

National Stock Exchange of India Limited

Policy for Nomination and Appointment of Directors, KMPs and Senior Management

1. Introduction

National Stock Exchange of India Limited (hereinafter referred to as "NSE" or "the Company") is governed by the Companies Act, 2013 (hereinafter referred to as the "Companies Act") and Rules notified thereunder, the Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as the "SCRA 1956") read with rules notified thereunder and the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as "SCR (SECC) Regulations, 2018") including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to recognised stock exchanges.

Pursuant to Section 178 of the Companies Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and SCR (SECC) Regulations, 2018, the Board of Directors of NSE is mandated to constitute a Nomination and Remuneration Committee ("NRC") which shall, amongst other things, formulate the criteria for determining qualifications, positive attributes and independence of a Director and criteria for identifying persons who may be appointed in senior management and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Accordingly, NSE has constituted a NRC. This Policy lays down the broad guideline for nomination and appointment of Directors, KMPs and Senior Management.

2. Objective

The objectives of this Policy are:

- a. To achieve a balance of merit, experience and skills amongst Company's Directors, KMP's and Senior Management.
- b. To institute processes that enables the identification of individuals who are qualified to become Directors and who may be appointed as Key Managerial Personnel and/or in Senior Management.
- c. To formulate the criteria for identifying the persons who are qualified to become directors and such persons who may be appointed as the KMPs and/or in Senior Management.
- d. To determine the composition of the Board of Directors.

- e. To determine the qualifications, positive attributes and independence of a director; and
- f. To ensure Board Diversity and implementation of succession planning in the Company.

3. Definitions

- i. "Policy" means this "Nomination Policy".
- ii. "Nomination and Remuneration Committee" or "the Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, Regulation 19 of the Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.
- iii. "Board of Directors" or "Board" shall mean the collective body of directors of NSE.
- iv. "Director" means a director appointed on the Board of NSE.
- v. "Independent Director" shall have the meaning as defined under the Companies Act read with relevant rules and Listing Regulations.
- vi. "Public Interest Director" shall have the meaning as defined under SCR (SECC) Regulations, 2018.
- vii. "Non-independent Director" means a director elected or nominated by the shareholders who are neither trading members nor clearing members, as the case may be, or their associates and agents".
- viii. "Managing Director" shall have the meaning as defined under the Companies Act or such other laws as may be applicable to the Company from time to time.
- ix. "Key Managerial Personnel" and "Key Management Persons": Key Managerial Personnel shall have the meaning as defined under Section 2(51) of the Companies Act and Key Management Persons shall have the meaning as defined under Regulation 2(1)(j) of SCR (SECC), Regulation, 2018. Both the terms i.e. "Key Managerial Personnel" and "Key Management Persons" when referred collectively are referred to as "KMPs" in this Nomination Policy.
- x. "Senior Management" means the officers and personnel of the Company who are members of its core management team excluding Board of Directors, and shall also comprise of all members of management one level below the Chief Executive Officer / Managing Director / Whole Time Director / Manager (including Chief Executive Officer and Manager, in case they are not part of the board) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

Basis the above definition, the Chief Human Resources Officer in

consultation with the Managing Director & CEO of the Company shall identify the personnels who qualifies to be categorized as the Senior Management.

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act read with relevant rules, Listing Regulations and SCR (SECC) Regulations 2018 or other relevant provisions as may be applicable.

4. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provisions of this Policy.

5. Parameters for recommending a candidate for appointment as Director

When recommending a candidate for appointment as Director, NRC will have regard to the following qualifications and positive attributes:

- i. the appointee should satisfy the 'fit & proper criteria' as stipulated under SCR (SECC) Regulations, 2018 (refer Annexure A) and other requirements as prescribed by SEBI from time to time.
- ii. The appointee shall give his consent to abide by the Code of Conduct specified under Part-B of Schedule-II of the SCR (SECC) Regulations, 2018.
- iii. assessing the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- iv. the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company;
- v. the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- vi. the ability of the appointee to represent the Company;
- vii. ability to work individually as well as a member of the Board and with the Senior Management;
- viii. influential communicator with power to convince others in a positive way;
- ix. ability to participate actively in deliberation and group processes;
- x. have strategic thinking and facilitation skills;
- xi. act impartially keeping in mind the interest of the Company on a priority basis;

- xii. Personal specifications:
- Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- xiii. Enrollment of name in the Databank for the position of Independent Director / PID, being maintained by the Indian Institute of Corporate Affairs, IMT Manesar to qualify as an Independent Director.
- xiv. While evaluating the candidature of a Public Interest Director, the Committee shall review the criteria for determining Independence as stipulated under the Companies Act, Listing Regulations, SCR (SECC) Regulations, 2018 and other applicable regulations or guidelines.
- xv. Besides considering all other qualifications with regards to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, sector specific experience and expertise, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act, SCR (SECC) Regulations, 2018 and Listing Regulations.
- xvi. With respect to the selection of the Managing Director & CEO, the due process as prescribed under the laws applicable to the Company shall be adhered to.

6. Guiding factors to be considered while appointing PIDs

- a. Governing Board shall comprise of at least one Public Interest Director having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.
- b. Atleast one person shall be inducted having experience and background in finance/ accounts who may preferably be inducted in the audit committee.
- c. Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions.
- d. Persons who are likely to have interested positions in commercial contracts and affairs of stock exchanges, may preferably be excluded. Persons who are regular speculators in the market or are a director on the board of the Promoter entity of the Stock Exchange or Clearing Corporation, shall be excluded.

7. Composition of the Board

The Governing Board of NSE shall include:

- a. Non-independent Directors;
- b. Public Interest Directors;
- c. Managing Director & CEO; and
- d. SEBI Nominee, if any.

Besides taking into account provisions as specified in the Articles of Association, applicable provisions contained in the Companies Act and Rules made thereunder and Listing Regulations, the Committee shall also take into account the following while deciding the composition of the Board and its size: -

- The number of public interest directors shall not be less than the number of Non-independent Directors on the Governing Board of the Company.
- The Managing Director shall be included in the category of Non-independent Directors.
- The Managing Director of the Company shall not -
 - (a) be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be;
 - (b) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member; or
 - (c) hold any position concurrently in the subsidiary of a recognised stock exchange or a recognised clearing corporation or in any other entity associated with a recognised stock exchange or a recognised clearing corporation:
Provided that the Managing Director of a recognised stock exchange may be appointed on the governing board, but not as managing director, of the subsidiary of a recognised stock exchange or a recognised clearing corporation.
- Any employee of a recognized stock exchange or recognized clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a Non-independent Director.
- Chairperson shall be elected by the Governing Board from amongst the Public interest Directors and shall be subject to the prior approval of SEBI.
- No trading member or clearing member, or their associates and agents, irrespective of the recognised stock exchange or recognised clearing corporation of which they are members, shall be on the Governing Board of any recognised stock exchange or recognised clearing corporation. The exceptions / exemptions in this regard shall be as stipulated in the SCR

SECC Regulations, 2018, from time to time.

Company shall monitor and ensure the compliance of the above on continuous basis, to ensure that directors appointed, on their governing board, do not get associated with trading member or clearing member after approval of appointment.

- No foreign portfolio investor shall have any representation in the Board of the Company.
- The Public Interest Director shall be eligible to become a Non-independent Director only after a cooling-off period of 3 years after ceasing to be a Public Interest Director.
- SEBI may appoint one or more persons as its Nominee not exceeding three in number, as director(s) on the governing board of any recognised stock exchange and such director(s) shall enjoy the same status and power as the other directors of the governing board.

The governing board of the Company shall consist of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management and management or administration.

- The Company may also appoint directors having qualification and experience in other areas which may be specific to them.

Provided that the Company shall ensure that the Governing Board collectively consists of Directors with qualifications and experience as specified at clause above.

- The appointment of director shall be subject to the fulfillment of other statutory requirements as are made applicable to the Company from time to time.

8. Term/Tenure

a. Managing Director/Whole-time Director

- i. The appointment, renewal of appointment and termination of service of the managing director shall be subject to the prior approval of the SEBI.
- ii. The NRC shall be responsible for selection of Managing Director/Whole-time Director/CEO. The managing director shall be selected through open advertisement in all editions of atleast one national daily from amongst persons qualified in the fields of capital market/ finance/ management and possessing sufficient experience. The Company shall forward the new names to SEBI before two months from the last working day of the existing Managing Director.

In case a vacancy of managing director arises due to unforeseen reasons,

the Company shall forward the new names to SEBI within 60 days from the date of submission of resignation or such vacation of office.

- iii. The appointment of the managing director shall be for a term not exceeding five years.
- iv. Post the completion of the first term, the Company shall conduct the appointment process for appointment of the Managing Director afresh. Provided a person may be appointed as the Managing Director for a maximum period of ten years, subject to an age limit of sixty-five years.
- v. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.
- vi. The appointment and tenure of the Managing Director would be governed by the applicable provisions of the Companies Act Listing Regulations and SCR (SECC) Regulations, 2018, as may be mandated by SEBI from time to time.

b. Public Interest Director

- i. The public interest directors on the Governing Board of the Company shall be appointed with the prior approval of the SEBI. Shareholders' approval shall not be necessary for the appointment of PID. A minimum of two names shall be submitted to SEBI for each vacancy of public interest directors, two months before such vacancy.
- ii. A Public Interest Director shall be appointed for a fixed term of 3 (three) years on the Board and for such extended period of another term of 3 (three) years as may be approved by SEBI, subject to performance evaluation as provided in the Board Evaluation Policy and subject to the maximum age limit of seventy-five years.
- iii. At the time of appointment of the Public Interest Director, it shall be ensured that number of boards on which such Public Interest Director shall serve is restricted to 7 (seven) listed companies as a Public Interest Director/Independent Director.

If such person is serving as a whole time director / managing director in any listed entity, he/she shall serve as an Public Interest Director/Independent Director in not more than 3 (three) listed entities.

- iv. The appointment and tenure of the Public Interest Director would be governed by the applicable provisions of the Companies Act, 2013 and SCR (SECC) Regulations, 2018, as may be mandated by SEBI from time to time.
- v. A Public Interest Director on the Board of the Company shall keep its Governing Board apprised of any conflict of interest, which may arise as a result of the public interest director providing services, either directly or indirectly, to any company listed or traded on that recognized stock

exchange, to any trading member or clearing member or their associates and agents.

- vi. A public interest directors on the board of a recognized stock exchange or a recognized clearing corporation shall not act simultaneously as director on the board of its subsidiary or on the board of any other recognized stock exchange or recognized clearing corporation or depository or on the board of subsidiary of such other recognized stock exchange or recognized clearing corporation or depository.
- vii. No public interest director on the board of a recognized stock exchange or a recognized clearing corporation, shall become a director on the board of subsidiary of that recognized stock exchange or recognized clearing corporation, as the case may be, unless there is a cooling-off period of three years after ceasing to be a public interest director.
- viii. A public interest director on the board of a recognized stock exchange or a recognized clearing corporation shall not act simultaneously as a member on more than five committees of that recognized stock exchange or a recognized clearing corporation.
- ix. If any issue arises as to whether an assignment or position of a public interest director is in conflict with his role, SEBI's decision shall be final.

c. Non-independent Director

- i. The appointment and re-appointment of all non-independent directors on the Governing Board of the Company shall be with the prior approval of SEBI.
- ii. The names of persons to be appointed as Non-independent Directors shall first be approved by the Governing Board of the Company, followed by shareholders' approval before submitting the same to SEBI for approval.
- iii. The manner of election, appointment, tenure, resignation, vacation, etc. of the Non-independent Director shall be governed by the applicable provisions to the shareholder directors under the Companies Act, Listing Regulations and SCR (SECC) Regulations, 2018, as may be mandated by SEBI from time to time.
- iv. The Non-independent Director shall be liable to retire by rotation.
- v. The appointment of a person or continuation of the directorship of any person as a Non-independent Director who has attained the age of 75 years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

9. Evaluation

The NRC shall by itself or through the Board or an independent external agency as prescribed in the Board Evaluation Policy, evaluate the performance of the Board/Committee(s), Individual Directors and Chairman at a regular interval (yearly) and review implementation and compliance.

10. Board Diversity

The Board shall consist of such number of Directors, including at least one woman Independent Director, as is necessary to effectively manage the Company of its size. The Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. NSE believes that increased diversity in the Board is associated with better financial performance, greater innovation and has a positive impact on the Company.

11. Familiarization Program for Directors

The Company shall provide an orientation to new Directors and continuing education/training to all its Directors and shall periodically provide materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director shall spend reasonable time for briefings by senior management on the Company's operations, its material subsidiaries, strategic plans, its financial statements, its key policies and practices and other details as may be desired by the Director. Public interest directors shall peruse the relevant laws, code of conduct, etc. and submit an undertaking that they are aware of their role, responsibilities and obligations. The Company shall provide at least seven days of training to all directors each year.

12. Criteria for appointment of KMPs and Senior Management

The following attributes shall be taken into consideration for selecting suitable candidates for appointment as senior management:

- i. The KMPs and Senior Management should satisfy the "Fit and Proper Person" criteria as prescribed by the SCR (SECC) Regulations, 2018 (Refer Annexure A);
- ii. The KMPs and Senior Management shall provide a consent to abide by the Code of Conduct specified under Part-B of Schedule-II of the SCR (SECC) Regulations, 2018.
- iii. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities as may be required to operate successfully in the position;
- iv. Contribution towards the effectiveness of the organisation as a whole;

- v. the ability of the appointee to represent the Company;
- vi. ability to work individually as well as part of the team of senior management;
- vii. influential communicator with power to convince other in a positive way;
- viii. ability to participate actively in deliberation and group processes;
- ix. have strategic thinking and facilitation skills;
- x. act impartially keeping in mind the interest of the company on a priority basis;
- xi. Profile shall include:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.

The management of the Company from time to time shall identify the level, designation and names of KMPs and / or persons who forms part of Senior Management and recommend the same to Nomination & Remuneration Committee for its approval. The Managing Director is empowered to identify the candidates in the Senior Management in terms of the criteria prescribed herein and recommend their appointment to the Committee.

13. A. Guidelines for appointment of Key Managerial Personnel and Senior Management Personnel

- a) Appointment of MD & CEO does not fall under the scope of this process and will be governed by the SEBI defined process for the same.
- b) The NRC upon the recommendations of the MD & CEO and Chief Human Resources Officer shall periodically review and consider the list of Key Managerial Personnel segmented under
 - (i) due for retirement (within 1 year)
 - (ii) organization readiness to mitigate risks on account of attrition, capability gaps and performance of the role holder.
 - (iii) The NRC shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s).
- c) The MD & CEO and Chief Human Resources Officer would be responsible to identify roles, designations & levels for Key Managerial Personnels and Senior Management Personnel recommend to the NRC for review and approval. The approval of NRC shall be recommended to the Board for its consideration and approval.

B. Guidelines for appointment of Key Management Personnel

- a) The NRC upon the recommendations of the MD & CEO and Chief Human Resources Officer shall periodically review and consider the list of Key Management Personnel segmented under
 - (i) due for retirement (within 1 year)
 - (ii) organization readiness to mitigate risks on account of attrition, capability gaps and performance of the role holder.
 - (iii) The NRC shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s).
- b) The MD & CEO and Chief Human Resources Officer would be responsible to identify roles, designations & levels for Key Managerial Personnels and Senior Management Personnel recommend to the NRC for review and approval.

14. Succession Planning

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for key executives as may be identified from time to time. The abovementioned criteria may be applied for such identification and evaluation.

15. Amendment

Any amendment or modification in the Companies Act, SCRA 1956, SCR (SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which include Listing Regulations) and any other applicable provision relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

16. Disclosure

This policy shall be placed on the Company's website in accordance with provisions of the Companies Act and Listing Regulations and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.

17. Review of the policy

This Policy shall be reviewed once a year to ensure that it meets the regulatory requirements or latest industry practice or both and the changes shall be placed in the NRC and the Board.

ANNEXURE A

'Fit and proper person' criteria

[Under Regulation 20 of the SCR (SECC) Regulations, 2018]

(1) A person shall be deemed to be a fit and proper person if:

A. such person has a general reputation and record of fairness and integrity, including but not limited to:

- i. financial integrity;
- ii. good reputation and character; and
- iii. honesty;

B. such person has not incurred any of the following disqualifications:

- i. conviction of the person by a court for any economic offence or an offence of the securities laws;
- ii. an order for winding up has been passed against the person;
- iii. the person has been declared insolvent and has not been discharged;
- iv. an order, restraining, prohibiting or debarring the person, from dealing in securities or from accessing the securities market, has been passed by the Board and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
- v. any other order against the person which has a bearing on the securities market, has been passed by the Board and a period of three years from the date of the order has not elapsed;

Provided that for the purpose of sub-clauses (iv) and (v), any Order passed by the Board, against a recognised stock exchange or recognised clearing corporation shall not affect the operation of such recognised stock exchange or recognised clearing corporation unless expressly mentioned in the Order.

- vi. the Board has initiated recovery proceedings under the SCRA 1956, the Securities and Exchange Board of India Act, 1992 (15 of 1992) that are pending;
- vii. the person is financially not sound or has been categorized as a wilful defaulter; and
- viii. any other disqualification as may be specified by SEBI from time to time.

(2) For the purpose of these regulations, the directors or KMPs shall be deemed to be fit and proper if, -

- (a) they fulfil the criteria specified above; and
- (b) they have not been found to be of unsound mind by a court of competent jurisdiction and have not been declared a fugitive economic offender; and
- (c) they have not been convicted of an offence involving moral turpitude.

(3) If any director or KMPs is not deemed to be fit and proper, the Company shall replace such a person within thirty days from the date of such disqualification, failing which the fit and proper person criteria may be invoked against the

Company.

- (4) Any disqualification of the Company under clause (1) shall not have any bearing on the fit and proper status of the directors or KMPs unless the directors or KMP are also found to incur the same disqualification in the said matter.
- (5) An order passed against the person by any other regulatory authority may be taken into account by the SEBI while determining the fit and proper person criteria.
- (6) If any question arises on the decision of the Company as to whether a person is a fit and proper person, SEBI's decision on such question shall be final.