

Terms and Conditions for appointment of Independent Directors / Public Interest Directors of NSE Clearing Limited:

1. The Independent Director / Public Interest Director is required to comply with the criteria / norms laid down, from time to time, under the Companies Act, 2013 and SEBI Regulations. The criteria / norms laid down under the Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2018 (SCR SECC Regulations) are given in **Annexure A**.
2. The Independent Director / Public Interest Director is required to abide by the provisions specified in "Code for Independent Directors" prescribed in Schedule IV to the Companies Act, 2013 and attached herewith as **Annexure-B-1**. In addition, the Company has framed code of conduct [**Annexure-B-2**], pursuant to a directive from SEBI, in respect of the Directors for their due compliance. Both the above documents list out the expectations of the Board from the Independent Directors / Public Interest Directors.
3. The Companies Act, 2013 allows an Independent Director to hold office for a term upto five years and a maximum of two terms. SCR SECC Regulations states that a Public Interest Director (who are essentially independent directors) shall be appointed with the prior approval of SEBI for a term of three years, extendable by another term of three years, subject to performance review in the manner as specified by SEBI. As an Independent Director / Public Interest Director, you can hold office for a term of three years from the date of original appointment and subsequent re-appointment and shall not be liable to retire by rotation during the said term.
4. Pursuant to SCR (SECC) Regulations, 2018, the Governing Board of NCL shall consist of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management, and management or administration. Provided that the Governing Board of NCL shall consist of at least one PID having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.
5. The Independent Director / Public Interest Director is entitled to a sitting fee of such sum as maybe prescribed by the Board from time to time for each meeting of the Board or the Committee and such other meetings attended by him besides reimbursement of expenses of travel, stay and other incidental expenditure incurred for participation in the Board and other meetings.
6. In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, NSE group has taken Directors and Officers Insurance (D&O) which is applicable to NCL for all its Directors and Members of the Senior Management to cover the risk that may arise to the Directors.

7. The Board may from time to time constitute any Committee(s) for disposal of any specific matter and may induct you as a member on such Committees
8. We are confident that the Board and the Company will benefit immensely from your rich experience and we are eager to have you as an integral part for growth of the Company. This letter is issued in duplicate. Please confirm your acceptance by signing and returning the duplicate copy of this letter.

Thanking you,

Yours truly,

Chairperson

Encl.: As above

Annexure - A

Criteria to become an Independent Director / Public Interest Directors

1. An independent director in relation to a company, means a director other than amanaging director or a whole-time director or a nominee director -
 - (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - (c) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed. with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - (d) none of whose relatives—
 - (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
 - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;

has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two immediately preceding financial years or during the current financial year; or
 - (iii) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);
 - (e) who, neither himself nor any of his relatives—

- (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or

- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives twenty-five percent. or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company; or

- (v) who possesses such other qualifications as may be prescribed i.e possesses appropriate skills, experience and knowledge in one or more fields of finance / law / management / sales / marketing / administration / research / corporate governance / technical operations/other disciplines related to companies business.

2. Every Director (including Public Interest Director) shall be a fit and proper person as described in Regulation 20 of SCR (SECC) Regulations, 2018.

Regulation 20 of SCR (SECC) Regulations, 2018 reads as under:

(2) for the purpose of these regulations, an applicant, a recognized stock exchange or a recognized clearing corporations shall be deemed to be a fit and proper person, if –

(a) such person has a general reputation and record of fairness and integrity, including but not limited to—

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

(b) such person has not incurred any of the following disqualifications—

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

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

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

(3) For the purpose of these regulations, the shareholders, directors or

key management personnel of the recognised stock exchange or recognized clearing corporation, shall be deemed to be fit and proper if,

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- (a) they fulfil the criteria specified under sub-regulation (2) of this regulation; and
 - (b) they have not been found to be of unsound mind by a court of competent jurisdiction and have not been declared a fugitive economic offender; and
 - (c) they have not been convicted of an offence involving moral turpitude
3. The Public Interest Directors (PID) / Independent Directors on the Governing Board of NSE Clearing Limited (NCL) shall be appointed with the prior approval of SEBI for a term of three years, extendable by another term of three years, subject to performance review in the manner as may be specified by SEBI. PID shall not be liable to retire by rotation and their appointment shall be governed by the provisions of the Companies Act 2013 and rules made thereunder ("the Act"), Securities Contract (Regulation) (Stock Exchange and Clearing Corporatiois) Regulations, 2018, SEBI LODR Regulations and Articles of Association of the Company and other applicable laws.
 4. Public Interest Directors shall not act simultaneously as director on the board of its subsidiary or on the board of any other recognized stock exchange/ recognized clearing corporation or depository or their subsidiary or on the board of subsidiary of such other recognized stock exchange or recognized clearing corporation or depository.
 5. A public interest director on the board of a recognized stock exchange or a recognized clearing corporation shall keep its governing board apprised of any conflict of interest, which may arise as a result of the public interest director providing services, either directly or indirectly, to any company listed or traded on that recognized stock exchange, to any trading member or clearing member or their associates and agents.
 6. Public Interest Directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013.

Annexure – B-1

Code of Conduct for Independent Directors under Companies Act, 2013

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfillment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

1. uphold ethical standards of integrity and probity;
2. act objectively and constructively while exercising his duties;
3. exercise his responsibilities in a bona fide manner in the interest of the company;
4. devote sufficient time and attention to his professional obligations for informed and balanced decision making;
5. not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
6. not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
7. refrain from any action that would lead to loss of his independence;
8. where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
9. assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

1. help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
2. bring an objective view in the evaluation of the performance of board and management;
3. scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
4. satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;

5. safeguard the interests of all stakeholders, particularly the minority shareholders;
6. balance the conflicting interest of the stakeholders;
7. determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
8. moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties:

The independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;
6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

1. Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
2. The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
3. The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
4. The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - a. the term of appointment;
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the company expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the company; and
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.
5. The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
6. The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

1. The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
2. An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
3. Where the company fulfills the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

1. The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
2. All the independent directors of the company shall strive to be present at such meeting;
3. The meeting shall:
 - a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

1. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
2. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Annexure - B-2

Code of Conduct for governing board, directors, committee Public Interest Directors under SEBI Regulations

I. Governing Board

The governing board of the recognized stock exchange and recognised clearing corporation shall-

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

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

II. Code of Conduct for Directors and committee members

A. Applicable to directors, committee members and key management personnel of stock exchange and clearing corporation:

1. General Responsibility.

Every director, committee members and key management personnel of the recognized stock exchanges or recognized clearing corporations shall :

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

conduct policy of the stock exchange or clearing corporation with those provided by the Board, then the policy issued by the Board shall prevail.

2. Regulatory Compliances

Every director, committee member and key management personnel of the recognized stock exchange or recognized clearing corporation shall -

- (a) ensure that the stock exchange or clearing corporation abides by all the applicable provisions of the Act, the Securities and Exchange Board of India Act, 1992, rules and regulations framed thereunder and the circulars, directions or any other instructions issued by the Board from time to time;
- (b) ensure compliance at all levels so that the regulatory system does not suffer any breaches;
- (c) ensure that the stock exchange or clearing corporation takes steps commensurate to honour the time limit stipulated by Board for corrective action.

3. Disclosures of Beneficial Interest

All directors, committee members and key management personnel shall disclose to the governing board of recognised stock exchange or recognised clearing corporation, upon assuming office and during their tenure in office, whenever the following arises: -

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

4. Access to Information.

- (a) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents or information shall be properly recorded.
- (b) All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration or gain.
- (c) Any information relating to the business or operations of the stock exchange or clearing corporation, which may come to the knowledge of directors or committee members or key management

personnel during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

- (d) Directors shall call for information only as part of specific committees or as may be authorised by the governing board of stock exchange or clearing corporation.

5. Misuse of Position.

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

B. Applicable to the Directors and Committee Members

1. Meetings and minutes

The directors and committee members of the recognised stock exchange and recognised clearing corporation shall –

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

2. Role of the directors and committee members in the day to day functioning of the recognised stock exchange and recognised clearing corporation.

- (a) The directors and committee members shall not interfere in the day to day functioning of the stock exchange or clearing corporations and shall limit their role to decision making on policy issues and to issues as the governing board of stock exchange and clearing corporation may

decide.

- (b) The directors and committee members shall abstain from influencing the employees of the stock exchange and clearing corporations in conducting their day to day activities.
- (c) The directors and committee members shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the governing board of stock exchange and clearing corporation

3. Avoidance of Conflict of Interest.

- (a) No director or committee member of the stock exchange or clearing corporation shall participate in any decision making or adjudication in respect of any person or matter in which he or she is in any way, directly or indirectly, concerned or interested.
- (b) Conflict of interest in a matter, if any, shall be decided by the governing board of the stock exchange and clearing corporation

4. Strategic Planning.

Every director and committee member of the recognized stock exchange and recognized clearing corporation shall—

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

5. Disclosure of dealings in securities by Directors of the recognised stock exchange and recognised clearing corporations.

- (a) All transactions or dealings in securities by the directors and their immediate relatives (as defined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015) shall be disclosed to the governing board of the stock exchange or clearing corporation.
- (b) All directors shall also disclose the trading conducted by firms or corporate entities in which they hold twenty percent or more beneficial interest or hold a controlling interest, to the stock exchange or clearing corporation.
- (c) The details including time period for disclosures stated above shall be provided by the stock exchange and clearing corporation, provided that the time period for disclosure shall not be later than fifteen days of the transaction/ dealing.
- (d) Directors who are nominees of Government of India, its statutory bodies or Public Financial Institutions and are governed by their own codes shall be exempt from this requirement.

C. Applicable to Public Interest Directors

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