



# **AMC Repo Clearing Limited**

## **Secretarial Policy Terms and Conditions for Appointment of Public Interest Directors (Independent Directors)**

ARCL/SECRETARIAL/POL/001

April 2026

# Terms and Conditions for Appointment of Public Interest Directors (Independent Directors)



## Document Review and Approval

### Revision History

Version	Author	Date	Revision
1.0	Vedant Kamulkar	22-May-2024	<ul style="list-style-type: none"><li>• Base</li></ul>
1.0	V Narayanan Iyer	2-Apr-2026	<ul style="list-style-type: none"><li>• Annual Review</li></ul>

### Approval Details

Sr. No.	Reviewer	Date Reviewed	Approved By	Approval Date
1	Vedant Kamulkar	22-May-2024	Kashinath Katakdhond	22-May-2024
2	V Narayanan Iyer	2-Apr-2026	NRC/Governing Board	07-May-2026

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# Terms and Conditions for Appointment of Public Interest Directors (Independent Directors)



## 1 Background

The terms and conditions for appointment of the Public Interest Directors (Independent Directors) are governed by the provisions of the SEBI Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 [SECC Regulations 2018], Companies Act, 2013 and Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations], Articles of Association of the Company and all such laws as may be applicable to the Company and any amendments thereon, from time to time (hereinafter referred to as 'Applicable laws'). The Company has also framed code of conduct for its Directors, Committee members and Employees based on the directive from SEBI. As per the requirements of the Code, all directors are required to disclose/furnish certain details of dealings in securities upon assuming office and also during their tenure in office.

ARCL is also authorised by Reserve Bank of India (RBI) under the Payment and Settlement Systems Act, 2007, and has authorised to act as a central counterparty for repo in corporate debt securities. RBI has also authorised ARCL to act a tri-party repo agent and the RBI Directions for Central Counterparties (CCPs) is also applicable.

## 2 Definitions

"**Public Interest Director**" means an independent director representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the regulator, is in conflict with his role. In case of limited purpose clearing corporation, the independent director shall be treated as a public interest director.

## 3 Appointment Process for Public Interest Directors

The public interest directors on the governing board of the recognised clearing corporation(s) shall be appointed with the prior approval of SEBI.

## 4 Tenure

Public interest directors shall be appointed 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:

Provided that upon the expiry of the term(s) at the recognized clearing corporation, a public interest director may be appointed with the prior approval of the Board for a further term of three years in another recognized stock exchange or a recognized clearing corporation or a depository, only after a cooling-off period as may be specified by the governing board of such recognized stock exchange or recognized clearing corporation:

Provided further that the cooling-off period would be applicable only in case of appointment as a public interest director in a competing recognized stock exchange or a recognized clearing corporation.

Provided further that a person may be appointed as a public interest director for a maximum of three terms across recognized stock exchanges or recognized clearing corporations / depositories, subject to a maximum age limit of seventy-five years.

Provided further that in case of a limited purpose clearing corporation, the maximum age limit shall be seventy years or as may be specified by the Reserve Bank of India or the Board from time to time.

Note:

1. For the purpose of this sub-regulation, the expression “competing recognised stock exchange or recognised clearing corporation” shall be applicable in case of appointment of a public interest director from one recognised stock exchange to another recognised stock exchange or one recognised clearing corporation to another recognised clearing corporation.
2. For the purpose of this sub-regulation, where the recognised clearing corporation is a subsidiary of a recognised stock exchange, both the entities shall be treated as a single entity.

As per SECC Regulations, 2018, Public Interest Director (who are essentially independent directors) nominated by SEBI can hold office for a fixed term of three years from the date of approval from SEBI unless SEBI extends the same and shall not be liable to retire by rotation during the said term.

### 5 Committees of the Governing Board

During the tenure of Public Interest Director (PID), SEBI may, if it deems fit, co-opt PID on one or more existing Board Committees or any such Committee that is set up in the future and PID shall perform such functions which is included in the scope of the respective Committee. Appointment of PID on such Committee(s) will be subject to the Applicable Laws. PID shall not act simultaneously as a member on more than five committees of the company. The said limitation on maximum number of Committees that PID can be a member of, shall be applicable only to the statutory Committees prescribed by SEBI under SECC Regulations 2018, and circulars issued thereunder.

A public interest director on the board of a recognized stock exchange or a recognized clearing corporation shall not act simultaneously as a member on more than five committees of that recognized clearing corporation.

### 6 PID Role, Duties, Responsibilities and Liabilities

PID will be expected to perform their duties, whether statutory, fiduciary or common law, faithfully, efficiently and diligently applying their extensive knowledge, skills and experience. Role, Duties, Responsibilities and Liabilities of Public Interest Director shall be in accordance with the Applicable Laws.

PID shall peruse the relevant laws, code of conduct and submit an undertaking to the company about awareness of role, responsibilities and obligations.

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

PID shall abide by the Code for Independent Directors under the Applicable Laws, Code of Conduct for the directors on the governing Board as specified in SECC Regulations 2018, Code of Conduct for Prevention of Insider Trading and Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and any other Code as may be applicable in relation to the appointment, from time to time.

## 7 Separate PID Meeting

- a) The public interest directors of the company shall meet separately, at least once in six months to exchange views on critical issues, without the attendance of non-independent directors and members of management;
- b) All the public interest directors of the company shall strive to be present at such meeting;
- c) The scope of such meeting shall be as prescribed in the Companies Act, 2013, SECC Regulations 2018, read with SEBI Circular no. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/13 dated January 10, 2019, Listing Regulation and/or as may be decided by the Board from time to time.

## 8 Remuneration

The Public Interest Director (Independent Director) is entitled to a sitting fee of such sum as may be prescribed by the Board from time to time for each meeting of the Governing 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 Governing Board and other meetings.

## 9 Familiarisation Program for PIDs

The Company shall familiarise the Public Interest Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

## 10 Evaluation of PIDs

The performance evaluation of Public Interest Directors shall be done in the manner as may be specified by SEBI and in accordance with the applicable provisions of the Companies Act, 2013, Listing Regulation, SECC Regulation 2018.

On the basis of the report of performance evaluation as per the criteria prescribed by SEBI, it shall be determined whether to extend or continue the term of appointment of the Public Interest Director.

## 11 Disclosures, Other Directorship and Business Interests

PID shall not hold office as a director, including alternate directorship, in more than 20 (twenty) companies, provided that maximum number of public companies in which the PID can be appointed as a director shall not exceed 10 (ten). No person shall be appointed in the place of PID to act as alternate director during his absence.

Further, PID cannot be a Director in more than seven listed entities, including alternate directorship. Provided that PID shall not serve as an independent Director in more than seven listed entities. Further, if PID are serving as a whole-time director/managing director in any listed company he/she shall serve as an Independent Director in not more than three listed companies. For the purpose of this para, the count for the number of listed entities on which a person is a director / independent director shall be only those whose equity shares are listed on a stock exchange.

PID shall not act simultaneously as director on the board of subsidiary or on the board of any other recognized stock exchange or recognized clearing corporation or depository or on the board of subsidiary of such other recognized stock exchange or recognized clearing corporation or depository.

During your tenure as Public Interest Director of the Exchange, he / she shall not be associated with any trading member or clearing member or their associates and agents, irrespective of the stock exchange / clearing corporation of which they are members. For the purpose of this clause associate means an associate as prescribed in regulation 2(1)(b) read with regulation 23(7) of the SECC Regulations, 2018.

During the term, PID shall agree to promptly notify the Company of any change in your directorships, and provide such other disclosures and information as may be required under the Applicable Laws. PID shall also agree that upon becoming aware of any potential conflict of interest with your position as a Public Interest Director, you shall promptly disclose the same to the Chairman and the Company Secretary, which shall be disclosed to the Board at its next meeting. If any issue arises as to whether an assignment or position of a Public Interest Director is in conflict with their role, the decision of SEBI shall be final.

During your term, you agree to promptly provide a declaration under Section 149(7) of the Companies Act, 2013, and Applicable Laws, as and when required under the provisions of the Act and/or Applicable Laws.

### 12 Confidentiality

Any confidential information which may come to your knowledge in the performance of their duties as a Director of the Company must not be divulged, except so far as, a. may be necessary in connection with the proper performance of their duties to the Company; b. as may be required by the law to disclose.

### 13 Termination

PID may resign from your position at any time in the manner as prescribed in the Companies Act, 2013 and Listing Regulation, SECC Regulations 2018.

In the event of resignation by Public Interest Director, he/she shall be required to give two months' notice to the Company. Provided that PID shall provide detailed reasons for the resignation along with a confirmation that, there is no other material reasons other than those provided.

In accordance with the provisions of the Companies Act, 2013, PID may file a copy of the resignation with the Registrar of Companies within thirty days from the effective date of resignation.

In terms of the provisions of the SECC Regulations, 2018, SEBI may remove or terminate the appointment of a director, after providing him a reasonable opportunity of being heard, for any failure by the director to abide by the said Regulations or the Code of Conduct or in case of any conflict of interest, either upon a reference from the Company or suo moto.

### 14 Directorship of PID on subsidiaries

A Public Interest Directors on the Governing Board of a recognized clearing corporation shall not act simultaneously as director on the Governing Board of its subsidiary or on the Governing Board of any other recognized stock exchange or recognized clearing corporation or depository or on the Governing Board of subsidiary of such other recognized stock exchange or recognized clearing corporation or depository.

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## 15 Cooling Off Period

No public interest director shall become a non-independent directors unless there is a cooling-off period of three years after ceasing to be a public interest director.