

Secretarial Compliance Report of NSE Clearing Limited
for the financial year ended March 31, 2024

To,
NSE Clearing Limited
Exchange Plaza, Plot C-1,
Block G, Bandra Kurla Complex,
Bandra (East), Mumbai 400051

We have conducted the review of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **NSE Clearing Limited** (hereinafter referred as 'the Company'), having its registered office at Exchange Plaza, Plot C-1, Block G, Bandra Kurla Complex, Bandra (East), Mumbai 400051. Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Review, we hereby report that the Company has, during the review period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder in the manner and subject to the reporting made hereinafter:

We, M/s. Makarand M. Joshi & Co., Practicing Company Secretaries, have examined:

- (a) all the documents and records made available to us and explanation provided by the Company,
- (b) the filings/ submissions made by the Company,
- (c) website of the Company,
- (d) any other document/filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended on March 31, 2024 ('Review Period') in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ('SCRA'), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ('SEBI');

Head Office

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The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Company (hereinafter referred as '**Listing Regulations**');
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (**Not Applicable to the Company during the Review Period**)
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**Not Applicable to the Company during the Review Period**)
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**Not Applicable to the Company during the Review Period**)
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not Applicable to the Company during the Review Period**)
- f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (**Not Applicable to the Company during the Review Period**)
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, to the extent applicable;
- h) SEBI Circular no. SEBI/HO/MRD2/MRD2_DDAP/P/OW/2022/24657/1 dated June 15, 2022, we have also checked the following compliances:
 - The Securities Contracts (Regulation) (Stock Exchanges & Clearing Corporations) Regulations, 2018 ('SECC Regulations')
 - No deviation from SEBI circular/ guidelines while utilizing core SGF.
 - Whistle Blower Policy & there were no Complaints received against Company or its Management thereof.

and circulars/ guidelines issued thereunder.

and based on the above examination, we hereby report that, during the review period:

- I. (a) The Company has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters as specified in Annexure A.



(b) The Company has taken following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Deviations	Action Taken by	Type of Action	Details of violation	Fine Amount	Observations/Remarks of the Practicing Company Secretary	Management Response	Remarks
Not Applicable										

II. Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019:

Sr. No	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS*
1.	Compliances with the following conditions while appointing/re-appointing an auditor		
	<p>i. If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter; or</p> <p>ii. If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/ audit report for such quarter as well as the next quarter; or</p> <p>iii. If the auditor has signed the limited review/ audit report for the first three quarters of a financial year, the auditor before such resignation, has issued the limited review/ audit report for the last quarter of such financial year as well as the audit report for such financial year.</p>	NA	No such event during the review period
2.	Other conditions relating to resignation of statutory auditor		
	<p>i. Reporting of concerns by Auditor with respect to the Company/its material subsidiary to the Audit Committee:</p> <p>a. In case of any concern with the management of the Company/material subsidiary such as non-availability of information / non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the Audit Committee of the Company, and the Audit Committee shall receive such concern directly and immediately without specifically waiting for the quarterly Audit Committee meetings.</p> <p>b. In case the auditor proposes to resign, all concerns with respect to the proposed resignation, along with relevant documents has been brought to the notice of</p>	NA	No such event during the review period



	<p>the Audit Committee. In cases where the proposed resignation is due to non-receipt of information / explanation from the Company, the auditor has informed the Audit Committee the details of information/explanation sought and not provided by the management, as applicable.</p> <p>c. The Audit Committee / Board of Directors, as the case may be, deliberated on the matter on receipt of such information from the auditor relating to the proposal to resign as mentioned above and communicate its views to the management and the auditor.</p> <p>ii. Disclaimer in case of non-receipt of information:</p> <p>iv. The auditor has provided an appropriate disclaimer in its audit report, which is in accordance with the Standards of Auditing as specified by ICAI / NFRA, in case where the Company/ its material subsidiary has not provided information as required by the auditor.</p>		
3.	The Company / its material subsidiary has obtained information from the Auditor upon resignation, in the format as specified in Annexure- A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18 th October, 2019.	NA	No such event during the review period

**Observations /Remarks by PCS are mandatory if the Compliance status is provided as 'No' or 'NA'*

III. We hereby report that, during the Review Period the compliance status of the Company is appended as below:

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations / Remarks by PCS*
1.	<p><u>Secretarial Standards:</u></p> <p>The compliances of the Company are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI), as notified by the Central Government under Section 118 (10) of the Companies Act, 2013 and mandatorily applicable.</p>	Yes	-
2.	<p><u>Adoption and timely updation of the Policies:</u></p> <ul style="list-style-type: none"> • All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors/ Committees of the listed entities. • All the policies are in conformity with SEBI Regulations and have been reviewed & timely updated as per the regulations/ circulars/ guidelines issued by SEBI. 	Yes	-
3.	<p><u>Maintenance and disclosures on Website:</u></p> <ul style="list-style-type: none"> • The Company is maintaining a functional website. • Timely dissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27 (2) of Listing 	Yes	-



	Regulations are accurate and specific which redirects to the relevant document(s)/section of the website.		
4.	<u>Disqualification of Director:</u> None of the Directors of the Company are disqualified under Section 164 of Companies Act, 2013 as confirmed by the Company.	Yes	-
5.	<u>Details related to Subsidiaries of Company have been examined w.r.t.:</u> (a) Identification of material subsidiary companies. (b) Disclosure requirements of material as well as other subsidiaries.	(a) NA (b) Yes	The Company does not have any Material Subsidiary.
6.	<u>Preservation of Documents:</u> As per the confirmations given by the Company, and on our test check basis, Company is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records is as per Policy of Preservation of Documents and Archival policy prescribed under Listing Regulations.	Yes	-
7.	<u>Performance Evaluation:</u> The Company has conducted performance evaluation of the Board, Independent Directors and the Committees on an annual basis as prescribed in SEBI Regulations.	Yes	-
8.	<u>Related Party Transactions:</u> (a) The Company has obtained prior approval of Audit Committee for all Related party transactions. (b) In case no prior approval obtained, the Company shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee.	(a) No (b) Yes	(a) in case of sitting fees paid by subsidiary company to its directors for attending board and committee meetings and where Company is not a party, instead prior, audit committee of the Company has post facto ratified & approved the said transactions.



9.	<u>Disclosure of events or information:</u> The Company has provided all the required disclosure(s) under Regulation 30 along with Schedule III of Listing Regulations within the time limits prescribed thereunder.	Yes	-
10.	<u>Prohibition of Insider Trading:</u> The Company is in compliance with Regulation 3 (5) & 3 (6) of SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	The Company has system to maintain all the information received or shared whether it is nature of UPSI or not and preserved for at least 8 Years.
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions have been taken against the Company/ its promoters/directors/subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	No	Refer Table (a) as mentioned below
12.	<u>Additional non-compliances, if any:</u> No additional non-compliance observed for any SEBI regulation/circular/guidance note, etc.	Yes	

Assumptions & Limitation of scope and Review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the Company.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial Records and Books of Accounts of the Company.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the Listing Regulations and is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Makarand M. Joshi & Co.
Company Secretaries



[Signature]
Kumudini Bhalerao
Partner

FCS No. 6667

CP No. 6690

PR No: 640/2019

UDIN: F006667F000274319

Place: Mumbai

Date: April 30, 2024

Annexure A

Sr. No.	Compliance Requirement (Regulations/circulars/guidelines including specific clause)	Regulation/Circular No.	Deviations	Action Taken by	Type of Action	Details of violation	Fine Amount	Observations/Remarks of the Practising Company Secretary	Management Response	Remarks
1.	Stock exchange (SE) and Clearing Corporation (CC) shall comply with a) Guidelines for Business Continuity Plan and Disaster Recovery of Market Infrastructure Institutions as per SEBI Circular dated September 13, 2017 b) Outsourcing of activities as per SEBI Circular dated March 26, 2019 c) Review of the capacity planning framework as per SEBI Circular dated October 08, 2015	a) Para 3.5, para 5.2, and para 8.1 of SEBI circular dated September 13, 2017 b) Para 5.c r/w 5.d, and 5.e, 5.g, 5.h of SEBI Circular dated March 26, 2019 c) Para 3 and Para 4 of SEBI Circular dated October 08, 2015 d) Regulation 12(6) read with Regulation 7(4)(g) of SECC Regulations	(i) Failure to monitor services of vendor in respect of Core and Critical activities of NSE and NCL. (ii) Failure to ensure systems preparedness and readiness to move operations to DRS. (iii) Failure to ensure orderly execution of trades, on-line/real time risk management of trades and market integrity. (iv) Failure of IT infrastructure capacity planning and management. (v) Failure of to replicate data between PDC and	SEBI	Settlement order	Same as Deviation	Settlement amount- 22,88,00,000	The Company paid the settlement amount in June 2023	The Company paid the settlement amount in June 2023 and SEBI disposed of the proceedings of the show cause vide settlement order dated June 20, 2023 w.r.t. technical glitch	-



<p>d) SE and CC has adequate systems' capacity for on-line/real time risk management of trades cleared and settled and is supported by a suitable business continuity plan including a disaster recovery site as per Regulation 7(4)(g) of SECC Regulations.</p>	<p>Near DR site in synchronous fashion to ensure zero data loss. (vi) Failure to ensure "no single point of failure". (vii) Failure to recover operations within RTO of 4 hours.</p>	<p>SEBI</p>	<p>Show Cause Notice</p>	<p>Same as Deviation</p>	<p>-</p>	<p>The Company has filed a Settlement Application and detailed reply to Show Cause Notice with SEBI.</p>
<p>2. The CCPs shall maintain sufficient Collateral among CCs and CCs shall have adequate risk management mechanism on a Continuous basis. Further, CCs shall comply with Interoperability agreement</p>	<p>Para 5.2, 5.3 & 5.9 of SEBI Inter-CCP Circular and Regulation 7(4)(b) & Regulation 12(5) of SECC Regulations</p>	<p>SEBI</p>	<p>Show Cause Notice</p>	<p>Same as Deviation</p>	<p>-</p>	<p>The Company has filed a Settlement Application and detailed reply to Show Cause Notice with SEBI.</p>



					<p>- Failed to ensure real time monitoring mechanism under inter-operability.</p> <p>- Failed to ensure compliance with provision of inter-CCP agreement (in connection with frequency and timelines, threshold amount related to collateral requirement)</p> <p>- Failure to constitute coordination committee as per provision of inter CCP agreement</p>	<p>Same as point no. 1</p> <p>Same as point no. 1</p> <p>Same as point no. 1</p>	<p>Same as point no. 1</p>	<p>Settlement amount- 49,76,80,000</p>	<p>The Company paid the settlement amount in June 2023</p>	<p>The National Stock Exchange of India Limited paid the settlement amount in June 2023 and SEBI disposed of the proceedings of</p>	<p>National Stock Exchange of India Limited (Promoter Company)</p>
3.	Same as point no. 1										



