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REGULATORY

NSE Circular on AI/ML Reporting: What Trading Members Need to Know

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The National Stock Exchange of India (NSE) issued Circular No. 24/2026 (Ref: NSE/COMP/73568) on April 1, 2026, reminding all Trading Members of their obligations to report Artificial Intelligence (AI) and Machine Learning (ML) applications and systems. With the submission window already open, members must act promptly to avoid regulatory consequences.

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Background

The reporting obligation traces back to SEBI Circular No. SEBI/HO/MIRSD/DOS2/CIR/P/2019/10 dated January 4, 2019, which first introduced the framework for disclosing AI and ML usage among market intermediaries. The NSE subsequently operationalized these requirements through its own circular (NSE/COMP/59700) dated December 12, 2023. The latest circular is a continuation of this compliance architecture for the period ending March 31, 2026.

Who Must Report?

A critical aspect of this circular is its broad applicability. All active Trading Members, defined as those who have executed even a single trade during the applicable reporting period, are required to submit details, regardless of whether they use any AI or ML systems. Members who do not use such systems are not exempt; they are required to file a NIL submission.

The reporting frequency differs based on the nature of the member’s activities:

- **Trading Members using Algorithm Software** must report on a half-yearly basis, within 15 calendar days of the expiry of the half year, covering the period from October 1, 2025 to March 31, 2026.
- **Other Trading Members** must report annually, within 15 days of the expiry of a year, covering the period from April 1, 2025 to March 31, 2026.

Cross-Exchange Submission Mechanism

An important procedural development introduced under Exchange Circular NSE/INSP/69184 dated July 18, 2025 is the technology-based sharing mechanism between exchanges. NSE members who are also registered with BSE, MSE, MCX, or NCDEX are now required to submit their AI/ML details solely to NSE. NSE will then share the submission with the respective exchanges. This eliminates the burden of duplicate filings and simplifies compliance for multi-exchange members.

Submission Process and Timeline

All submissions must be made through the **ENIT portal** (https://enit.nseindia.com/MemberPortal/) by navigating to: **NEW ENIT > COMPLIANCE > ‘ML and AI’ > ML and AI Details.**

The submission window is open from **April 1, 2026 to April 15, 2026**. Members have **15** calendar days from the close of the reporting period to file.

The form requires members to furnish details such as the name and type of the AI/ML application, the date of its first use, whether it involves order initiation, routing and execution, whether it falls under discretionary investment or portfolio management, its use in cyber security, claims made regarding the system, safeguards against abnormal behavior, implementation methodology, and compliance with the 2019 SEBI circular. Multiple AI/ML systems can be reported by adding rows within the same submission.

Consequences of Non-Compliance

Failure to submit within the prescribed timeline will be treated as a compliance breach. Penal action in such cases will be governed by Exchange Circular NSE/INSP/70746 dated October 10, 2025. Members should treat the April 15, 2026 deadline as firm and non-negotiable.

Key Takeaways for Members

The circular reinforces a broader regulatory trend: SEBI and the exchanges are deepening their scrutiny of technology-driven trading practices. The obligation to report, even where no AI/ML system is used, signals that regulators want a complete and accurate picture of the technological landscape across all market participants.

Trading Members should ensure their compliance and technology teams coordinate immediately to identify all applicable AI/ML tools in use, verify whether they qualify as algorithmic trading members (which determines filing frequency), and submit through the ENIT portal before April 15, 2026. Members who have recently adopted AI-based tools for the first time, including for risk management, surveillance, client advisory, or execution, should be particularly careful not to overlook the disclosure obligation.

For assistance, NSE has made available a helpdesk at **1800 266 0050** (IVR Option 3) and by email at memcompliance_support@nse.co.in.

For more details, write to us at: contact@indialaw.in

Reference:

https://nsearchives.nseindia.com/content/circulars/COMP73568.pdf

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