



Central Depository Services (India) Limited

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COMMUNIQUÉ TO DEPOSITORY PARTICIPANTS

CDSL/IS/DP/POLCY/2026/381

June 05, 2026

REPORTING OF ARTIFICIAL INTELLIGENCE (AI) AND MACHINE LEARNING (ML) APPLICATIONS AND SYSTEMS

Attention of Depository Participants (DPs) is invited to CDSL Communique CDSL/RISK/DP/POLCY/2024/214 April 22, 2024, regarding Reporting for Artificial Intelligence (AI) and Machine Learning (ML) applications and systems wherein registered DPs using AI and ML based application or system as defined in **Annexure B**, are required to fill in the form (**Annexure A**) and make submission to Depositories on annual basis within three months of the end of the financial year.

As per the communication received from SEBI, DPs are advised to submit the report on AI and ML applications and systems '**Annually**'. The AI and ML report shall be submitted in the prescribed format (**Annexure A**) as per revised timelines mentioned below with immediate effect:

Report	Current Timeline
Depository Participants using AI and ML based application, or system as defined in Annexure B, are required to fill in the form (Annexure A).	Annually, within three months of the end of the financial year i.e. by 30 June

Further, for applications and systems belonging but not limited to the categories of AI and ML technology, DPs may refer to **Annexure B** of the SEBI circular dated January 4, 2019.

The submission of the aforesaid AI and ML applications report is mandatory for all the DPs irrespective of whether they are using AI and ML systems or not. DPs not using AI and ML systems are required to submit NIL submission.

DPs are required to submit this report of AI and ML on CDSL's audit web portal (<https://auditweb.cdslindia.com>) for the financial year ended March 31, 2026, within three months of the end of the financial year i.e. on or before **30th June 2026**. Please follow the submission guidelines as provided in **Annexure C** for submitting the AI/ML Audit Report to CDSL.



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DPs are advised to take note of the above and ensure compliance.

Queries regarding this communiqué may be sent by e-mail to dpinfosec@cdslindia.com

**For and on behalf of
Central Depository Services (India) Limited**

sd/-

**Mrugen Munjpara
Assistant Vice President - Information Security**



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Annexure A

Form to report on AI and ML Technologies

Intimation to Depository for the use of the AI and ML application and systems.

SNo.	Head	Value
1	Entity SEBI registration number	
2	Registered entity category	
3	Entity name	
4	Entity PAN no.	
5	Application / System name	
6	Date from when the Application / System was used	
7	Type of area where AI or ML is used	<order execution / Advisory services / KYC / AML / Surveillance / compliance/others (please specify in 256 characters)>
7.a	Does the system involve order initiation, routing and execution?	<Yes / NO>
7.b	Does the system fall under discretionary investment or Portfolio management activities?	<Yes / NO>
7.c	Does the system disseminate investment or trading advice or strategies?	<Yes / NO>
7.d	Is the application/system used in area of Cyber Security to detect attacks	<Yes / NO>
7.e	What claims have been made regarding AI and ML Application / System – if any?	<free text field>
8	What is the name of the Tool / Technology that is categorized as AI and ML system / Application and submissions are declared vide this response	<free text field>
9	How was the AI or ML project implemented	<Internally / through solution provider / Jointly with a solution provider or third party>
10	Are the key controls and control points in your AI or ML application or systems in accordance to circular of SEBI that mandate cyber security control requirements	<free text field>
11	Is the AI / ML system included in the system audit, if applicable?	<Yes / NO / NA>
12	Describe the application / system and how it uses AI / ML as portrayed in the product offering	<free text field>
13	What safeguards are in place to prevent abnormal behavior of the AI or ML application / System	<free text field>



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Annexure B

Systems deemed to be based on AI and ML Technology

Applications and Systems belonging but not limited to following categories or a combination of these:

1. Natural Language Processing (NLP), sentiment analysis or text mining systems that gather intelligence from unstructured data. – In this case, Voice to text, text to intelligence systems in any natural language will be considered in scope. Eg: robo chat bots, big data intelligence gathering systems.
2. Neural Networks or a modified form of it. – In this case, any systems that uses a number of nodes (physical or software simulated nodes) mimicking natural neural networks of any scale, so as to carry out learning from previous firing of the nodes will be considered in scope. Eg: Recurrent Neural networks and Deep learning Neural Networks.
3. Machine learning through supervised, unsupervised learning or a combination of both. – In this case, any application or systems that carry out knowledge representation to form a knowledge base of domain, by learning and creating its outputs with real world input data and deciding future outputs based upon the knowledge base. Eg: System based on Decision tree, random forest, K mean, Markov decision process, Gradient boosting Algorithms.
4. A system that uses statistical heuristics method instead of procedural algorithms or the system / application applies clustering or categorization algorithms to categorize data without a predefined set of categories
5. A system that uses a feedback mechanism to improve its parameters and bases it subsequent execution steps on these parameters.
6. A system that does knowledge representation and maintains a knowledge base.



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Annexure C

Guidelines to submit AIML Audit Report

DESIGNATED OFFICER LOGIN

1. Log in Into Audit application by using the below link:-

<https://auditweb.cdslindia.com/Login.aspx>

2. Now Sign-in using 'Login Type-Designated Officer' & enter User ID & Password and click on "Sign In" button.

3. Then select audit type "Cyber Artificial intelligence and Machine Learning Report Annual" from the Drop down. Select the audit month in the 'Select DP / RTA' tab and click on 'Confirm'.



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4. Enter the required details as shown below and select either 'YES' or 'NO' based on whether the applications/systems are implemented using AI/ML.

Select "NO" If DP is not using AI and ML based application or system.

AUDIT APPLICATION

CYBER ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING REPORT

* Audit Type	CYBER ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING REPORT	* DP Name(ID)	
* Audit Month		* Period	
* Schedule No		* DP ID	

Last date of Submission 15-Jul-2023 . If the report is submitted after this date, then it will be treated as Late Submission.

Cyber AI & ML Report covers the following Branch DPIDs :-

Basic Required Details

1	Entity SEBI Registration Number	<input type="text"/>
2	Registered Entity Category	<input type="text"/>
3	Entity Name	<input type="text"/>
4	Entity PAN No.	<input type="text"/>

Have you implemented any set of applications/software/programs/executable/systems(computer systems)- cumulatively called application and systems using AI&ML?

Yes No

AI & ML REPORT DETAILS

5	Application / System Name	<input type="text"/>	<input type="button" value="Add System"/>	<input type="button" value="Delete System"/>
6	Date from when the Application / System	<input type="text" value="dd-mm-yyyy"/>		

Sr No	Head	Instruction	Values
7	Type of area where AI or ML is used	Investment / Advisory services / KYC / AML / Surveillance / Compliance/ others (please specify in 256 characters)	<input type="text"/>
7a	Does the system involve order initiation, routing and execution?	Yes / NO	<input type="text" value="-- Select --"/>
7b	Does the system fall under discretionary investment or Portfolio management activities?	Yes / NO	<input type="text" value="-- Select --"/>
7c	Does the system disseminate investment or trading advice or strategies?	Yes / NO	<input type="text" value="-- Select --"/>
7d	Is the application/system used in area of Cyber Security to detect attacks?	Yes / NO	<input type="text" value="-- Select --"/>

7e	What claims have been made regarding AI and ML Application / System - if any?	free text field	<input type="text"/>
8	What is the name of the Tool / Technology that is categorized as AI and ML system / Application and submissions are declared vide this response		<input type="text"/>
9	How was the AI or ML project implemented	through solution provider / Jointly with a solution provider or third party	<input type="text"/>
10	Are the key controls and control points in your AI or ML application or systems in accordance to circular of SEBI that mandate cyber security control requirements	free text field	<input type="text"/>
11	Is the AI / ML system included in the system audit, if applicable?	Yes / NO	<input type="text" value="-- Select --"/>
12	Describe the application / system and how it uses AI / ML as portrayed in the product offering	free text field	<input type="text"/>
13	What safeguards are in place to prevent abnormal behavior of the AI or ML application / System	free text field	<input type="text"/>

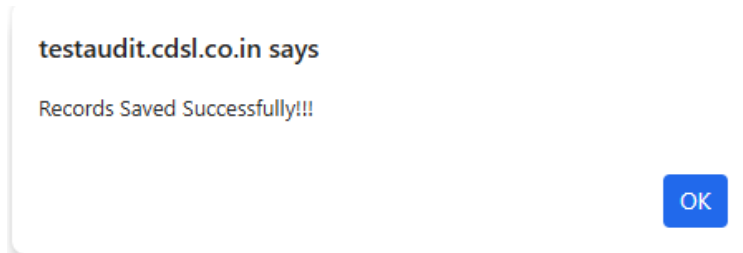


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5. Click on 'Save' & "Submit to CDSL" button as final step of submission.



6. If DP is using AI and ML based application or system, select 'YES'.

DP needs to fill in details mentioned for AIML in 'AI&ML report details' section.

AUDIT APPLICATION			
CYBER ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING REPORT			
* Audit Type	CYBER ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING REPORT	* DP Name(ID)	
* Audit Month		* Period	
* Schedule No		* DP ID	
Last date of Submission 15-Jul-2023 . If the report is submitted after this date, then it will be treated as Late Submission.			
Cyber AI & ML Report covers the following Branch DPIDs :-			
Basic Required Details			
1	Entity SEBI Registration Number		
2	Registered Entity Category		
3	Entity Name		
4	Entity PAN No.		
Have you implemented any set of applications/software/programs/executable/systems(computer systems)- cumulatively called application and systems using AI&ML?			
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			



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7. Add 'Application/System name' that DP has been using through 'Add system'. Also, add the date since the application/system is being used in 'Date section'.

Yes No

AI & ML REPORT DETAILS

5 Application / System Name

6 Date from when the Application / System was used

For Sr. No. 7a, 7b, 7c, 7d, and 11, the system accepts only the values Yes, No, or NA. Please refer to the instructions for guidance.

Sr No	Head	Instruction	Values
7	Type of area where AI or ML is used	order execution / Advisory services / KYC / AML / Surveillance / compliance/others (please specify in 256 characters)	<input type="text" value="KYC"/>
7a	Does the system involve order initiation, routing and execution?	Yes / NO	<input type="text" value="Yes"/>
7b	Does the system fall under discretionary investment or Portfolio management activities?	Yes / NO	<input type="text" value="No"/>
7c	Does the system disseminate investment or trading advice or strategies?	Yes / NO	<input type="text" value="Yes"/>

8.Fill in the details of the AI/ML application/system that is being used by DP in its operations.

Application / System was used

For Sr. No. 7a, 7b, 7c, 7d, and 11, the system accepts only the values Yes, No, or NA. Please refer to the instructions for guidance.

Sr No	Head	Instruction	Values
7	Type of area where AI or ML is used	order execution / Advisory services / KYC / AML / Surveillance / compliance/others (please specify in 256 characters)	<input type="text" value="KYC"/>
7a	Does the system involve order initiation, routing and execution?	Yes / NO	<input type="text" value="Yes"/>
7b	Does the system fall under discretionary investment or Portfolio management activities?	Yes / NO	<input type="text" value="No"/>
7c	Does the system disseminate investment or trading advice or strategies?	Yes / NO	<input type="text" value="Yes"/>
7d	Is the application/system used in area of Cyber Security to detect attacks?	Yes / NO	<input type="text" value="Yes"/>
7e	What claims have been made regarding AI and ML, Application / System – if any?	free text field	<input type="text" value="the claims have been made."/>
8	What is the name of the Tool / Technology that is categorized as AI and ML, system / Application and submissions are declared vide this response	free text field	<input type="text" value="cloud ie"/>
9	How was the AI or ML project implemented	Internally / through solution provider / jointly with a solution provider or third party	<input type="text" value="Internally"/>
10	Are the key controls and control points in your AI or ML, application or systems in accordance to circular of SEBI that mandate cyber security control requirements	free text field	<input type="text" value="yes"/>
11	Is the AI / ML system included in the system audit, if applicable?	NA / Yes / NO	<input type="text" value="Not Applicable"/>
12	Describe the application / system and how it uses AI / ML, as portrayed in the product offering	free text field	<input type="text" value="retail"/>
13	What safeguards are in place to prevent abnormal behavior of the AI or ML, application / System	free text field	<input type="text" value="monitoring of AI/ML is in place"/>

9. Click on 'Save' & "Submit to CDSL' button as final step of submission.

