conducted on an annual basis. You are further advised to place the Systems Audit Report and Compliance Status before the Governing Board of the exchange. The systems audit report/findings alongwith your comments should be communicated to SEBI. For the year 2008-09, the systems audit should be completed before December 31, 2008.

This circular is being issued in exercise of the powers conferred by Section 11(1) of Securities and Exchange Board of India Act, 1992 to protect the interest of investors in securities and to promote the development of, and to regulate, the securities market.

Yours faithfully,

**MANOJ KUMAR**