

Terms and conditions of appointment of Public Interest Director/ Independent Directors of National Stock Exchange of India Limited (“NSEIL/Company”)

1. Tenure of appointment:

Appointment as a Public Interest Director (“PID”) on the Governing Board of the Company shall be for tenure of three years, as per the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (“SECC Regulations, 2018”) and shall not be liable to retire by rotation. The said appointment shall be governed by the provisions of the Companies Act, 2013 (“the Act”), SECC Regulations, 2018, Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 (“SEBI LODR”), Articles of Association of the Company and other applicable laws, Rules and Circulars. Appointment as a PID is extendable by another term of three years, subject to performance review in the manner as may be specified by SEBI.

2. Roles and Functions of the PID:

- i. help in bringing an independent judgment to bear on the Board’s deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- ii. bring an objective view in the evaluation of the performance of Board and management;
- iii. scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- iv. satisfy himself/herself on the integrity of financial information and that financial controls and that the systems of risk management are robust and defensible;
- v. safeguard the interests of all stakeholders, particularly the minority shareholders;
- vi. balance the conflicting interest of the stakeholders;
- vii. determine appropriate levels of remuneration of executive directors, Key Managerial Personnel, Key Management Personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, Key Managerial Personnel and senior management; and
- viii. moderate and arbitrate in the interest of the Company as a whole, in situations of conflict between management and shareholder’s interest.

3. Duties of the PID:

- i. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- ii. seek appropriate clarification or amplification of information and where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- iii. strive to attend all meetings of the Board of Directors and of the Board committees of which he/she is a member;
- iv. participate constructively and actively in the committees of the Board in which he/she is a chairperson or member;
- v. strive to attend the general meetings of the Company;

- vi. where there are concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that the said concerns are recorded in the minutes of the Board meeting;
- vii. keep himself/herself well informed about the Company and the external environment in which it operates;
- viii. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- ix. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure himself/herself that the same are in the interest of the Company;
- x. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- xi. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
- xii. acting within your authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
- xiii. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

4. Responsibility:

As a Member of the Board, the PID's will be collectively responsible for meeting the objectives of the Governing Board of the Company which include:

- i. Requirements under the Act;
- ii. Requirements under the SECC Regulations, 2018 and circulars/letters issued by SEBI in this regard;
- iii. Requirements under the SEBI LODR;
- iv. Code for Independent Director as outlined in Schedule IV to Section 149(8) of the Act,
- v. Code of Conduct as mentioned in SECC Regulations, 2018 and SEBI LODR;
- vi. Code of Ethics as per the provisions of SECC Regulations; and
- vii. Accountability under the Directors' Responsibility Statement.

5. Board Committees:

The Company has duly constituted various Statutory and voluntary Committees under the provisions of the SECC Regulations, 2018, the Act, SEBI LODR, SEBI circulars thereunder and other applicable laws. The PID will be appointed as a Member in any of the Committees as per the decision of the Governing Board and the Terms of Reference of such Committees, forming part of the SEBI circular dated June 25, 2024, enclosed herewith as **Annexure I**. Upon the appointment on any one or more Committees, the PID will be provided with the appropriate Committee charter which sets out the Terms of Reference of that Committee.

6. Board/ Committee Meetings:

Dates for Board and Committee Meetings in the ensuing year are decided in advance. Most Board and Committee Meetings are held at the Registered Office of the Company at Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400 051. The notice, agenda and explanatory notes are sent to the Board in advance, pursuant to the Act, SECC Regulations, 2018 and Secretarial Standards issued by ICSI. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting of the shareholders. Additional meetings are held, as and when necessary and may additionally meet to discuss and deliberate on the long-term strategies of the Company. The recommendations of the Committees, if any, are placed before the Board for their necessary approval.

The PID's shall endeavour to attend all the meetings of the Governing Board and shall be liable to vacate office if they remain absent for three consecutive meetings of the Governing Board or do not attend seventy-five per cent of the total meetings of the Governing Board in a calendar year.

7. Code of Conduct:

The PID's shall abide by the Code of Conduct for Independent Directors/ PID as per the provisions of the Act, SEBI SECC Regulations, 2018 and SEBI LODR. For your reference, the Code of Conduct is enclosed herewith as **Annexure II**.

8. Remuneration & Expenses:

PID's are entitled for sitting fees for attending each meeting of the Governing Board and Committee as per the Company's policy, as amended from time to time. Further, the Company shall reimburse them for the travel, accommodation and other incidental expenses incurred from time to time in the performance of their role and duties as a PID of the Company.

Note: As per regulation 24(9) of the SECC Regulations, 2018, PIDs shall be remunerated only by way of sitting fees as admissible in the Act. Presently, the Company is paying ₹ 1,00,000/- and ₹ 75,000/- as sitting fees for attending Board and Committee Meetings, respectively.

9. Directors and Officers (D & O) Insurance:

The Company provides all its Directors, with and pays the premiums for, indemnity and insurance cover while acting in their capacities as Directors.

10. Directors Familiarisation programme:

The Company shall familiarise the PID's w.r.t. the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

Additionally, the Company shall provide atleast seven days of training to every PID each year. Such training shall focus on updating the PIDs with the Company, its operations, management and the governing regulatory framework. Further, the Company shall in coordination with National Institute of Securities Markets organize either online or offline learning modules related to ongoing development in capital markets and Regulatory space, major developments in other developed economies in related areas, overview of development of various RegTech and SupTech, etc.

11. Performance Evaluation:

The performance evaluation of the PIDs is subject to provisions of the Act, SEBI LODR, SECC Regulations, 2018, SEBI circular on performance evaluation of PIDs dated February 5, 2019, including any amendments thereto and be guided by directions of SEBI from time to time. PIDs are subject to Internal Evaluation as well as External Evaluation. The Internal and External Evaluation shall carry equal weightage.

Internal evaluation: All the Governing Board Members shall evaluate the performance of each Independent Directors/PIDs as per applicable Rules on an annual basis at the end of every financial year and also at the time of their re-appointment for the tenure completed during the financial year prior to their re-appointment.

External evaluation: Independent Directors/PIDs shall also be subject to External Evaluation as per applicable Rules during their last year of the first term in the Company, by Management/Human Resource consulting firm.

12. Other Directorship:

The PID shall not act simultaneously as Director on the Board of 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.

During the tenure as PID, they shall not be associated with any Trading Member or Clearing Member, or their associates and agents, irrespective of the Stock Exchange / Clearing Corporation of which they are Members. For the purpose of this clause associate means an associate as prescribed in regulation 2(1)(b) read with regulation 23(7) of the SECC Regulations, 2018.

The PID shall not hold office as a Director, including alternate Directorship, in more than 20 (twenty) companies, provided that maximum number of public companies in which he/she can be appointed as a Director shall not exceed 10 (ten). No person shall be appointed in their place to act as an Alternate Director during their absence.

Further, the PID cannot be a Director in more than seven listed entities, including alternate directorship. Further, if they are serving as a Whole-Time Director/Managing Director in any listed company they shall serve as an Independent Director in not more than three listed companies. For the purpose of this para, the count for the number of listed entities on which a person is a

Director / Independent Director shall be only those whose equity shares are listed on a Stock Exchange.

13. Conflict of Interest:

As PID, they shall identify important issues which may involve conflict of interest for the Company or may have significant impact on the functioning of the Company or may not be in the interest of securities market.

Further, PIDs shall also keep Governing Board apprised of any conflict of interest, which may arise as a result of them providing services.

CIRCULAR**SEBI/HO/MRD/MRD-PoD-3/2024/088****June 25, 2024****To****All Recognized Stock Exchanges,
All Recognized Clearing Corporations and
All Depositories**

Sir/ Madam,

Subject: Statutory Committees at Market Infrastructure Institutions (MIIs)

1. In order to ensure effective oversight of the functioning of Stock Exchanges, Clearing Corporations and Depositories (hereinafter collectively referred as Market Infrastructure Institutions (MIIs)), SEBI at Paragraph 2.2 of Chapter 6 of Master Circular No. SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023 for 'Stock Exchanges and Clearing Corporations' and at paragraph 4.66 of Master Circular No. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 dated October 06, 2023 for 'Depositories', prescribed the guidelines with regard to the functions and composition of various statutory committees of MIIs.
2. Regulation 29 of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred as "SECC Regulations, 2018") & Regulation 30 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (hereinafter referred as "D&P Regulations, 2018"), *inter alia*, state that, MIIs shall have the following statutory committees:

2.1. Functional Committees:**2.1.1. Member Committee (MC)¹ and**

¹ SEBI Board in its meeting dated April 30, 2024 approved the amendment to Clause (a) of sub-regulation (2) of Regulation 29 of SECC Regulations, 2018 to change the name of "Member and Core Settlement Guarantee Fund Committee" to "Member Committee". Appropriate amendments to SECC Regulations, 2018 is being notified.

2.1.2. Nomination and Remuneration Committee (NRC)

2.2. Oversight Committees:

2.2.1. Standing Committee on Technology (SCOT)

2.2.2. Regulatory Oversight Committee (ROC) and

2.2.3. Risk Management Committee (RMC)

2.3. Investment Committee

3. Based on the recommendations of the Committee on Strengthening Governance of Market Infrastructure Institutions, the functions, composition and Terms of Reference (TOR) of the statutory committees of MIIIs were further deliberated in the Industry Standards Forum (ISF) of MIIIs.

4. Taking into consideration the recommendations of the ISF of MIIIs and subsequent deliberations, the revised TOR of statutory committees of MIIIs is provided at **Annexure–A**.

5. The overarching principles for composition and quorum for the statutory committees at MIIIs shall be as under:

5.1. Composition:

5.1.1. The composition of statutory committees at MIIIs shall be subject to the following:

Composition of Statutory Committees at MIIIs			
S.N.	Name of Statutory Committee	Composition	
1.	Member Committee (MC)	a. The Committee may include two Key Management Personnel (KMP) including the Managing Director (MD), Non-Independent Directors (NIDs) (other than Executive Director ²), Independent External Professionals (IEPs) along with Public Interest	

² As per SECC Regulations, 2018 and D&P Regulations, 2018, any employee of an MII 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. Such employee of MII appointed to the governing board has been termed as “Executive Director”.

Composition of Statutory Committees at MIIIs		
S.N.	Name of Statutory Committee	Composition
		<p>Directors (PIDs).</p> <p>b. The committee shall be chaired by the PID with expertise in Capital Markets.</p>
2.	Nomination & Remuneration Committee (NRC)	<p>a. The Committee may include NIDs (other than Executive Director and MD), IEPs along with PIDs.</p> <p>b. IEPs may be part of the committee for the limited purpose of recommendation relating to selection of the MD.</p>
3.	Standing Committee on Technology (SCOT)	<p>a. The Committee may include the MD, NIDs (other than Executive Director), at least 2 IEPs along with PIDs.</p> <p>b. The IEPs should be proficient in technology with at least one of them being an expert and practitioner in cyber security.</p> <p>c. The Chief Technology Officer (CTO) and Chief Information Security Officer (CISO) should be invitees to the meetings of the Committee.</p> <p>d. The committee shall be chaired by the PID with expertise in technology.</p>
4.	Regulatory Oversight Committee (ROC)	<p>a. The Committee may include NIDs (other than Executive Director and MD) and IEPs, along with PIDs.</p> <p>b. Relevant KMP(s) may be invited to the meetings of the committee, whenever required.</p> <p>c. The Committee shall be chaired by the PID with expertise in legal and regulatory practices.</p>
5.	Risk Management Committee (RMC)	<p>a. The Committee may include the MD, NIDs (other than Executive Director) and IEPs, along with PIDs.</p> <p>b. The Chief Risk Officer (CRiO) and CISO should be invitees to the meetings of the Committee.</p> <p>c. If a PID with expertise in risk management is present in the governing board, the committee may preferably be chaired by the said PID.</p>
6.	Investment Committee (IC)	<p>a. The Committee may include the MD, NIDs (other than Executive Director), IEPs, along with PIDs.</p>

5.1.2. In any statutory committee, the total number of PIDs shall not be less than the total number of other members of the Committee (including IEPs) put together. In

case of SCOT, the total number of PIDs shall not be less than the total number of other members of the Committee, excluding IEPs.

- 5.2. The Chairperson of each statutory committee at MII shall be a PID.
- 5.3. The voting on a resolution in the meetings of the statutory committees at MIIs shall be valid only when the number of PIDs that have casted their vote on such resolution is not less than the total number of other members put together who have casted their vote on such resolution.
- 5.4. The invitees, if any, to the meetings of the Committees shall not have any voting rights.
- 5.5. The casting vote in the meetings of the statutory committees shall be with the Chairperson of the committee.
- 5.6. The functions or terms of reference of any statutory committee cannot be delegated. However, for the Member Committee (MC) of MIIs, certain operational activities of the Committee can be delegated to Internal Committee(s) (ICs). In such cases the ICs shall at least have one member from the MC, other than KMPs.
- 5.7. MIIs shall lay down the policy for the procedure for conducting of meetings, frequency of meetings, timelines for placing of agenda papers, etc., of their statutory committees.
6. If certain activities of the MII are not covered under the TOR of statutory committees, the governing board of the MII shall be directly responsible for the functioning and oversight of such activities. Further, in order to ensure accountability within the MII, the governing board and each statutory committee shall identify the KMP(s) or employees for executing the responsibilities assigned to them by the governing board or statutory committees.
7. Further, MIIs shall ensure compliance with the following:

7.1. Over and above the statutory committees, the requirement to have mandatory committees under relevant laws for listed companies shall apply mutatis mutandis to MII.

7.2. **PIDs in Statutory Committees at MII:**

7.2.1. PIDs on the governing board of a MII shall not act simultaneously as a member on more than five statutory committees of the MII.

7.2.2. The above restrictions shall not be applicable to committees constituted under other relevant laws such as The Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, amongst others.

7.2.3. MII shall ensure availability of the required number of PIDs in order to fulfil the requirement of composition of statutory committees.

7.3. **IEPs in Statutory Committees at MII:**

7.3.1. The IEPs forming a part of statutory committees shall be from amongst the persons of integrity, having a sound reputation and not having any conflict of interest. They shall be specialists in the field of work assigned to the committee; however, they shall not be associated in any manner with the relevant MII, its associates, its subsidiaries, any other entity associated with the MII and its members.

7.3.2. MII shall frame the guidelines for appointment, tenure, code of conduct, etc., of IEPs. Extension of the tenure may be granted to IEPs at the expiry of the tenure, subject to performance review in the manner prescribed by SEBI for PIDs.

7.3.3. The maximum tenure limit of IEPs in a committee of MII shall be at par with that of PIDs, as prescribed under Regulation 24(3) of the SECC Regulations, 2018.

- 7.3.4. IEPs shall not use or act on any sensitive information received in capacity as a member of the statutory committee for obtaining any undue benefit.
- 7.4. The members of statutory committees shall abide by the code of conduct as applicable to them in terms of both SECC Regulations, 2018 and D&P Regulations, 2018.
- 7.5. In the interest of securities market, SEBI may suo moto nominate members on any statutory committee of the MIs, if felt necessary.
- 7.6. MIs shall devise an internal mechanism to obtain regular feedback, inputs, suggestions, etc. on regulatory, non-regulatory and operational matters from various stakeholders including trading members, clearing members and depository participants, investors, etc.
- 7.7. The newly recognized stock exchange, clearing corporation and depository shall submit a confirmation to SEBI within three months from the date of their recognition regarding the formation and composition of statutory committees.
8. In view of the revised TOR of statutory committees at Annexure A, paragraph 6.6.1 of Chapter 3 of Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023 has been modified as under:
- “6.6.1. The Regulatory Oversight Committee (“ROC”) of the CC shall manage the Core SGF.”*
9. All references of “Member and Core Settlement Guarantee Fund Committee” or “MCSGFC” as provided in Master Circular No.SEBI/HO/MRD2/PoD-2/CIR/P/2023/171 dated October 16, 2023 for Stock Exchanges and Clearing Corporations shall be read as “Member Committee” or “MC” respectively. Appropriate amendments to SECC Regulations, 2018 shall be notified in this regard.

10. Applicability:

10.1. The provisions of this Circular shall come into force from 30th day of issuance of this circular.

10.2. The following provisions of Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023 and Master Circular for Depositories dated October 06, 2023 pertaining to statutory committees stand rescinded with effect from the date of implementation of this circular:

10.2.1. Paragraph 2.2, except paragraph 2.2.3.4 of Chapter 6 of Master Circular for Stock Exchanges and Clearing Corporations dated October 16, 2023.

10.2.2. Paragraph 4.66, except paragraphs 4.66.2.4 and 4.66.3 of Section 4 of Master Circular for Depositories dated October 06, 2023.

11. MIs are advised to:

11.1. take necessary steps to put in place systems for implementation of the above.

11.2. make necessary amendments to the relevant bye-laws, rules and regulations, wherever required, for the implementation of the above; and

11.3. bring the provisions of this circular to the notice of market participants (including investors) and also to disseminate the same on their website.

12. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

13. This circular is available on SEBI website at www.sebi.gov.in at “Legal Framework→Circulars”.

Yours faithfully

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ANNEXURE-A

A. Terms of Reference for Statutory Committees of Stock Exchanges:

S.N.	Name of Committee	Brief terms of reference
(I) Functional Committees		
7.	Member Committee (MC)	<p>(I) On admission, transfer and surrender of membership/Withdrawal and Change in control</p> <ol style="list-style-type: none"> Formulate the policy to scrutinize, evaluate, accept or reject applications for admission of members, transfer of membership and approve surrender of membership or withdrawal and Change in Control. The activities with regard to scrutinizing, evaluating, accepting or rejecting applications for admission, transfer surrender, withdrawal and change in control of membership can be implemented through an Internal Committee (IC) under MC. Define the Standard Operating Procedure (SOP) for the IC, including the timelines to be followed by IC, its composition, standardize criteria to scrutinize, evaluate, accept and grounds for rejection of applications, and other associated aspects to ensure uniformity and consistency while dealing with applications or cases. For scenarios not covered in the SOP, IC should seek approval of MC. Oversee the implementation of the membership policy by the IC, including its timelines, uniformity and consistency in approach, based on quarterly report submitted by IC. MC shall continue to be responsible and accountable for the activities of the IC. <p>(II) On Regulatory Actions</p> <ol style="list-style-type: none"> Ensure that the stock exchange has detailed SOP and processes in place towards monitoring the activities of its members through inspections. Ensure that there is mechanism for monitoring of the members on various parameters including through adoption of technology and take necessary action for non-compliance. Formulate the policy for regulatory actions including warning, monetary penalty, suspension, withdrawal of trading membership, declaration of default, expulsion, etc. to be taken by the stock exchange for various violations by the members of the stock exchange. The policy should have an SOP for undertaking such actions. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measures on the members of the stock exchange. For enforcement actions against violations, where no discretion of MC is involved, the same could be delegated to an IC, provided corresponding

S.N.	Name of Committee	Brief terms of reference
		<p>regulatory action, including penalty amount, if any, is standardised in the policy framed by MC or through a circular issued by the stock exchange or SEBI. If the same is delegated, quarterly report in this regard should be placed before MC by the IC. However, for scenarios which require immediate regulatory action, the stock exchange shall inform the MC post imposition of such actions.</p> <p>j. Oversee the regulatory actions taken by IC, if delegated, including evaluating that no discretion has been exercised in the process. For any violation by IC, MC will be responsible and liable for the same.</p> <p>k. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice' and 'Principle of proportionality'. The 'Principle of natural justice' may be extended by the MC/IC, as applicable.</p> <p>l. Any review, appeal or waiver of penalty filed shall be placed before MC for its consideration.</p> <p><u>(III) On Defaulter Members:</u></p> <p>m. Formulate the policy to realise all the assets, and deposits of the defaulter or expelled member and appropriate the same amongst various dues and claims against the defaulter or expelled member in accordance with the Rules, Byelaws, Regulations of the Stock Exchange and applicable regulatory provisions.</p> <p>n. The activities with regard to realization of assets and deposits of the defaulter or expelled member and appropriation of the same amongst various dues and claims against the defaulter or expelled member, etc. can be implemented through an Internal Committee (IC) under MC.</p> <p>o. Define the SOP for the IC, including the timelines to be followed by IC and its composition. For scenarios not covered in the SOP, IC should seek approval of MC.</p> <p>p. In the event both the trading member and the constituent clearing member are declared defaulter, then the MC of the stock exchange and that of the clearing corporation shall work together to realise the assets of both the trading member and the clearing member.</p> <p>q. Admission or rejection of claims of client or trading members or clearing members over the assets of the defaulter or expelled member.</p> <p><u>(IV) On IPF related aspects:</u></p> <p>r. Recommendation in respect of the claims of clients of defaulter trading member to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.</p>
8.	Nomination & Remuneration	(I) <u>Governing Board & its Member related aspects:</u>

S.N.	Name of Committee	Brief terms of reference
	Committee (NRC)	<p>a. Scrutinising and interviewing applicants for selecting the MD of the stock exchange.</p> <p>b. Adhering and developing a skill evaluation metrics to assess applications of new or existing PIDs and NIDs for their appointment and/or reappointment and recommending their names to the Governing Board.</p> <p>c. Ensuring at all times that the governing board comprises of directors with required skill set and expertise in the areas as provided in SECC Regulations, 2018.</p> <p>d. Ensure compliance with governing board level skill diversity at the time of appointment, reappointment or extension of tenure of PIDs or NIDs.</p> <p>e. Framing & reviewing the policy to carry out internal evaluation of every director's performance, including that of PIDs.</p> <p>f. Reviewing and recommending extension of the term of appointment and re-appointment of existing PIDs.</p> <p>g. Appointment of Independent External Professionals (IEPs).</p> <p>(II) <u>KMPs related aspects:</u></p> <p>h. Identifying KMPs based on importance of activities carried out by them, including being key decision maker(s) within the stock exchange, other than those specifically provided under regulation 2(1)(j) of the SECC Regulations, 2018. For identifying KMPs, one of the criteria should be, persons (including employees/consultants) drawing annual pay higher than any KMP(s).</p> <p>i. Review, at least once a year hierarchical set ups across the departments, in order to identify KMPs due to a change in role and responsibilities assigned to them. Such review should necessarily include, consultants reporting to the MD/CEO or ED.</p> <p>j. The appointment and removal of KMPs other than resignations.</p> <p>k. Laying down policy for accountability of KMPs. Further, mapping legal and regulatory duties to the concerned position and Delegation of Power (DoP) at various levels.</p> <p>l. Laying down the policy for compensation of KMPs in compliance with the compensation norms prescribed under SECC Regulations, 2018 and ensuring that the compensation paid to KMPs is as per the compensation policy.</p> <p>m. Framing performance review parameters for evaluation of KMPs including that of MD.</p> <p>n. Assess the performance of KMPs based on reports submitted by the functional heads/reporting authority, and observations, if any, received from SEBI, and submit such reports to the governing board every year.</p> <p>o. Determining the tenure of a KMP, other than a director, to be posted in a particular role within regulatory, compliance, risk management and investor</p>

S.N.	Name of Committee	Brief terms of reference
		<p>grievance vertical.</p> <p>p. Determining and finalizing the Key Result Areas (KRAs) of all KMPs at the beginning of every year. Review the same in line with organization needs.</p> <p>q. Ensuring that no KMP reports to a non-KMP.</p> <p>(III) <u>On other organisation level related aspects:</u></p> <p>r. Ensure that no employee of the stock exchange is working or reporting to an employee of any other company where the stock exchange has invested and vice-versa.</p> <p>s. Ensure that hiring of consultants is based on a pre-defined SOP of the stock exchange.</p> <p>t. Framing, reviewing, implementing and monitoring SOP for imposing disciplinary actions against employees of stock exchange.</p> <p>u. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time.</p>
(II) Oversight Committees		
9.	Standing Committee on Technology (SCOT)	<p>a. Ensure the availability of required IT infrastructure for core and critical functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”.</p> <p>b. Ensure existence of adequate Business Continuity Plan (BCP) and Disaster Recovery (DR) plans.</p> <p>c. Ensuring sound and prudent policies, standards and procedures for managing technology risks and safeguard information assets in the stock exchange.</p> <p>d. Review the implementation of technology risk management framework and strategy of stock exchange.</p> <p>e. Monitor whether the technology used remains up to date and meets the growing demands of the markets.</p> <p>f. Periodic review of the IT system and network architecture design to identify any weaknesses in the existing design.</p> <p>g. Review of in-house availability of appropriate IT staff to manage IT systems and related outsourcing arrangement.</p> <p>h. Monitor the adequacy of systems capacity and efficiency.</p> <p>i. To look into the changes being suggested by the stock exchange to the existing software or hardware.</p> <p>j. Oversee investigations into issues related to computerized trading system, such as hanging, slowdown, breakdown, etc.</p> <p>k. Ensure that transparency is maintained in disseminating information regarding slowdown or breakdown in Online Trading System and ensure that the Stock Exchange issues a press release specifying the reasons for</p>

S.N.	Name of Committee	Brief terms of reference
		<p>any such breakdown.</p> <p>l. Approve Root Cause Analysis (RCA) of any stoppage of Trading system and report to the governing board and SEBI.</p> <p>m. Review the implementation of board approved cyber security and cyber resilience policy and its framework and ensure existence of advanced Cyber Security and Cyber Resilience framework at the stock exchange.</p> <p>n. Review the identification and classification process of critical assets based on their sensitivity and criticality for business operations, services and data management.</p> <p>o. Ensuring that the scope of the system audit, cyber audit and VAPT of the stock exchange is broad and representative of all critical areas of the stock exchange.</p> <p>p. Monitoring the results of periodic cyber security and DR drills conducted by the stock exchange.</p> <p>q. Review and approve the report regarding overall cyber security posture and technology implementation at the stock exchange and submit to the governing board. Upon approval by the governing board, submit the report to SEBI.</p> <p>r. On the above areas, the Committee shall submit a report to the Governing Board of the stock exchange for necessary action, if any.</p> <p>s. Such other matters as may be referred by the Governing Board of stock exchange and/or SEBI.</p>
10.	Regulatory Oversight Committee (ROC)	<p>Oversee the matters related to the following:</p> <p>a. <u>Surveillance and Investigation</u>:</p> <p>i. Oversight of market through order and trade level alerts, security level alerts, processing of alerts, price band changes, rumour verifications, shifting of securities to trade for trade segment, action against listed companies as a part of Surveillance Action, detailed investigations undertaken, disciplinary actions, development of new alerts based on learnings from past or ongoing cases, etc., as may be applicable to the relevant segments of the exchange.</p> <p>ii. Requests, received from members of stock exchange, for review of decision taken by stock exchange regarding annulment of trades and provide its recommendation within 30 days of receipt of request by the stock exchange.</p> <p>b. <u>Listing of Securities</u>: Oversight of admission of securities for trading, suspension, revocation, delisting, etc.</p> <p>c. <u>Compliance</u>:</p> <p>i. Oversee and monitor implementation of SECC Regulations, 2018 and other applicable rules and regulations along with SEBI Circulars and</p>

S.N.	Name of Committee	Brief terms of reference
		<p>other directions issued thereunder.</p> <p>ii. Review the observations arising from various SEBI inspections, ensuring its advisories and findings are appropriately and timely addressed, and reports to governing board on timely basis.</p> <p>d. <u>Code of Conduct:</u></p> <p>i. Lay down procedures for implementation of the code of conduct and prescribe the reporting formats for disclosures required under the code of conduct.</p> <p>ii. Oversee the compliance of the code of conduct by KMPs and members of statutory committees (except directors)</p> <p>iii. Review compliance with the provisions on “Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse” of Chapter VI of SEBI Master Circular for Stock Exchanges and Clearing Corporations at least once in a financial year and also verify the adequacy and operational effectiveness of the systems for internal control.</p> <p>iv. Periodically oversee the dealings in securities by KMPs and IEPs.</p> <p>v. Periodically oversee the trading conducted by firms or corporate entities in which the directors of the stock exchange hold twenty percent or more beneficial interest or hold a controlling interest.</p> <p>vi. While monitoring trades by KMPs and members of statutory committees, ROC shall take into consideration sensitive information held by them as per structured digital database maintained by stock exchange.</p> <p>e. Ensure the adequacy of resources dedicated to functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”.</p> <p>f. <u>Grievance Redressal Mechanism:</u></p> <p>i. Define policy and SOP for dealing with complaints by stock exchanges.</p> <p>ii. Review of complaint resolution process, complaints remaining unresolved over long period of time, etc.</p> <p>iii. Ensuring that stock exchanges take pro-active actions in case of repeated nature of complaints against particular TMs.</p> <p>g. <u>Investor Protection and Services:</u></p> <p>i. Supervising the functioning of Investors Services Cell of the stock exchange.</p> <p>ii. Approve the investment policy for Investor Service Fund (ISF)</p> <p>iii. Supervise ISF, including its utilization.</p>

S.N.	Name of Committee	Brief terms of reference
		<p>h. <u>Whistleblower Mechanism</u>:</p> <ul style="list-style-type: none"> i. Frame the Whistle Blower Policy to be approved by the governing board. ii. Communicate the whistle blower policy internally to all persons and display the same on the stock exchange website. iii. Review the whistle blower policy based on feedback received. <p>i. <u>Fees and Charges</u>:</p> <ul style="list-style-type: none"> i. Review the fees and charges levied by the exchange, including commenting on its appropriateness, on a periodic basis as well as each time there is change. ii. Review Liquidity Enhancement Scheme (LES) including reduction or waiver of transaction fees, etc., its justification and impact, <p>j. Oversee contribution of the stock exchange towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation.</p> <p>k. Review annually the performance of Product Advisory Committee (for Stock Exchanges with Commodities Derivatives segment)</p> <p>l. Oversee matters related to product design and review the design of the already approved and running contracts.</p>
11.	Risk Management Committee (RMC)	<p>a. Formulate a detailed Risk Management Framework (RMF) which shall be approved by the governing board of the stock exchange to ensure continuity of operation at all points of time.</p> <p>b. The RMF shall include the following:</p> <ul style="list-style-type: none"> i. The framework for identification of internal and external risks. ii. Measures for risk mitigation including systems and processes for internal control. iii. Business continuity plan <p>c. Monitor each risk associated with the functioning of the stock exchange more specifically for functions under vertical 1 and 2.</p> <p>d. Review the RMF & Risk Mitigation Measures at least once annually taking into account the changing industry dynamics and evolving complexity.</p> <p>e. Monitor and review enterprise-wide risk management plan and lay down procedures to inform the governing board about the risk assessment and mitigation procedures.</p> <p>f. RMC shall coordinate with other committees. In case of overlap with activities of other committees, RMC may consider views of such committees.</p> <p>g. Monitor implementation of the RMF and also keep the governing board informed about implementation of the RMF and deviation, if any.</p>

S.N.	Name of Committee	Brief terms of reference
		<ul style="list-style-type: none"> h. Approve the Half-Yearly Risk report to be submitted by the Chief Risk Officer (CRiO) to SEBI and the governing board of the stock exchange. i. Comply with the roles and responsibilities as provided under the Companies Act 2013 and the SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.
12.	Investment Committee (IC)	<ul style="list-style-type: none"> a. Evaluate each investment and divestment proposals, whether requiring infusion of funds or otherwise, except treasury investments. b. Evaluate proposals of capital expenditure. c. Make detailed analysis of existing investments. d. Investment Committee shall provide their recommendations along with rationale to the governing board.

B. Terms of Reference for Statutory Committees of Clearing Corporations:

S. N.	Name of Committee	Brief terms of reference
(I) Functional Committees		
1.	Member Committee (MC)	<p><u>(I) On admission, transfer and surrender of membership/Withdrawal/Change in control.</u></p> <ol style="list-style-type: none"> Formulate the policy to scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership or withdrawal and Change in Control. The activities with regard to scrutinizing, evaluating, accepting or rejecting applications for admission, transfer surrender/withdrawal and change in control of membership can be implemented through an Internal Committee (IC) under MC. Also, in case of clearing corporations with commodity derivatives segment, the committee shall also look into: <ol style="list-style-type: none"> Approving the empanelment & cancellation of Warehouse Service Providers or Vault Service Providers or Assayers, accreditation of warehouse, etc. Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers. The activities with regard to empanelment, cancellation, continuous functioning, monitoring and compliance by Warehouse Service Providers or Vault Service Providers or Assayers, accreditation of warehouse, etc. could also be implemented through an IC under MC. Define the Standard Operating Procedure (SOP) for the ICs, including the timelines to be followed by ICs, its composition, standardize criteria to scrutinize, evaluate, accept and grounds for rejection of applications, and other associated aspects to ensure uniformity and consistency while dealing. / with applications or cases. For scenarios not covered in the SOP, ICs should seek approval of MC. Oversee the implementation of the SOP by the ICs, including its timelines, uniformity and consistency in approach, based on quarterly report submitted by ICs. MC shall continue to be responsible and accountable for the activities of the ICs. <p><u>(II) On Regulatory Actions</u></p> <ol style="list-style-type: none"> Ensure that the clearing corporation has detailed SOP and processes in place towards monitoring the activities of its members through inspections. Ensure that there is mechanism for monitoring of its members on various parameters through technology and take necessary action for non-compliance.

S. N.	Name of Committee	Brief terms of reference
		<p>i. Formulate policy for regulatory actions, including warning, monetary penalty, suspension, withdrawal of clearing membership, declaring of default, expulsion, to be taken by the clearing corporations for various violations by the members of the clearing corporation. The policy should have an SOP for undertaking such actions.</p> <p>j. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measures on the members of the clearing corporation.</p> <p>k. For enforcement actions against violations, where no discretion of MC is involved, the same could be delegated to an IC, provided corresponding regulatory action, including penalty amount, if any, is standardized in the policy framed by MC or through a circular issued by the clearing corporation/SEBI. If the same is delegated, quarterly report in this regard should be placed before MC by the IC. However, for scenarios which require immediate regulatory action, the clearing corporation shall inform the MC post imposition of such actions.</p> <p>l. Oversee the regulatory actions taken by IC, if delegated, including evaluating that no discretion has been exercised in the process. For any violation by IC, MC will be responsible and liable for the same.</p> <p>m. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice' and 'Principle of proportionality'. The 'Principle of natural justice' may be extended by the MC/IC, as applicable.</p> <p>n. Any review, appeal or waiver of penalty filed shall be placed before MC for its consideration.</p> <p><u>(III) On Defaulter Members:</u></p> <p>o. Formulate the policy to realize the assets or deposits of defaulter or expelled member and appropriate the same amongst various dues and claims against the defaulter or expelled member in accordance with the Rules, Byelaws and Regulations of the clearing corporation and applicable regulatory provisions.</p> <p>p. The activities with regard to realization of assets, and deposits of the defaulter or expelled member and appropriation of the same amongst various dues and claims against the defaulter or expelled member, etc. can be implemented through an IC under MC.</p> <p>q. Define the SOP for the IC, including the timelines to be followed by IC and its composition. For scenarios not covered in the SOP, IC should seek approval of MC.</p> <p>r. In the event both the clearing member and the constituent trading member are declared defaulter, then the MC of the clearing corporation and that of the stock exchange shall work together to realise the assets of both the clearing member and the trading member.</p>

S. N.	Name of Committee	Brief terms of reference
		s. Admission or rejection of claims against such members over the assets of the defaulter or expelled member.
2.	Nomination and Remuneration Committee (NRC)	<p><u>(I) Governing Board & its Members related aspects:</u></p> <ul style="list-style-type: none"> a. Scrutinising and interviewing applicants for selecting the MD of the clearing corporation. b. Adhering and developing a skill evaluation metrics to assess applications of new or existing PIDs and NIDs for their appointment and/or reappointment and recommending their names to the Governing Board. c. Ensuring at all times that the governing board comprises of directors with required skill set and expertise in the areas as provided in SECC Regulations, 2018. d. Ensure compliance with governing board level skill diversity at the time of appointment, reappointment or extension of tenure of PIDs or NIDs. e. Framing & reviewing the policy to carry out internal evaluation of every director's performance, including that of PIDs. f. Reviewing and recommending extension of the term of appointment and re-appointment of existing PIDs. g. Appointment of Independent External Professionals (IEPs). <p><u>(II) KMPs related aspects:</u></p> <ul style="list-style-type: none"> h. Identifying KMPs based on importance of activities carried out by them, including being key decision makers within the clearing corporation, other than those specifically provided under regulation 2(1)(j) of the SECC Regulations, 2018. For identifying KMPs, one of the criteria should be, persons (including employees/consultants) drawing annual pay higher than any KMP(s). i. Review, at least once a year hierarchical set ups across the departments, in order to identify KMPs due to a change in role and responsibilities assigned to them. Such review should necessarily include, consultants reporting to the MD/CEO or ED. j. The appointment and removal of KMPs other than resignations. k. Laying down policy for accountability of KMPs. Further, mapping legal and regulatory duties to the concerned position and Delegation of Power (DoP) at various levels l. Laying down the policy for compensation of KMPs in compliance with the compensation norms prescribed under SECC Regulations, 2018 and ensuring that the compensation paid to KMPs is as per the compensation policy. m. Framing performance review parameters for evaluation of KMPs, including that of MD. n. Assess the performance of KMPs based on reports submitted by the

S. N.	Name of Committee	Brief terms of reference
		<p>functional heads/reporting authority, and observations, if any, received from SEBI, and submit such reports to the governing board every year.</p> <p>o. Determining the tenure of a KMP, other than a director, to be posted in a particular role within regulatory compliance, risk management and investor grievance vertical.</p> <p>p. Determining and finalizing the KRAs of all KMPs at the beginning of the year. Review the same in line with organizational needs.</p> <p>q. Ensuring that no KMP reports to a non-KMP.</p> <p><u>(III) On other organisation level related aspects:</u></p> <p>r. Ensure that no employee of the clearing corporation is working or reporting to an employee of any other company where the clearing corporation has invested and vice versa.</p> <p>s. Ensure that hiring of consultants is based on a pre-defined SOP of the clearing corporation.</p> <p>t. Framing, reviewing, implementing and monitoring SOP for imposing disciplinary actions against employees of clearing corporation.</p> <p>u. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) regulations, 2015 as amended from time to time.</p>
(II) Oversight Committees		
3.	Standing Committee on Technology (SCOT)	<p>a. Ensure availability of required IT infrastructure for core and critical functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”.</p> <p>b. Ensure existence of adequate Business Continuity Plan (BCP) and Disaster Recovery (DR) plans</p> <p>c. Ensuring sound and prudent policies, standards and procedures for managing technology risks and safeguard information assets in the clearing corporation.</p> <p>d. Review the implementation of technology risk management framework and strategy of clearing corporation.</p> <p>e. Monitor whether the technology used by the clearing corporation remains up to date and meets the growing demands of the markets.</p> <p>f. Periodic review of the IT system and network architecture design to identify any weaknesses in the existing design.</p> <p>g. Review of in-house availability of appropriate IT staff to manage IT systems and related outsourcing arrangement.</p> <p>h. Monitor the adequacy of system capacity and efficiency.</p> <p>i. To look into the changes being suggested by the clearing corporation to the existing software or hardware.</p> <p>j. Oversee investigation into the computerized risk management or clearing & settlement system, such as hanging or slowdown or breakdown etc.</p> <p>k. Ensure that transparency is maintained in disseminating information</p>

S. N.	Name of Committee	Brief terms of reference
		<p>regarding slowdown or break down risk in Online Clearing & Settlement System and ensure that the Clearing Corporation issues a press release specifying the reasons for any such breakdown.</p> <p>I. Approve Root Cause Analysis (RCA) of any stoppage of Clearing and Settlement system and report to the governing board and SEBI.</p> <p>m. Review the implementation of board approved cyber security and cyber resilience policy and its framework and ensure existence of advanced Cyber Security and Cyber Resilience framework at the clearing corporation.</p> <p>n. Review the identification and classification process of critical assets based on their sensitivity and criticality for business operations, services and data management.</p> <p>o. Ensuring that the scope of the system audit, cyber audit and VAPT of the clearing corporation is broad and representative of all critical areas of the clearing corporation.</p> <p>p. Monitoring the results of periodic cyber security and DR drills conducted by clearing corporations.</p> <p>q. Review and approve the report regarding overall cyber security posture and technology implementation at the Clearing Corporation and submit to the Governing Board. Upon approval by the governing board, submit the report to SEBI.</p> <p>r. On the above areas, the Committee shall submit a report to the Governing Board of the clearing corporation for necessary action, if any</p> <p>s. Such other matters as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.</p>
4.	Regulatory Oversight Committee (ROC)	<p>Oversee the matters related to the following:</p> <p>a. <u>Compliance</u>:</p> <p>i. Oversee implementation and compliance with SECC Regulations, 2018 as amended from time to time and other applicable rules and regulations along with SEBI Circulars and other directions issued thereunder.</p> <p>ii. Review the observations arising from various SEBI inspections, ensuring its advisories and findings are appropriately and timely addressed, and reports to governing board on timely basis.</p> <p>iii. Monitor and assess the clearing corporation against the PFMLs on an annual basis and submit a report to the governing board of the clearing corporation.</p> <p>b. <u>Code of Conduct</u></p> <p>i. Lay down procedures for implementation of the code of conduct and prescribe the reporting formats for disclosures required under the code of conduct.</p>

S. N.	Name of Committee	Brief terms of reference
		<ul style="list-style-type: none"> ii. Oversee the compliance of the code of conduct by KMPs and members of statutory committees (except directors) iii. Review compliance with the provisions on “Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse” of Chapter VI of SEBI Master Circular for Stock Exchanges and Clearing Corporations at least once in a financial year and also verify that the adequacy and operational effectiveness of the systems for internal control. iv. Periodically oversee the dealings in securities by KMPs and IEPs. v. Periodically oversee the trading conducted by firms or corporate entities in which the directors of the Clearing Corporation hold twenty percent or more beneficial interest or hold a controlling interest. vi. While monitoring trades by KMPs and members of statutory committees, ROC shall take into consideration sensitive information held by them as per structured digital database maintained by clearing corporation. <p>c. Ensure the adequacy of resources dedicated to functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievance”.</p> <p>d. <u>Grievance Redressal mechanism:</u></p> <ul style="list-style-type: none"> i. Define policy and SOP for dealing with complaints by clearing corporation. ii. Review of complaint resolution process, complaints remaining unresolved over long period of time, etc. iii. Ensuring that Clearing Corporations take pro-active actions in case of repeated nature of complaints against particular CMs, if any. <p>e. Supervising the functioning of Investors Services Cell of the clearing corporation.</p> <p>f. <u>Whistleblower Mechanism:</u></p> <ul style="list-style-type: none"> i. Frame the Whistle Blower Policy to be approved by the governing board ii. Communicate the whistle blower policy internally to all persons and display the same on the clearing corporation’s website. iii. Review the whistle blower policy based on feedback received. <p>g. Review the fees and charges levied by a Clearing Corporation including comments on its appropriateness, on a periodic basis as well as each time there is change.</p> <p>h. Manage the Core Settlement Guarantee Fund (Core SGF) of the clearing corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.</p>

S. N.	Name of Committee	Brief terms of reference
5.	Risk Management Committee (RMC)	<ul style="list-style-type: none"> a. Formulate a detailed Risk Management Framework (RMF) which shall be approved by the governing board of the clearing corporation to ensure continuity of operation at all points of time. b. The RMF shall include the following: <ul style="list-style-type: none"> i. The framework for identification of internal and external risks; ii. Measures for risk mitigation including systems and processes for internal control and; iii. Business continuity plan. c. Monitor each risk associated with the functioning of the clearing corporation more specifically for functions under vertical 1 and 2. d. Review the RMF & risk mitigation measures at least once annually taking into account the changing industry dynamics and evolving complexity. e. Monitor and review enterprise-wide risk management plan and lay down procedures to inform governing board about the risk assessment and mitigation procedures. f. RMC shall coordinate with other committees. In case of overlap with activities of other committees, RMC may consider views of such committees. g. Monitor implementation of the RMF and also keep the governing board informed about implementation of the RMF and deviation, if any. h. Approve the Half-Yearly Risk report to be submitted by the Chief Risk Officer (CRiO) to SEBI and the governing board of the clearing corporation. i. Comply with the roles and responsibilities as provided under the Companies Act 2013 and the SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.
6.	Investment Committee (IC)	<ul style="list-style-type: none"> a. Evaluate each investment and divestment proposals, whether requiring infusion of funds or otherwise, except treasury investments. b. Evaluate proposals of capital expenditure. c. Make detailed analysis of existing investments. d. Investment Committee can provide the recommendation along with rationale to the governing Board

C. Terms of Reference for Statutory Committees of Depositories:

S. N.	Name of Committee	Brief terms of reference
(I) Functional Committees		
1	Member Committee (MC)	<p>(I) <u>On admission, transfer and surrender of membership/Withdrawal and Change in control</u></p> <ol style="list-style-type: none"> Formulate the policy to scrutinize, evaluate, accept or reject applications for admission of members (participants), transfer of membership and approve surrender of membership or withdrawal and Change in Control. The activities with regard to scrutinizing, evaluating, accepting or rejecting applications for admission, transfer surrender, withdrawal and change in control of membership can be implemented through an Internal Committee (IC) under MC. Define the Standard Operating Procedure (SOP) for the IC, including the timelines to be followed by IC, its composition, standardize criteria to scrutinize, evaluate, accept and grounds for rejection of applications, and other associated aspects to ensure uniformity and consistency while dealing with applications or cases. For scenarios not covered in the SOP, IC should seek approval of MC. Oversee the implementation of the membership policy by the IC, including its timelines, uniformity and consistency in approach, based on quarterly report submitted by IC. MC shall continue to be responsible and accountable for the activities of the IC. <p>(II) <u>On Regulatory Actions</u></p> <ol style="list-style-type: none"> Ensure that the depository has detailed SOP and processes in place towards monitoring the activities of its members through inspections. Ensure that there is mechanism for monitoring of its members on various parameters including through adoption of technology and take necessary action for non-compliance. Formulate policy to deal with any disciplinary matters relating to various market participants i.e. the participants, clients, issuer or its registrar and transfer agent, clearing members, and other users. This shall include termination or disciplinary action against such constituents such as participants, suspending, expelling or imposing penalty on the participant, freezing the account of the participant, or issuer or its registrar and transfer agent, issuing warning letters etc. The policy should have an SOP for undertaking such actions. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measure on the constituents of the depositories. For enforcement against violations, where no discretion of MC is involved, the

S. N.	Name of Committee	Brief terms of reference
		<p>same could be delegated to an IC, provided corresponding regulatory action, including penalty amount, if any, is standardised in the policy framed by MC or through a circular issued by depository or SEBI, If the same is delegated, quarterly report in this regard should be placed before MC by the IC. However, for scenarios which require immediate regulatory action, the depository shall inform the MC post imposition of such actions.</p> <p>j. Oversee the regulatory actions taken by IC, if delegated, including evaluating that no discretion has been exercised in the process. For any violation by IC, MC will be responsible and liable for the same.</p> <p>k. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice', and 'Principle of proportionality'. The 'Principle of natural justice' may be extended by the MC/IC as applicable.</p> <p>l. Any review, appeal or waiver of penalty filed shall be placed before MC for its consideration.</p> <p>(III) <u>On IPF related aspects:</u></p> <p>m. Recommendation in respect of the legitimate claims of the beneficial owners, in case the same is not settled by the beneficial owner indemnity insurance, to the Trustees of the IPF on whether the claim is to be paid out of IPF or otherwise.</p>
2	Nomination and Remuneration Committee (NRC)	<p><u>(I) Governing Board & its Members related aspects:</u></p> <p>a. Scrutinising and interviewing applicants for selecting the MD of the Depository.</p> <p>b. Adhering and developing a skill evaluation metrics to assess applications of new or existing PIDs and NIDs for their appointment and/or reappointment and recommending their names to the Governing Board.</p> <p>c. Ensuring at all times that the governing board comprises of directors with required skill set and expertise in the areas as provided in SEBI (Depositories and Participants) Regulations, 2018.</p> <p>d. Ensure compliance with governing board level skill diversity at the time of appointment, reappointment or extension of tenure of PIDs or NIDs.</p> <p>e. Framing & reviewing the policy to carry out internal evaluation of every director's performance, including that of PIDs.</p> <p>f. Reviewing and recommending extension of the term of appointment and re-appointment of existing PIDs.</p> <p>g. Appointment of Independent External Professionals (IEPs)</p> <p><u>II) KMPs related aspects:</u></p> <p>h. Identifying KMPs based on importance of activities carried out by them including being key decision makers within the depository, other than those</p>

S. N.	Name of Committee	Brief terms of reference
		<p>specifically provided under regulation 2(1)(k) of the SEBI (Depositories and Participants) Regulations, 2018. For identifying KMPs, one of the criteria should be, persons (including employees/consultants) drawing annual pay higher than any KMP(s).</p> <ul style="list-style-type: none"> i. Review, at least once a year hierarchical set ups across the departments, in order to identify KMPs due to a change in role and responsibilities assigned to them. Such review should necessarily include, consultants reporting to the MD/CEO or ED. j. The appointment and removal of KMPs, other than resignations. k. Laying down policy for accountability of KMPs. Further, mapping legal and regulatory duties to the concerned position and Delegation of Power (DoP) at various levels l. Laying down the policy for compensation of KMPs in compliance with the compensation norms prescribed under D&P Regulations, 2018 and ensuring that the compensation paid to KMPs is as per the compensation policy. m. Framing performance review parameters for evaluation of KMPs, including that of MD. n. Assess the performance of KMPs based on reports submitted by the functional heads/reporting authority and observations if any received from SEBI and submit such reports to the governing board every year. o. Determining the tenure of a KMP, other than a director, to be posted in a particular role within regulatory, compliance, risk management and investor grievance vertical. p. Determining and finalizing the Key result areas (KRAs) of all KMPs at the beginning of every year. Review the same in line with organization needs. q. Ensuring that no KMP reports to a non-KMP. <p><u>(III) On other organisation level related aspects:</u></p> <ul style="list-style-type: none"> r. Ensure that no employee of the depository is working or reporting to an employee of any other company where the depository has invested and vice-versa. s. Ensure that hiring of consultants is based on a pre-defined SOP of the Depository. t. Framing, reviewing, implementing and monitoring SOP for imposing disciplinary actions against employees of depository. u. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) regulations, 2015 as amended from time to time.
(IV) Oversight Committees		
3.	Standing Committee on Technology (SCOT)	<ul style="list-style-type: none"> a. Ensure the availability of required IT infrastructure for core and critical functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”. b. To ensure existence of adequate Business Continuity Plan (BCP) and Disaster Recovery (DR) plans. c. Ensuring sound and prudent policies, standards and procedures for managing

S. N.	Name of Committee	Brief terms of reference
		<p>technology risks and safeguard information assets in the depository.</p> <p>d. Review the implementation of technology risk management framework and strategy of the depository.</p> <p>e. Monitor whether the technology used by the depository remains up to date and meets the growing demands of the markets.</p> <p>f. Periodic review of the IT system and network architecture design to identify any weaknesses in the existing design.</p> <p>g. Review of In-house availability of appropriate IT staff to manage IT systems and related outsourcing arrangement.</p> <p>h. Monitor the adequacy of system capacity and efficiency.</p> <p>i. To look into the changes being suggested by the depository to the existing software or hardware.</p> <p>j. Oversee investigation into the issues related to computerized depository system, such as hanging or slowdown or breakdown etc.</p> <p>k. Ensure that transparency is maintained in disseminating information regarding slowdown or breakdown in the depository system and ensure the depository issue a press release specifying the reason for any such breakdown.</p> <p>l. Approve Root Cause Analysis (RCA) of any stoppage of depository system and report to the governing board and SEBI.</p> <p>m. Review the implementation of board approved cyber security and cyber resilience policy and its framework and ensure the existence of advanced cyber security and cyber resilience framework at the depository.</p> <p>n. Review the identification and classification process of critical assets based on their sensitivity and criticality for business operations, services and data management.</p> <p>o. Ensuring that the scope of the system audit, cyber audit and VAPT of the depository is broad and representative of all critical areas of the depository.</p> <p>p. Monitoring the results of periodic cyber security and DR drills conducted by depository.</p> <p>q. Review and approve the report regarding overall cyber security posture and technology implementation at the depository and submit to the Governing Board. Upon approval by the governing board, submit the report to SEBI.</p> <p>r. On the above areas, the committee shall submit a report to the Governing Board of the depository for necessary actions, if any.</p> <p>s. Such other matters as may be referred by the Governing Board of the depository and/or SEBI.</p>
4.	Regulatory Oversight Committee (ROC)	<p>Oversee the matters related to the following:</p> <p>a. <u>Surveillance and Investigation:</u> Oversight of market by generating and providing alerts to stock exchanges on off-market transfers, pledge and account opening/closure related aspects, generation of alerts and providing requisite information to FIU-IND/Depository Participants for Anti Money Laundering purposes, take necessary action of freezing/unfreezing of beneficiary accounts based upon orders passed by SEBI/stock exchanges/other statutory bodies, monitoring of shareholding for listed and unlisted MIIIs as per norms specified by SEBI, appropriate action based on the findings arising out of periodic surveillance meetings, development of new alerts based on learnings from past or</p>

S. N.	Name of Committee	Brief terms of reference
		<p>ongoing cases, etc., as may be applicable to the depositories.</p> <p>b. <u>Admission of Securities:</u></p> <ul style="list-style-type: none"> i. To consider and decide on the criteria for admission, withdrawal of securities and continuous compliance requirements. ii. To declare any security admitted into Depository as ineligible. <p>c. <u>Compliance:</u></p> <ul style="list-style-type: none"> i. Oversee implementation and compliance with D&P Regulations, 2018 as amended from time to time and other applicable rules and regulations along with SEBI Circulars and other directions issued thereunder. ii. Review the observations arising from various SEBI inspections, ensuring its advisories and findings are appropriately and timely addressed, and reports to governing board on timely basis. iii. Monitor and assess the depository against the PFMLs on an annual basis and submit a report to the governing board of the depository. <p>d. <u>Code of Conduct:</u></p> <ul style="list-style-type: none"> i. Lay down procedures for implementation of the code of conduct and prescribe the reporting formats for disclosures required under the code of conduct. ii. Oversee the compliance of the code of conduct by KMPs and members of statutory committees (except directors) & Institutional mechanism for prevention of Fraud or Market Abuse” of Section 4 of SEBI Master Circular for Depositories at least once in a financial year and also verify the adequacy and operational effectiveness of the systems for internal control. iii. Periodically oversee the dealings in securities by KMPs and IEPs iv. Periodically oversee the trading conducted by firms or corporate entities in which the directors of the Depository hold twenty percent or more beneficial interest or hold a controlling interest. v. While monitoring trades by KMPs and members of statutory committees, ROC shall take into consideration sensitive information held by them as per structured digital database maintained by depository. <p>e. Ensure the adequacy of resources dedicated to functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”.</p> <p>f. <u>Grievance Redressal mechanism:</u></p> <ul style="list-style-type: none"> i. Define policy and SOP for dealing with complaints, by Depository. ii. Review of complaint resolution process and status of redressal of grievances of demat account holders, depository participants, Issuers or RTAs with respect to depository operations. This shall include review of complaints remaining unresolved over a long period of time. iii. Ensuring that Depository takes pro-active actions in case of repeated

S. N.	Name of Committee	Brief terms of reference
		<p>nature of complaints against particular Depository Participants.</p> <p>g. <u>Investor Protection and Services:</u></p> <p>i. Supervising the functioning of Investor Services Cell of the Depository.</p> <p>i. <u>Whistleblower Mechanism:</u></p> <p>i. Frame the Whistle Blower Policy to be approved by the governing board</p> <p>ii. Communicate the whistle blower policy internally to all persons and display the same on the depository's website.</p> <p>iii. Review the whistle blower policy based on feedback received.</p> <p>j. Review the fees and charges levied by a Depository including comments on its appropriateness, on a periodic basis as well as each time there is change.</p>
5.	Risk Management Committee (RMC)	<p>a. Formulate a detailed Risk Management Framework (RMF) which shall be approved by the governing board of the depository to ensure continuity of operation at all points of time.</p> <p>b. The RMF shall include the following:</p> <p>i. The framework for identification of internal and external risks;</p> <p>ii. Measures for risk mitigation including systems and processes for internal control and;</p> <p>iii. Business continuity plan.</p> <p>c. Monitor each risk associated with the functioning of the depository more specifically for functions under vertical 1 and 2.</p> <p>d. Review the RMF & Risk Mitigation Measures at least once annually taking into account the changing industry dynamics and evolving complexity.</p> <p>e. Monitor and review enterprise-wide risk management plan and lay down procedures to inform governing board about the risk assessment and mitigation procedures.</p> <p>f. RMC shall coordinate with other committees. In case of any overlap with activities of other committees, RMC may consider views of such committees.</p> <p>g. Monitor implementation of the RMF and also keep the governing board informed about implementation of the RMF and deviation, if any.</p> <p>h. Approve the Half-Yearly Risk report to be submitted by the Chief Risk Officer (CRiO) to SEBI and the governing board of the depository.</p> <p>i. To comply with the roles and responsibilities as provided under the Companies Act 2013 and the SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.</p>
6.	Investment Committee (IC)	<p>a. Evaluate each investment and divestment proposals, whether requiring infusion of funds or otherwise, except treasury investments.</p> <p>b. Evaluate proposals of capital expenditure</p> <p>c. Make detailed analysis of existing investments.</p> <p>d. Investment Committee can provide the recommendation along with rationale to the governing Board.</p>

NATIONAL STOCK EXCHANGE OF INDIA LIMITED

Code of Conduct for Governing Board, Directors, Committee Members, Key Management Personnel and Senior Management

The Company or the Exchange shall have a code of conduct in place for its Governing Board, Directors, Committee Members, Key Management Personnel and Senior Management, pursuant to SEBI SECC Regulations 2018 and Sebi LODR Regulations, 2015 (including any amendments thereto).

I. Definitions

- a) "Director" means a director appointed on the Board of the Exchange;
- b) "Exchange or the Company" shall mean the National Stock Exchange of India Limited ("NSEIL");
- c) "Governing Board" means the board of directors of a recognised Stock Exchange.
- d) Key Managerial Personnel ("KMP") means personnel as defined under section 2 (51) of the Companies Act, 2013 and Reg 2(1)(j) of SEBI SECC Regulations, 2018."
- e) "Senior Management" under Companies Act means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. "Senior Management" under SEBI (Listing Obligations and Disclosure Requirements), 2015 mean officers / personnel of the Exchange who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/ manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer;
- f) "Public Interest Director" means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India ("SEBI"), is in conflict with his role;
- g) "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules, Regulation 46(2) (d) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulations") and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 as amended from time to time.

II. Applicability:

This code of conduct (“Code”) shall apply to all the Governing Board, Directors, Committee Members (including Independent External Persons [IEPs]), Key Management Personnel and the Members of the Senior Management of the Company.

III. Role of the Governing Board –

The Governing Board shall -

- (a) evaluate profitability margins of the stock exchanges.
- (b) ensure adequacy of resource allocation (both financial and human) towards regulatory compliances.
- (c) focus on strategy, policy level issues and important matters and may review the day-to-day operational matters only in exceptional cases.
- (d) oversee the critical operations including technology as well as the regulatory, risk management, compliance and investor grievance redressal functions of the stock exchange.
- (e) take the lead in succession planning for the managing director and other key positions.
- (f) play an active role in defining, establishing and documenting risk management framework, covering risk appetite or risk tolerance policy of the stock exchange and ensure that the policy contains the following:
 - i. role of risk appetite in key processes
 - ii. clear quantitative metrics and thresholds to monitor performance of the stock exchange’s risk appetite
 - iii. acceptability of breaches and trigger response(s), if any.
 - iv. zero tolerance for areas such as cyber security, system stability, surveillance, fair access, fraud or corruption, compliance, etc.
- (g) make key stakeholders (executive and non-executive) aware of the use and value of risk appetite across the organization (including implications of breaches) and review and approve risk appetite metrics and thresholds periodically.
- (h) ensure adequate independence of key functions such as regulatory and control functions (risk management, compliance and audit functions) such that:
 - i. regulatory and control functions have sufficient stature to perform their tasks effectively.
 - ii. regulatory and control functions operate independently and have appropriate direct access to the governing board of the stock exchange and senior management.
 - iii. control functions are proactively involved in all relevant decisions and activities.
- (i) Provide for three lines of defense construct where:
 - i. the first line of defense incorporates business units and support functions as it has the responsibility to own and manage risks associated with day-to-day operational activities.
 - ii. the second line of defense comprises of various oversight functions i.e., regulatory, risk management, compliance teams, and
 - iii. the third line of defense comprises the internal audit function.

- (j) ensure that the roles and responsibilities of management in relation to three lines of defense are clearly specified and understood and that all employees are responsible for the regulatory, risk management and compliance outcomes.
- (k) ensure a culture of effective communication and challenge (i.e., encourage alternate views or questions from individuals and groups) and value and respect it.
- (l) ensure that any new product, service, revenue stream is examined by the concerned department of the stock exchange from the compliance and risk management perspectives in addition to normal viability issues before approving the same.
- (m) review periodically all existing products, services and revenue streams.
- (n) shall meet, without the presence of the managing director and any other executive director, the chief regulatory officer or compliance officer, the chief risk officer, the chief information security officer, the statutory auditor of the stock exchange and any other person as determined by the public interest directors and non-independent directors to discuss important issues concerning the stock exchange, on a periodic basis as specified by the Board.
- (o) periodically review the frequency of meetings and agenda items of the governing board and statutory committees to ensure that the number of meetings is rationalized and all-important issues are discussed.
- (p) ensure that the agenda papers are approved by the Chairman of the governing board.
- (q) ensure that members of the governing board can place agenda item during their meeting.
- (r) be responsible for monitoring compliance with the code of conduct by the directors of the stock exchange.
- (s) uphold a strong culture in the stock exchange and promote target culture from the top through behavior, actions and effective communication.
- (t) communicate the guiding principles for institution's target regulatory, compliance, risk and conduct culture.
- (u) endeavor that the stock exchange put in place key elements related to culture such as:
 - i. adequate training programs to help employees better understand expectations of behavior (for example, trainings on dilemmas);
 - ii. mechanisms to measure and track indicators related to culture at regular intervals;
 - iii. accountability mechanisms; and
 - iv. performance management mechanisms which take into account adherence to culture, conduct and behavior related dimensions.

IV. Duties of Independent Directors and Public Independent Directors -

1. Duties of Independent Directors -

As per the requirements of the Listing Regulations, the duties of Independent Directors as laid down in the Companies Act, 2013 are required to be incorporated in the Code of conduct for Directors which are reproduced herein below -

The Independent Directors shall:

- a) undertake appropriate induction and regularly update and refresh their skills knowledge and familiarity with NSEIL;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of NSEIL;
- c) strive to attend all meetings of the Board of Directors and of the Board committees of which they are members;
- d) participate constructively and actively in the Committees of the Board in which they are chairpersons or members;
- e) strive to attend the general meetings of NSEIL;
- f) where they have concerns about the running of NSEIL or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) keep themselves well informed about NSEIL and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of NSEIL;
- j) ascertain and ensure that NSEIL has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behavior, actual or suspected fraud or violation of NSEIL's code of conduct or code of ethics;
- l) acting within their authority, assist in protecting the legitimate interests of NSEIL, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
- n) not serve as an Independent Director in more than such number of companies as may be permitted under SEBI (Listing Obligations and Disclosure Requirements), 2015, Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Provided that any person who is serving as a whole-time director in any listed entity shall serve as an independent director in not more than such number of companies as may be permitted under SEBI (Listing Obligations and Disclosure Requirements), 2015, Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
- o) have such other duties as may be prescribed under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended from time to time.

2. Duties of Public Interest Directors –

As per the requirements of the SEBI SECC Regulations, 2018, the duties of Public Interest Directors are as under -

- (a) Public Interest Directors of the stock exchange shall endeavor to attend all the governing board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the governing board or do not attend seventy-five percent of the total meetings of the governing board in a calendar year.
- (b) Public interest directors shall meet separately, at least once in six months to exchange views on critical issues. Public interest directors shall submit a report of such meeting to the Board and to the governing board of the recognised stock exchange within the time and manner as may be specified by the Board from time to time.
- (c) Public interest directors shall identify important issues which may involve conflict of interest for the stock exchange or may have significant impact on the functioning of the stock exchange or may not be in the interest of securities market. The same shall be reported to the Board in a time bound manner.
- (d) Public interest directors shall have regular oversight on observations of Board's inspection particularly on issues of governance standards, technology and cyber security and system audit and cyber security audit observations.
- (e) Public interest directors should be proactive in identifying any issues concerning functioning of stock exchange and report the same to the Board. Public interest directors should ensure all regulatory communication/letter from the Board are placed before the governing board with comments/report of managing director.
- (f) Public interest directors shall put in place an evaluation mechanism to assess the performance of managing directors on a continuing basis in line with evaluation guidelines for public interest directors.
- (g) Public interest directors to ensure that appointments of managing director be held within specified timelines. Identification of key management personnel be closely scrutinized as per the laid down procedure and exceptions should be brought to the notice of the Board.
- (h) Public interest directors should take proactive part in the deliberations of different committees and steer their functioning.
- (i) Ensure adequacy of resource allocations (both financial & human) towards regulatory compliances to be ensured.
- (j) In addition to the norms as prescribed above, Independent Directors shall also abide by the "Code for Independent Directors" as prescribed under Schedule IV to the Companies Act, 2013, as amended, from time to time.

V. Applicable to Independent External Professionals –

Independent external professionals shall not use or act on any sensitive information received in capacity as a member of the statutory committee for obtaining any undue benefit.

VI. Applicable to Key Management Personnel –

- (a) Managing Director shall meet employees without the presence of other key management personnel (the heads of departments) to discuss important issues pertaining to stock exchange.
- (b) Key management personnel shall disclose on a periodic basis as determined by the stock exchange (which could be monthly), all their dealings in securities, directly or indirectly, to the governing board or regulatory oversight committee or compliance officer of stock exchange.
- (c) All transactions must be of an investment nature and not speculative in nature. Towards this end, all securities purchased must be held for a minimum period of sixty days before they are sold. In specific or exceptional circumstances, however, sale can be effected anytime by obtaining pre-clearance from the compliance officer to waive this condition after recording in writing his satisfaction in this regard.

VII. Meetings and minutes

The directors and committee members shall -

- (a) not participate in discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise and in such cases the same shall be disclosed and recorded in the minutes of the meeting;
- (b) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- (c) ensure that minutes are recorded to capture all points of opinion comprehensively;
- (d) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes;
- (e) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- (f) endeavor to have the date of next meeting fixed at each governing board meeting and committee meetings respectively in consultation with other respective members of the governing board and committees;
- (g) ensure that all important agendas placed before the governing board of stock exchange and committees are deliberated in a timely manner;
- (h) not support any decision in the meeting of the governing board of stock exchange and the committees respectively which may adversely affect the interest of investors and shall report forthwith any such decision to the Board.

VIII. Disclosure of dealings in securities by Directors of the recognised stock Exchange–

- (a) All transactions or dealings in securities by the directors and their immediate relatives (as defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015) shall be disclosed to the governing board of the stock exchange.
- (b) All directors shall also disclose the trading conducted by firms or corporate entities in which they hold twenty percent or more beneficial interest or hold a controlling interest, to the stock exchange.

- (c) The details including time period for disclosures stated above shall be provided by the stock exchange, provided that the time period for disclosure shall not be later than fifteen days of the transaction/ dealing.
- (d) Directors who are nominees of Government of India, its statutory bodies or Public Financial Institutions and are governed by their own codes shall be exempt from this requirement.

IX. Role of the Directors and Committee Members in the day-to-day functioning of the recognised stock exchange.

- (a) The directors and committee members shall not interfere in the day-to-day functioning of the stock exchange and shall limit their role to decision making on policy issues and to issues as the governing board of stock exchange may decide.
- (b) The directors and committee members shall abstain from influencing the employees of the stock exchange in conducting their day-to-day activities.
- (c) The directors and committee members shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the governing board of stock exchange.

X. Misuse of Position –

Directors or Committee Members or key management personnel shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

XI. Strategic planning -

Every director and committee member shall —

- (a) participate in the formulation and execution of strategies in the best interest of the recognised stock exchange and contribute towards pro-active decision making at the governing board level;
- (b) give benefit of their experience and expertise to the recognised stock exchange and provide assistance in strategic planning and execution of decisions.
- (c) place priority for redressing investor grievances and encouraging fair trade practice so that the stock exchange and clearing corporation becomes an engine for the growth of the securities market.

XII. Regulatory compliances –

Every director, committee member and key management personnel shall—

- (a) ensure that the recognised stock exchange abides by all the applicable provisions of the Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, rules and regulations framed thereunder and the circulars, directions issued by the Board from time to time;
- (b) ensure compliance at all levels so that the regulatory system does not suffer any breaches;
- (c) ensure that the recognised stock exchange takes steps commensurate to honor the time limit stipulated by Board for corrective action;
- (d) not support any decision in the meeting of the governing board which

may adversely affect the interest of investors and shall report forthwith any such decision to the Board.

XIII. Disclosures of Beneficial Interest –

All Directors, Committee Members and Key Management Personnel shall disclose to the governing board of recognised stock exchange, upon assuming office and during their tenure in office, whenever the following arises —

- (a) any fiduciary relationship of self and family members and directorship or partnership of self and family members in any trading member or clearing member or depository participant or registrar and transfer agent;
- (b) shareholding, in cases where the shareholding of the director or key management personnel, directly or through his family exceeds 5 percent in any listed company or in other entities related to the securities markets;
- (c) any other business interests.

XIV. Access to Information –

- (a) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents or information shall be properly recorded.
- (b) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration or gain.
- (c) Any information relating to the business or operations of the stock exchange, which may come to the knowledge of directors or committee members or key management personnel during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.
- (d) Directors shall call for information only as part of specific committees or as may be authorized by the governing board of stock exchange.

XV. Avoidance of Conflict of Interest

- (a) No Director or Committee Member shall participate in any decision making or adjudication in respect of any person or matter in which he or she is in any way, directly or indirectly, concerned or interested.
- (b) Conflict of interest in a matter, if any, shall be decided by the Governing Board.
- (c) The Director or Committee Member and Senior Management of the company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/her to act in any manner other than in the best interest of the Company. Every director and Senior Management should make a full disclosure to the Governing Board of any transaction that they reasonably expect, could give rise to an actual conflict of interest with the company and seek the board's authorization to pursue such transactions.

XVI. Confidential Information

The Directors, Governing Board, Key Managerial Personnels and Senior Management should maintain confidentiality of information entrusted to them to carry out their duties and responsibilities. The company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any director.

XVII. General Responsibilities of all Directors.

Every Director, Committee Members and Key Management Personnel shall

- (a) analyse and administer the stock exchanges' issues with professional competence, fairness, impartiality, efficiency, and effectiveness;
- (b) submit the necessary disclosures, statement of holdings, dealings in securities as required by the stock exchanges from time to time as per their rules, byelaws, or articles of association;
- (c) unless otherwise required by law, maintain confidentiality, and not divulge or disclose any information obtained in the discharge of their duty and no such information is used for personal gains;
- (d) maintain the highest standards of personal integrity, truthfulness, honesty, and fortitude in discharge of their duties in order to inspire public confidence and not engage in acts discreditable to their responsibilities;
- (e) perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- (f) perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion;
- (g) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the stock exchanges;
- (h) promote greater awareness and understanding of ethical responsibilities;
- (i) in the conduct of their business, observe high standards of commercial honor and; just and equitable principles of trade;
- (j) be exemplary in their conduct in business life which may set a standard for others;
- (k) not use their position to give or receive favors to or from the executive or administrative staff of the stock exchange, technology or service providers and vendors or suppliers of the stock exchange, or any listed company at the stock exchange or any issuer company admitted by the stock exchanges;
- (l) not commit any act which will put the reputation of the stock exchanges in jeopardy;
- (m) comply with the provisions of all applicable laws pertaining to the securities market;

- (n) directors and key management personnel shall at all point of time comply with all the internal policies of the stock exchange including their code of conduct. If there is a conflict between the code of conduct policy of the stock exchange with those provided by the Board, then the policy issued by the Board shall prevail.
- (o) The members of the Director on Governing Board and KMP shall affirm the compliance with the Code on an annual basis. A declaration signed by the Managing Director and Chief Executive Officer stating that the Director on Governing Board and KMP have affirmed compliance with the code of conduct of the Board of Directors and senior management shall form part of the Annual Report under the Corporate Governance. The Director on Governing Board and KMP should act like trustee for the company's property/assets as well as the property/assets of the other organization that have been entrusted to the company. They are responsible for the safe custody and accountable for its use. The Director on Governing Board and KMP shall not use these assets/ property except as specifically authorized and that too only for the purpose of company business.
- (p) It shall be the responsibility of every Director on Governing Board and KMP to help enforce this code. They shall bring to the notice of MD & CEO of NSE, any observed material violation of this code or any other policies or laws as applicable or any probability of occurrence of such violations.

XVIII. Disclosure of the Code

The said Code shall also be posted on the website of the Company and appropriate disclosure shall be made in the Annual Report of the Company.

XIX. Review of the Code

The Company may periodically review this code, as and when required, and make suitable revisions, as may be deemed necessary, from time to time.