



# Central Depository Services (India) Limited

Convenient + Dependable + Secure

## COMMUNIQUE TO DEPOSITORY PARTICIPANTS

CDSL/OPS/DP/POLCY/2024/14

January 08, 2025

### AMENDMENT TO CDSL BYE LAWS

DPs are hereby informed that amendment has been carried out in CDSL Bye Laws with respect to constitution of Statutory Committees and their Terms of Reference.

Under the said amendment, the existing Bye Laws 3.1, 3.3, and 3.4 stand deleted and the following Bye-Law/s is/are inserted to the CDSL Bye Laws:

*“3.1 Committee(s) shall be constituted by the Board of Directors in accordance with the procedure as specified by SEBI under provisions of the SEBI (Depositories and Participants) Regulations, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, as amended from time to time and any directives issued thereunder by the competent authority. The terms of reference of each Committee (s) shall be as determined by the Board or SEBI or the requisite Act.”*

The existing Bye Laws 3.1, 3.3, and 3.4, which stand deleted from the CDSL Bye Laws are attached herewith as “Annexure A”.

DPs are advised to note that the attached amendments will come into effect immediately.

Queries regarding this communiqué may be addressed to: CDSL – Helpdesk Emails may be sent to: [dprtasupport@cdslindia.com](mailto:dprtasupport@cdslindia.com) and connect through our IVR Number **022-62343333**.

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

sd/-

Nilay Shah  
Company Secretary & Head Legal

## ANNEXURE A

### 3. COMMITTEES

#### 3.1. COMMITTEES OF DIRECTORS

3.1.1. Subject to the provisions of the Companies Act, 1956 and Articles of Association of the Company, the Board of Directors may delegate, from time to time, to any committee or committees comprising of two or more Directors, any of the powers vested in it upon such terms and conditions as it may think fit. It may cancel, withdraw, alter or vary all or any of such powers so delegated. The Board of Directors may at any time in its sole discretion remove any director on such committee or committees or modify the constitution thereof.

3.1.2. Without prejudice to the generality of the foregoing, the Board of Directors may constitute the following committees of directors for the following purposes:

3.1.2.1. <sup>1</sup>[—]

3.1.2.2. “Organisational Committee” to decide on recruitment and personnel policy of CDSL.

3.1.2.3. <sup>2</sup>*[A qualified and independent Audit Committee be constituted as under:*

3.1.2.3.1. *Constitution of the Audit Committee:*

3.1.2.3.1.1 *The Audit Committee shall have minimum three members, all being nonexecutive directors, with the majority of them being independent, and with at least one director having financial and accounting knowledge;*

3.1.2.3.1.2. *The Chairman of the committee shall be an independent director;*

3.1.2.3.1.3. *The Chairman shall be present at the Annual General Meeting to answer shareholder queries;*

3.1.2.3.1.4. *The Audit Committee should invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The finance director, if any, head of internal audit and when required, a representative of the external auditor shall be present as invitees for the meetings of the Audit Committee.*

3.1.2.3.1.5. *The company secretary shall act as the secretary to the committee.*

3.1.2.3.2 *The Audit Committee shall meet at least thrice a year. One meeting shall be held before finalisation of annual accounts and one every six months. The quorum shall be either two members or one third of the members of the Audit*

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<sup>1</sup> Deleted vide SEBI's letter no. MRD/DP/MAS- OW/23267/11 dated 19.07.2011.

<sup>2</sup> Approved vide SEBI's letter no. SMRDP/CDSL/24186/2001 dated 28.02.2001.

*Committee, whichever is higher, consisting minimum of two independent directors.*

*3.1.2.3.3 The Audit Committee shall have <sup>3</sup>[all powers, as prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations including the following:]*

*3.1.2.3.3.1. to investigate any activity within its terms of reference,*

*3.1.2.3.3.2. to have access to information contained in the records of the company and to seek information from any employee,*

*3.1.2.3.3.3. to obtain outside legal or other professional advice, to secure attendance of outsiders with relevant expertise, if it considers necessary.*

*3.1.2.3.4. The role of the Audit Committee shall include the following:*

*3.1.2.3.4.1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.*

*3.1.2.3.4.2. <sup>4</sup>[Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.]*

*3.1.2.3.4.3. Reviewing with management the annual financial statements <sup>5</sup>[and the auditors' report thereon,] before submission to the board <sup>6</sup>[for approval, with particular reference to:]*

*3.1.2.3.4.3.1. Any changes in accounting policies and practices,*

*3.1.2.3.4.3.2. Major accounting entries based on exercise of judgement by management.*

*3.1.2.3.4.3.3. Qualifications in draft audit report.*

*3.1.2.3.4.3.4. Significant adjustments <sup>7</sup>[made in the financial statements] arising out of audit <sup>8</sup>[findings.]*

*3.1.2.3.4.3.5. The going concern assumption.*

*3.1.2.3.4.3.6. Compliance with accounting standards*

*3.1.2.3.4.3.7. Compliance with stock exchange and legal requirements concerning financial statements, to the extent applicable.*

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<sup>3</sup> Amended vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>4</sup> Amended vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>5</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>6</sup> Amended vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>7</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>8</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>9</sup>[3.1.2.3.4.3.8. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.]

<sup>10</sup>[3.1.2.3.4.3.9. Compliance with listing and other legal requirements relating to financial statements.]

<sup>11</sup>[3.1.2.3.4.3.10. Disclosure of any related party transactions.]

3.1.2.3.4.4. Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

3.1.2.3.4.5. Reviewing with the management, external and internal auditors, the adequacy of internal control system.

3.1.2.3.4.6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit relating to CDSL, its depository participants, issuers/RTAs, <sup>12</sup>[Vault Managers] clearing corporations or any other entity, reports of internal audits of these entities whether conducted by CDSL or these entities themselves, as may be deemed fit.

3.1.2.3.4.7. Discussion with internal auditors any significant findings and follow up thereon.

3.1.2.3.4.8. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

3.1.2.3.4.9. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

3.1.2.3.4.10. Reviewing the company's financial and risk management policies.

3.1.2.3.4.11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

<sup>13</sup>[3.1.2.3.4.12. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.]

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<sup>9</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>10</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>11</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>12</sup> Inserted vide SEBI letter no. SEBI/HO/MRD/MRD-RAC-2/P/OW/2023/13602/1 dated 03.04.2023

<sup>13</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

- <sup>14</sup>[3.1.2.3.4.13. *Review and monitor the auditor's independence and performance, and effectiveness of audit process.*]
- <sup>15</sup>[3.1.2.3.4.14. *Reviewing, with the management, the quarterly, financial statements before submission to the board for approval.*]
- <sup>16</sup>[3.1.2.3.4.15. *To review the financial statements, in particular, the investments made by the unlisted subsidiary company.*]
- <sup>17</sup>[3.1.2.3.4.16. *Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.*]
- <sup>18</sup>[3.1.2.3.4.17. *To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor.*]
- <sup>19</sup>[3.1.2.3.4.18. *To review the functioning of the Whistle Blower Mechanism.*]
- <sup>20</sup>[3.1.2.3.4.19. *Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.*]
- <sup>21</sup>[3.1.2.3.4.20. *Valuation of undertakings or assets of the Company, wherever it is necessary.*]
- <sup>22</sup>[3.1.2.3.4.21. *Scrutiny of inter-corporate loans and investments.*]
- <sup>23</sup>[3.1.2.3.4.22. *Evaluation of internal financial controls and risk management systems.*]
- <sup>24</sup>[3.1.2.3.4.23. *Approval or any subsequent modification of transactions of the company with related parties.*]
- <sup>25</sup>[3.1.2.3.4.24. *To appoint a person having such qualifications and experience and registered as a valuer in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee for valuation, if required to*

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<sup>14</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>15</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>16</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>17</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>18</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>19</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>20</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>21</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>22</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>23</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>24</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>25</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

*be made, in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets or net worth of a company or its liabilities.]*

<sup>26</sup>*[3.1.2.3.4.25. To ensure proper system for storage, retrieval, display or printout of the electronic records as deemed appropriate and such records shall not be disposed of or rendered unusable, unless permitted by law.]*

<sup>27</sup>*[3.1.2.3.4.26. To mandatorily review:*

<sup>28</sup>*[3.1.2.3.4.26.1. Management discussion and analysis of financial condition and results of operations;]*

<sup>29</sup>*[3.1.2.3.4.26.2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;*

<sup>30</sup>*[3.1.2.3.4.26.3. Management letters / letters of internal control weaknesses issued by the statutory auditors;]*

<sup>31</sup>*[3.1.2.3.4.26.4. Internal audit reports relating to internal control weaknesses;]*

<sup>32</sup>*[3.1.2.3.4.26.5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee; and]*

<sup>33</sup>*[3.1.2.3.4.26.6. Statement of deviations in terms of the SEBI Listing Regulations:]*

<sup>34</sup>*[3.1.2.3.4.26.6.1. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s); and]*

<sup>35</sup>*[3.1.2.3.4.26.6.2. Annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice.]*

<sup>36</sup>*3.1.2.3.4.27 Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.*

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<sup>26</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>27</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>28</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>29</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>30</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>31</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>32</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>33</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>34</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>35</sup> Inserted vide SEBI's letter no. MRD/DSA/OW/8180/1/2017 dated 10.04.2017

<sup>36</sup> Inserted vide SEBI's letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

<sup>37</sup>3.1.2.3.4.28 *To review the performance of the investments made on time to time basis in line with the investment policy for investment of surplus funds of the Company.*

<sup>38</sup>3.1.2.3.4.29 *To review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively.*

3.1.2.3.5. *Decisions of the Audit Committee binding on the Board:*

3.1.2.3.5.1 *The recommendations of the Audit Committee on any matter relating to financial management including the audit report, shall be binding on the Board of Directors.*

3.1.2.3.5.2. *If the Board of Directors does not accept the recommendations of the Audit Committee, it shall record the reasons therefor and communicate such reasons to the shareholders.]*

3.1.2.4. <sup>39</sup>[—]

3.1.2.5. <sup>40</sup>[—]

3.2. <sup>41</sup>[—]

## <sup>42</sup>3.3. FUNCTIONAL COMMITTEES

3.3.1. The Board of Directors may also constitute, from time to time, any functional Committee or Committees, comprising of Public Interest Directors, shareholder directors, key management personnel and independent external persons, for carrying out such functions and exercising such powers upon such terms and conditions and upon such remuneration as the Board of Directors may think fit in its discretion. It may cancel, withdraw, alter or vary all or any of such powers and functions of any such functional Committee. The Board of Directors may at any time in its sole discretion appoint or remove any person or persons from such Committee or Committees or modify the constitution thereof.

3.3.2 Without prejudice to the generality of the foregoing, the Board of Directors shall constitute the following functional Committees as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations comprising of such persons and for exercising such functions as hereinbelow set out:

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<sup>37</sup> Inserted vide SEBI's letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

<sup>38</sup> Inserted vide SEBI's letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

<sup>39</sup> Deleted vide SEBI's letter no. MRD/DP/MAS- OW/23268/11 dated 19.07.2011.

<sup>40</sup> Deleted vide SEBI letter no. MRD/DOP/CDSL/ARR/17456/04 dated 9.08.2004.

<sup>41</sup> Deleted vide SEBI letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

<sup>42</sup> Inserted vide SEBI's letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

- 3.3.2.1 “**Member Committee**” shall be a Functional Committee of CDSL and shall comprise of Public Interest Director, Shareholder Directors, the Managing Director, Key Management Personnel, independent external persons and any other members as may be nominated by the Securities and Exchange Board of India from time to time, subject to a maximum of two Key Management personnel one of which shall necessarily be the Managing Director. The total number of Public Interest Directors shall not be less than the total number of shareholder directors, key management personnel and independent external persons put together.
- 3.3.2.1.2. The Member Committee shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
- 3.3.2.1.2.1 To scrutinize, evaluate, accept or reject applications for admission of members, transfer of membership as well as approve voluntary withdrawal of membership;
- 3.3.2.1.2.2 Formulate policy to deal with any disciplinary matters relating to the Participants, Clients, Issuer or its Registrar and Transfer Agent, Clearing Members, Clearing Corporations <sup>43</sup>[, *Vault Managers*] and other users. This shall include termination / disciplinary action against participants, suspending, expelling or imposing penalty on the participant, freezing the account of the participant, among others;
- 3.3.2.1.2.3 Based on the laid down policy, consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the depositories;
- 3.3.2.1.2.4 While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice';
- 3.3.2.1.3 The Member Committee shall hold meetings at such intervals as may be required from time to time.
- 3.3.2.1.4 The members present at each meeting shall elect a Chairman who shall be a public interest director.
- 3.3.2.1.5 To constitute the quorum for the meeting, the number of Public Interest Directors shall not be less than the total of number of other members put together.
- 3.3.2.1.6 The voting on a resolution in the meeting shall be valid only when the number of Public Interest Directors that have cast their vote on such resolution is equal to or more than the total number of other members put together who have cast their vote on such resolution. The casting vote in the meetings shall be with the chairperson of the Committee.

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<sup>43</sup> Inserted vide SEBI letter no. SEBI/HO/MRD/MRD-RAC-2/P/OW/2023/13602/1 dated 03.04.2023



- 3.3.2.1.7 The decisions of the Member Committee shall be placed before the subsequent Board Meeting.
- 3.3.2.2 **“Grievance Redressal Committee”** shall be a Functional Committee of CDSL and shall comprise of independent external persons with qualifications in the area of law, finance, accounts, economics, management or administration and experience in financial services, including securities market who are not associated with a depository participant in any manner.
- 3.3.2.2.1 The Grievance Redressal Committee shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
- 3.3.2.2.1.1 Deal with the complaints referred to it by the depositories, hear the parties and resolve their complaints.
- 3.3.2.2.2 For claims upto Rs.25 Lakh, the Grievance Redressal Committee shall comprise of one member. For claims above Rs.25 Lakh, the Grievance Redressal Committee shall comprise of three members and the members so appointed may elect a Chairperson amongst themselves.
- 3.3.2.2.3 The Grievance Redressal Committee shall hold meetings at such intervals as may be required from time to time.
- 3.3.2.2.4 The decisions of the Grievance Redressal Committee shall be placed before the subsequent Board Meeting.
- 3.3.2.2.5 The disclosures and code of conduct prescribed under para 3.4 and 4 of SEBI circular reference no.CIR/MRD/DSA/24/2010 dated August 11, 2010 shall be applicable as far as may be to the member of the Grievance Redressal Committee.

#### <sup>44</sup>**3.4 OVERSIGHT COMMITTEES**

- 3.4.1. The Board of Directors may also constitute, from time to time, any oversight Committee or Committees, comprising of Public Interest Directors, shareholder directors, key management personnel and independent external persons, for carrying out such functions and exercising such powers upon such terms and conditions and upon such remuneration as the Board of Directors may think fit in its discretion. It may cancel, withdraw, alter or vary all or any of such powers and functions of any such functional Committee. The Board of Directors may at any time in its sole discretion appoint or remove any person or persons from such Committee or Committees or modify the constitution thereof.
- 3.4.2. Without prejudice to the generality of the foregoing, the Board of Directors shall constitute the following Oversight Committees as prescribed under the

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<sup>44</sup> Inserted vide SEBI's letter no. MRD2DDAP/OW/2020/92/1 dated 01.01.2020.

Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations comprising of such persons and for exercising such functions as herein below set out:

- 3.4.2.1. **“Standing Committee on Technology”** shall be an Oversight Committee of CDSL and shall comprise of Public Interest Director, Shareholder Directors and independent external persons. The Standing Committee on Technology shall include at least two independent external persons proficient in technology. The number of Public Interest Directors shall not be less than the total number of shareholder directors, and independent external persons put together.
- 3.4.2.1.2. The Standing Committee on Technology shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
  - 3.4.2.1.2.1. Monitor whether the technology used by the depository remains up to date and meets the growing demands
  - 3.4.2.1.2.2. Monitor the adequacy of system capacity and efficiency
  - 3.4.2.1.2.3. Look into the changes being suggested to the existing software/hardware
  - 3.4.2.1.2.4. Investigate into the problems computerized depository system, such as hanging/ slowdown/ breakdown.
  - 3.4.2.1.2.5. Ensure that transparency is maintained in disseminating information regarding slowdown/break down in the depository system.
  - 3.4.2.1.2.6. The Standing Committee on Technology shall submit a report to the Board of CDSL. The Board will deliberate on the report and suitable action/ remedial measure will be taken.
  - 3.4.2.1.2.7. Explain any system outage related incidents to the Board of CDSL.
  - 3.4.2.1.2.8. Review the implementation of Board approved cyber security and resilience policy and its framework.
  - 3.4.2.1.2.9. Such other matters in the scope as may be referred by the Board of CDSL and/or the Securities and Exchange Board of India.
- 3.4.2.1.3. The Standing Committee on Technology shall hold meetings at such intervals as may be required from time to time.
- 3.4.2.1.4. The members present at each meeting shall elect a Chairman, who shall be a public interest director.
- 3.4.2.1.5. To constitute the quorum for the meeting, the number of Public Interest Directors shall not be less than the total of number of other members put together.

- 3.4.2.1.6 The voting on a resolution in the meeting shall be valid only when the number of Public Interest Directors that have cast their vote on such resolution is equal to or more than the total number of other members put together who have cast their vote on such resolution. The casting vote in the meetings shall be with the chairperson of the Standing Committee on Technology.
- 3.4.2.1.7 The decisions of the Standing Committee on Technology shall be placed before the subsequent Board Meeting.
- 3.4.2.2 “**Advisory Committee**” shall be an Oversight Committee of CDSL and shall comprise of public interest directors and depository participants of CDSL.
  - 3.4.2.2.1 The Advisory Committee shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
    - 3.4.2.2.1.1 To advise the Depository on non-regulatory and operational matters including technology, charges and levies, amongst others.
    - 3.4.2.2.2 The Advisory Committee shall hold meetings at such intervals as may be required from time to time.
    - 3.4.2.2.3 The Chairperson of the Board shall act as the Chairperson of the Advisory Committee.
    - 3.4.2.3.4 The quorum for the meeting of Advisory Committee shall be either two members or one third of the members of the committee, whichever is greater.
    - 3.4.2.2.5 The Managing Director shall be a permanent invitee to every meeting of the Advisory Committee.
    - 3.4.2.2.6 The decisions of the Advisory Committee shall be placed before the subsequent Board Meeting.
  - 3.4.2.3 “**Regulatory Oversight Committee**” shall be an Oversight Committee of CDSL and shall comprise of Public Interest Director and Independent external persons. The number of Public Interest Directors shall not be less than the total number of shareholder directors, and independent external persons put together.
    - 3.4.2.3.1 The Regulatory Oversight Committee shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
      - 3.4.2.3.1.1 To lay down procedures for the implementation of the Code of Ethics and prescribe the reporting formats for the disclosure required under the Code of Ethics;
      - 3.4.2.3.1.2. To oversee the implementation of the Code of Ethics;

- 3.4.2.3.1.3 To periodically monitor the dealings in securities of the Key Management Personnel;
- 3.4.2.3.1.4 To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest;
- 3.4.2.3.1.5 To consider and decide on the criteria for admission, withdrawal of securities and continuous compliance requirements;
- 3.4.2.3.1.6 To declare any security admitted into Depository as ineligible;
- 3.4.2.3.1.7 To review complaint resolution process and status of redressal of grievances of demat account holders, depository participants, Issuers / RTAs with respect to depository operations. This shall include review of complaints remaining unresolved over long period of time, estimate the adequacy of resources, amongst others;
- 3.4.2.3.1.8 Annual review of arbitrators and arbitration awards (both quantum and quality of the awards);
- 3.4.2.3.1.9 To monitor compliance with SEBI (Depositories and Participants) Regulations, 2018 as amended from time to time and other applicable rules and regulations along-with SEBI Circulars and other directions issued there under;
- 3.4.2.3.1.10 To review the fees and charges levied by the Depository.
- 3.4.2.3.1.11 Review the actions taken to implement the suggestions of SEBI's Inspection Reports, place the same before the Governing Board of the depository;
- 3.4.2.3.1.12 To follow up and ensure compliance/implementation of the inspection observations
- 3.4.2.3.2 The Regulatory Oversight Committee shall hold meetings at such intervals as may be required from time to time.
- 3.4.2.3.3 The members present at each meeting shall elect a Chairman, who shall be a public interest director
- 3.4.2.3.4 To constitute the quorum for the Regulatory Oversight Committee meeting, the number of Public Interest Directors shall not be less than the total of number of other members put together
- 3.4.2.3.5 The voting on a resolution in the Regulatory Oversight Committee meeting shall be valid only when the number of Public Interest Directors that have cast their vote on such resolution is equal to or more than the total number of other members put together who have cast their vote on such resolution. The casting vote in the meetings shall be with the chairperson of the Regulatory Oversight Committee.

- 3.4.2.3.6 The decisions of the Regulatory Oversight Committee shall be placed before the subsequent Board Meeting.
- 3.4.2.4 “**Risk Management Committee**” shall be an Oversight Committee of CDSL and shall comprise of only Public Interest Director and Independent external persons. The number of Public Interest Directors shall not be less than the total number of shareholder directors, and independent external persons put together.
- 3.4.2.4.1 The Risk Management Committee shall have all powers as prescribed under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other applicable regulations including the following:
- 3.4.2.4.1.1 To formulate a detailed risk management policy which shall be approved by the governing board;
- 3.4.2.4.1.2 To review the Risk Management Framework & risk mitigation measures from time to time;
- 3.4.2.4.1.3 To monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimization procedures;
- 3.4.2.4.1.4 The head of the risk management department shall report to the risk management Committee and to the managing director of the depository;
- 3.4.2.4.1.5 The risk management Committee shall monitor implementation of the risk management policy and keep the Board and the governing board informed about its implementation and deviation, if any;
- 3.4.2.4.1.6 To assess and monitor the risks pertaining to cyber security;
- 3.4.2.4.1.7 To assess and mitigate the risk involved in Depository and Depository Participants.
- 3.4.2.4.1.8 Responsibilities and other requirements provided in SEBI Circular dated January 12, 2015
- 3.4.2.4.1.9 To monitor and review the risk management plan and other functions as it may deem fit such function shall specifically cover cyber security.
- 3.4.2.4.2 The Risk Management Committee shall hold meetings at such intervals as may be required from time to time provided that the Risk Management Committee shall meet at least once in a year.
- 3.4.2.4.3 The members present at each meeting shall elect a Chairman, who shall be a public interest director
- 3.4.2.4.4 To constitute the quorum for the Risk Management Committee meeting, the number of Public Interest Directors shall not be less than the total of number of other members put together.

- 3.4.2.4.5 The voting on a resolution in the Risk Management Committee meeting shall be valid only when the number of Public Interest Directors that have cast their vote on such resolution is equal to or more than the total number of other members put together who have cast their vote on such resolution. The casting vote in the meetings shall be with the chairperson of the Risk Management Committee.
- 3.4.2.4.6 The decisions of the Risk Management Committee shall be placed before the subsequent Board Meeting.