

The terms and conditions of your appointment for conducting Performance Audit/Inspection of books of accounts and records of the Exchange Member are as under:

1. The professional fee mentioned in the assignment letter is all-inclusive (including service tax and all out of pocket expenses, if any).
2. **The bill (revenue stamp fixed), in triplicate, is to be submitted for payment with an advance receipt** for Professional fee and the same may be submitted along with the Audit Report. However payment shall be made only if the report is submitted as per the terms and conditions mentioned herein below and in the assignment letter.
3. The audit team should consist of two or more persons, one member necessarily being a partner of your firm.
4. In case you are or were associated with the member to be inspected, in any capacity or had or having any common interests, the same must be disclosed to the Commission.
5. **A fortnightly status report is expected from the auditors stating the progress of inspection of each member allotted to them.**
6. The inspection methodology would be as given in the FMC Inspection Manual uploaded on the FMC website, **www.fmc.gov.in**
7. The Report may be presented in the same format as given in Schedule II of Inspection Manual.

8. The Format given in Schedule I & Schedule II of the Inspection Manual for presentation of findings are not exhaustive but they are only illustrative. You should furnish details of other observations which are relevant to the purpose of audit.

9. After completion of the Audit, you should submit the reports in hard copy as well as in soft copy (Compact disc) as stated below.
 - i) The Report should be in two parts. Part I is meant for Introduction and the Member's Profile. It should be spiral bound separately. It should be given continuous page number from the first page.
 - ii) Part II is for presentation of the findings in respect of trade done on each Exchange. Therefore, it should be made separately for each Exchange. Part II should bear continuous serial number starting from the first page till the end of the report including the Annexures. No separate serial number or Annexure Number should be given to the copies of documents enclosed as Annexures. Any reference to the Annexure/documents made in the findings or elsewhere should be by indicating its respective page number.
 - iii) The Part II of the audit report should be prepared in three spiral bound copies, to enable FMC share one copy each with the Member and the Exchange. For example, if the Exchange Member has membership with MCX, NCDEX & NMCE, the audit report should be prepared as indicated below.
 - a) Part I – Common for all Exchanges & Spiral bound – 1 Copy
 - b) Part II with Annexures, pertaining to MCX – three copies
 - c) Part II with Annexures, pertaining to NCDEX – three copies
 - d) Part II with Annexures, pertaining to NMCE – three copies

12. **Any finding of the audit regarding illegal trading activity or any other sensitive information, which should not be shared with the Member**

concerned, should be submitted to the Commission as a Special Report as Part III.

13. Each Audit Report should include an executive summary of all major violation/irregularities mentioned excluding Part III. A copy of the Pre-Audit Information furnished by the Member should be attached to the Audit Report.
14. The Audit Report prepared by you, except Part III, may be shown to the Member before it is submitted to the Commission and the signature of the member obtained on the audit report. In case the Member has any disagreement with any of the findings of the report, the Member may be allowed to record his disagreement while appending his signature.
15. The Audit Report not submitted in accordance with the terms and conditions will not be accepted by the Commission. It may also be noted that the report should be submitted within the stipulated time period as mentioned in the assignment letter.
