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CDSL/OPS/DP/POLCY/2024/352

June 26, 2024

SEBI CIR - STATUTORY COMMITTEES AT MARKET INFRASTRUCTURE INSTITUTIONS (MIIS)

DPs are advised to refer to the SEBI Circular no. **SEBI/HO/MRD/MRD-PoD-3/2024/088** dated **June 25, 2024**, regarding **Statutory Committees at Market Infrastructure Institutions (MIIs)** [refer Annexure]

DPs are advised to take note of the same.

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: dpntasupport@cDSLindia.com and connect through our IVR Number 022-62343333 .

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

sd/-

Nilesh Shah
Asst. Vice President

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 MIIs were further deliberated in the Industry Standards Forum (ISF) of MIIs.

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

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

5.1. Composition:

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

| Composition of Statutory Committees at MIIs | | | |
|---|------------------------------|--|--|
| 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 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 MIs | | |
|---|--|--|
| 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 MIIIs.

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

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. MIIIs 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 MIIIs:**

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. MIIIs 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 MIIIs, if felt necessary.
- 7.6. MIIIs 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

Hruda Ranjan Sahoo

Deputy General Manager

Market Regulation Department

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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> <p>a. 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.</p> <p>b. 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.</p> <p>c. 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.</p> <p>d. 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> <p>(II) On Regulatory Actions</p> <p>e. Ensure that the stock exchange has detailed SOP and processes in place towards monitoring the activities of its members through inspections.</p> <p>f. 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.</p> <p>g. 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.</p> <p>h. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measures on the members of the stock exchange.</p> <p>i. For enforcement actions against violations, where no discretion of MC is involved, the same could be delegated to an IC, provided corresponding</p> |

| 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 |
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| | | <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 |
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| | | <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 |
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| | | <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> <p>a. 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.</p> <p>b. 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.</p> <p>c. Also, in case of clearing corporations with commodity derivatives segment, the committee shall also look into:</p> <p>i. Approving the empanelment & cancellation of Warehouse Service Providers or Vault Service Providers or Assayers, accreditation of warehouse, etc.</p> <p>ii. Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers.</p> <p>d. 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.</p> <p>e. 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.</p> <p>f. 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> <p><u>(II) On Regulatory Actions</u></p> <p>g. Ensure that the clearing corporation has detailed SOP and processes in place towards monitoring the activities of its members through inspections.</p> <p>h. Ensure that there is mechanism for monitoring of its members on various parameters through technology and take necessary action for non-compliance.</p> |

| S. N. | Name of Committee | Brief terms of reference |
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| | | <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>(III) <u>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 |
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| | | 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> <p>a. Scrutinising and interviewing applicants for selecting the MD of the clearing corporation.</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><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 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).</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</p> |

| S. N. | Name of Committee | Brief terms of reference |
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| | | <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 |
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| | | <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>l. 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 |
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| | | <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 |
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| 5. | Risk Management Committee (RMC) | <p>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.</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 and; iii. Business continuity plan. <p>c. Monitor each risk associated with the functioning of the clearing corporation 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 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 clearing corporation.</p> <p>i. 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> |

C. Terms of Reference for Statutory Committees of Depositories:

| S. N. | Name of Committee | Brief terms of reference |
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| (I) Functional Committees | | |
| 1 | Member Committee (MC) | <p>(I) <u>On admission, transfer and surrender of membership/Withdrawal and Change in control</u></p> <p>a. 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.</p> <p>b. 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.</p> <p>c. 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.</p> <p>d. 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> <p>(II) <u>On Regulatory Actions</u></p> <p>e. Ensure that the depository has detailed SOP and processes in place towards monitoring the activities of its members through inspections.</p> <p>f. 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.</p> <p>g. 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.</p> <p>h. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measure on the constituents of the depositories.</p> <p>i. For enforcement against violations, where no discretion of MC is involved, the</p> |

| S. N. | Name of Committee | Brief terms of reference |
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| | | <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 |
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| | | <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 |
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| | | <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 |
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| | | <p>ongoing cases, etc., as may be applicable to the depositories.</p> <p>b. <u>Admission of Securities:</u></p> <p>i. To consider and decide on the criteria for admission, withdrawal of securities and continuous compliance requirements.</p> <p>ii. To declare any security admitted into Depository as ineligible.</p> <p>c. <u>Compliance:</u></p> <p>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.</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 depository against the PFMLs on an annual basis and submit a report to the governing board of the depository.</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) & 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.</p> <p>iii. Periodically oversee the dealings in securities by KMPs and IEPs</p> <p>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.</p> <p>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> <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 Depository.</p> <p>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.</p> <p>iii. Ensuring that Depository takes pro-active actions in case of repeated</p> |

| S. N. | Name of Committee | Brief terms of reference |
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| | | <p>nature of complaints against particular Depository Participants.</p> <p>g. <u>Investor Protection and Services:</u> i. Supervising the functioning of Investor Services Cell of the Depository.</p> <p>i. <u>Whistleblower Mechanism:</u> 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 depository's website. 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: 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.</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> |