

Terms of reference of the Audit Committee as per Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as mentioned below:

- a. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- b. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c. Examination of the financial statement and the auditors' report thereon with particular reference to:
 - i. matters required to be included in the director's responsibility statement to be included in the board's report;
 - ii. changes, if any, in accounting policies and practices and reasons for the same;
 - iii. major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. significant adjustments made in the financial statements arising out of audit findings;
 - v. compliance with listing and other legal requirements relating to financial statements;
 - vi. disclosure of any related party transactions;
 - vii. modified opinion(s) in the draft audit report;
- d. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- e. Approval or any subsequent modification of transactions of the company with related parties;
- f. Scrutiny of inter-corporate loans and investments (if any);
- g. Valuation of undertakings or assets of the company, wherever it is necessary;
- h. Evaluation of internal financial controls, risk management systems and risk-based auditing;
- i. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- j. formulation and review of Compliance policy and ensuring adherence with the same;
- k. Monitoring the end use of funds raised through public offers, right issue, preferential issue and reviewing the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and making appropriate recommendations to the board to take up steps in this matter;
- l. Oversight of the financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- m. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- n. reviewing the adequacy of internal audit function, if any, 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;
- o. discussion with internal auditors of any significant findings and follow up there on;
- p. 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;
- q. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r. 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;
- s. to review the functioning of the whistle blower mechanism;
- t. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

Terms of reference of the Nomination and Remuneration Committee as per Companies Act 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 are as mentioned below:

A. Terms of reference as per Companies Act 2013: -

The Nomination and Remuneration Committee (NRC) shall –

- i. identify persons who are qualified to become directors;
- ii. recommend to the Board appointment and removal of Directors in accordance with policy and criteria laid down;
- iii. recommend to the Board appointment and removal of personnel in Senior Management in accordance with Policy and criteria laid down;
- iv. specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- v. formulate the criteria for determining qualifications, positive attributes and independence of a director;
- vi. recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

B. Terms of reference as per SECC Regulations:

The Nomination and Remuneration Committee (NRC) shall –

I. Governing Board & its Members related aspects:

- a. Scrutinising and interviewing applicants for selecting the MD of the clearing corporation.
- b. Adhering and developing a skill evaluation metrics to assess applications of new or existing PIDs and NIDs for their appointment and/or reappointment and recommending their names to the Governing Board
- c. Ensuring at all times that the governing board comprises of directors with required skill set and expertise in the areas as provided in SECC Regulations, 2018.
- d. Ensure compliance with governing board level skill diversity at the time of appointment, reappointment or extension of tenure of PIDs or NIDs.
- e. Framing & reviewing the policy to carry out internal evaluation of every director's performance, including that of PIDs.
- f. Reviewing and recommending extension of the term of appointment and re-appointment of existing PIDs.
- g. Appointment of Independent External Professionals (IEPs).

II. KMPs related aspects:

- h. Identifying KMPs based on importance of activities carried out by them, including being key decision makers within the clearing corporation, other than those specifically provided under regulation 2(1)(j) of the SECC Regulations, 2018. For identifying KMPs, one of the criteria should be, persons (including employees/consultants) drawing annual pay higher than any KMP(s).
- i. Review, at least once a year hierarchical set ups across the departments, in order to identify KMPs due to a change in role and responsibilities assigned to them. Such review should necessarily include, consultants reporting to the MD/CEO or ED.
- j. The appointment and removal of KMPs other than resignations.

- k. Laying down policy for accountability of KMPs. Further, mapping legal and regulatory duties to the concerned position and Delegation of Power (DoP) at various levels.
- l. Laying down the policy for compensation of KMPs in compliance with the compensation norms prescribed under SECC Regulations, 2018 and ensuring that the compensation paid to KMPs is as per the compensation policy.
- m. Framing performance review parameters for evaluation of KMPs, including that of MD.
- n. Assess the performance of KMPs based on reports submitted by the functional heads/reporting authority, and observations, if any, received from SEBI, and submit such reports to the governing board every year.
- o. Determining the tenure of a KMP, other than a director, to be posted in a particular role within regulatory compliance, risk management and investor grievance vertical.
- p. Determining and finalizing the KRAs of all KMPs at the beginning of the year. Review the same in line with organizational needs.
- q. Ensuring that no KMP reports to a non-KMP.

III. On other organisation level related aspects:

- r. Ensure that no employee of the clearing corporation is working or reporting to an employee of any other company where the clearing corporation has invested and vice versa.
- s. Ensure that hiring of consultants is based on a pre-defined SOP of the clearing corporation.
- t. Framing, reviewing, implementing and monitoring SOP for imposing disciplinary actions against employees of clearing corporation.
- u. Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 and SEBI (LODR) regulations, 2015 as amended from time to time.

Terms of reference of the Risk Management Committee as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 are as mentioned below:

- a. Formulate a detailed Risk Management Framework (RMF) which shall be approved by the governing board of the clearing corporation to ensure continuity of operation at all points of time.
- b. The RMF shall include the following:
 - i. The framework for identification of internal and external risks;
 - ii. Measures for risk mitigation including systems and processes for internal control and;
 - iii. Business continuity plan.
- c. Monitor each risk associated with the functioning of the clearing corporation more specifically for functions under vertical 1 and 2.
- d. Review the RMF & risk mitigation measures at least once annually taking into account the changing industry dynamics and evolving complexity.
- e. Monitor and review enterprise-wide risk management plan and lay down procedures to inform governing board about the risk assessment and mitigation procedures.
- f. RMC shall coordinate with other committees. In case of overlap with activities of other committees, RMC may consider views of such committees.
- g. Monitor implementation of the RMF and also keep the governing board informed about implementation of the RMF and deviation, if any.
- h. Approve the Half-Yearly Risk report to be submitted by the Chief Risk Officer (CRiO) to SEBI and the governing board of the clearing corporation.
- i. Comply with the roles and responsibilities as provided under the Companies Act 2013 and the SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.

Terms of reference of the Stakeholders Relationship Committee as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as mentioned below:

- a. Resolving the grievances of the security holders of the CC including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- b. Review of measures taken for effective exercise of voting rights by shareholders;
- c. Review of adherence to the service standards adopted by the CC in respect of various services being rendered by the Registrar & Share Transfer Agent;
- d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the CC

Terms of reference of the Member Committee as per Securities Contract (Stock Exchange and Clearing Corporations) Regulations, 2018 are as mentioned below: -

I. On admission, transfer and surrender of membership/Withdrawal/Change in control

- a. Formulate the policy to scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership or withdrawal and Change in Control.
- b. The activities with regard to scrutinizing, evaluating, accepting or rejecting applications for admission, transfer surrender/withdrawal and change in control of membership can be implemented through an Internal Committee (IC) under MC.
- c. Also, in case of clearing corporations with commodity derivatives segment, the committee shall also look into:
 - i. Approving the empanelment & cancellation of Warehouse Service Providers or Vault Service Providers or Assayers, accreditation of warehouse, etc.
 - ii. Reviewing the continuous functioning, monitoring, and compliance of norms by Warehouse Service Providers, Vault Service Providers and assayers.
- d. The activities with regard to empanelment, cancellation, continuous functioning, monitoring and compliance by Warehouse Service Providers or Vault Service Providers or Assayers, accreditation of warehouse, etc. could also be implemented through an IC under MC.
- e. Define the Standard Operating Procedure (SOP) for the ICs, including the timelines to be followed by ICs, its composition, standardize criteria to scrutinize, evaluate, accept and grounds for rejection of applications, and other associated aspects to ensure uniformity and consistency while dealing. / with applications or cases. For scenarios not covered in the SOP, ICs should seek approval of MC.
- f. Oversee the implementation of the SOP by the ICs, including its timelines, uniformity and consistency in approach, based on quarterly report submitted by ICs. MC shall continue to be responsible and accountable for the activities of the ICs.

II. On Regulatory Actions

- g. Ensure that the clearing corporation has detailed SOP and processes in place towards monitoring the activities of its members through inspections.
- h. Ensure that there is mechanism for monitoring of its members on various parameters through technology and take necessary action for non-compliance.
- i. Formulate policy for regulatory actions, including warning, monetary penalty, suspension, withdrawal of clearing membership, declaring of default, expulsion, to be taken by the clearing corporations for various violations by the members of the clearing corporation. The policy should have an SOP for undertaking such actions.
- j. Based on the laid down policy, consider all cases of violations observed and impose appropriate regulatory measures on the members of the clearing corporation.
- k. For enforcement actions against violations, where no discretion of MC is involved, the same could be delegated to an IC, provided corresponding regulatory action, including penalty amount, if any, is standardized in the policy framed by MC or through a circular issued by the clearing corporation/SEBI. If the same is delegated, quarterly report in this regard should be placed before MC by the IC. However, for scenarios which require immediate regulatory action, the clearing corporation shall inform the MC post imposition of such actions.
- l. Oversee the regulatory actions taken by IC, if delegated, including evaluating that no discretion has been exercised in the process. For any violation by IC, MC will be responsible and liable for the same.

- m. While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice' and 'Principle of proportionality'. The 'Principle of natural justice' may be extended by the MC/IC, as applicable.
- n. Any review, appeal or waiver of penalty filed shall be placed before MC for its consideration.

III. On Defaulter Members:

- o. Formulate the policy to realize the assets or deposits of defaulter or expelled member and appropriate the same amongst various dues and claims against the defaulter or expelled member in accordance with the Rules, Byelaws and Regulations of the clearing corporation and applicable regulatory provisions.
- p. The activities with regard to realization of assets, and deposits of the defaulter or expelled member and appropriation of the same amongst various dues and claims against the defaulter or expelled member, etc. can be implemented through an IC under MC.
- q. Define the SOP for the IC, including the timelines to be followed by IC and its composition. For scenarios not covered in the SOP, IC should seek approval of MC.
- r. In the event both the clearing member and the constituent trading member are declared defaulter, then the MC of the clearing corporation and that of the stock exchange shall work together to realise the assets of both the clearing member and the trading member.
- s. Admission or rejection of claims against such members over the assets of the defaulter or expelled member.

Terms of reference of the Standing Committee on Technology as per Securities Contract (Stock Exchange and Clearing Corporations) Regulations, 2018 are as mentioned below: -

- a. Ensure availability of required IT infrastructure for core and critical functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievances”.
- b. Ensure existence of adequate Business Continuity Plan (BCP) and Disaster Recovery (DR) plans.
- c. Ensuring sound and prudent policies, standards and procedures for managing technology risks and safeguard information assets in the clearing corporation.
- d. Review the implementation of technology risk management framework and strategy of clearing corporation.
- e. Monitor whether the technology used by the clearing corporation remains up to date and meets the growing demands of the markets.
- f. Periodic review of the IT system and network architecture design to identify any weaknesses in the existing design.
- g. Review of in-house availability of appropriate IT staff to manage IT systems and related outsourcing arrangement.
- h. Monitor the adequacy of system capacity and efficiency.
- i. To look into the changes being suggested by the clearing corporation to the existing software or hardware.
- j. Oversee investigation into the computerized risk management or clearing & settlement system, such as hanging or slowdown or breakdown etc.
- k. Ensure that transparency is maintained in disseminating information regarding slowdown or break down risk in Online Clearing & Settlement System and ensure that the Clearing Corporation issues a press release specifying the reasons for any such breakdown.
- l. Approve Root Cause Analysis (RCA) of any stoppage of Clearing and Settlement system and report to the governing board and SEBI.
- m. Review the implementation of board approved cyber security and cyber resilience policy and its framework and ensure existence of advanced Cyber Security and Cyber Resilience framework at the clearing corporation.
- n. Review the identification and classification process of critical assets based on their sensitivity and criticality for business operations, services and data management.
- o. Ensuring that the scope of the system audit, cyber audit and VAPT of the clearing corporation is broad and representative of all critical areas of the clearing corporation.
- p. Monitoring the results of periodic cyber security and DR drills conducted by clearing corporations.
- q. Review and approve the report regarding overall cyber security posture and technology implementation at the Clearing Corporation and submit to the Governing Board. Upon approval by the governing board, submit the report to SEBI.
- r. On the above areas, the Committee shall submit a report to the Governing Board of the clearing corporation for necessary action, if any.
- s. Guide in preparation of IT Strategy and ensure that the IT Strategy aligns with the overall strategy of the CCP towards accomplishment of its business objectives;
- t. Satisfy itself that the IT Governance and Information Security Governance structure fosters accountability, is effective and efficient, has adequate skilled resources, well defined objectives and unambiguous responsibilities for each level in the organisation;
- u. Ensure that the CCP has put in place processes for assessing and managing IT and cybersecurity risks;
- v. Such other matters as may be referred by the Governing Board of the Clearing Corporation and/or SEBI.

Terms of reference of the Regulatory Oversight Committee as per Securities Contract (Stock Exchange and Clearing Corporations) Regulations, 2018 are as mentioned below: -

Oversee the matters related to the following:

a. Compliance:

- i. Oversee implementation and compliance with SECC Regulations, 2018 as amended from time to time and other applicable rules and regulations along with SEBI Circulars and other directions issued thereunder.
- ii. Review the observations arising from various SEBI inspections, ensuring its advisories and findings are appropriately and timely addressed, and reports to governing board on timely basis.
- iii. Monitor and assess the clearing corporation against the PFMLs on an annual basis and submit a report to the governing board of the clearing corporation.

b. Code of Conduct:

- i. Lay down procedures for implementation of the code of conduct and prescribe the reporting formats for disclosures required under the code of conduct.
- ii. Oversee the compliance of the code of conduct by KMPs and members of statutory committees (except directors).
- iii. Review compliance with the provisions on “Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse” of Chapter VI of SEBI Master Circular for Stock Exchanges and Clearing Corporations at least once in a financial year and also verify that the adequacy and operational effectiveness of the systems for internal control.
- iv. Periodically oversee the dealings in securities by KMPs and IEPs.
- v. Periodically oversee the trading conducted by firms or corporate entities in which the directors of the Clearing Corporation hold twenty percent or more beneficial interest or hold a controlling interest.
- vi. While monitoring trades by KMPs and members of statutory committees, ROC shall take into consideration sensitive information held by them as per structured digital database maintained by clearing corporation.

- c. Ensure the adequacy of resources dedicated to functions under verticals for “Critical operations” and “Regulatory, compliance, risk management and investor grievance”.

d. Grievance Redressal mechanism:

- i. Define policy and SOP for dealing with complaints by clearing corporation.
- ii. Review of complaint resolution process, complaints remaining unresolved over long period of time, etc.
- iii. Ensuring that Clearing Corporations take pro-active actions in case of repeated nature of complaints against particular CMs, if any.

- e. Supervising the functioning of Investors Services Cell of the clearing corporation.

f. Whistleblower Mechanism:

- i. Frame the Whistle Blower Policy to be approved by the governing board.
- ii. Communicate the whistle blower policy internally to all persons and display the same on the clearing corporation’s website.

- iii. Review the whistle blower policy based on feedback received.
- g. Review the fees and charges levied by a Clearing Corporation including comments on its appropriateness, on a periodic basis as well as each time there is change.
- h. Manage the Core Settlement Guarantee Fund (Core SGF) of the clearing corporation, including its investments as per norms laid down and ensure proper utilization of Core SGF.

Terms of reference of Investment Committee as per Securities Contract (Stock Exchange and Clearing Corporations) Regulations, 2018 are as mentioned below: -

- a. Evaluate each investment and divestment proposals, whether requiring infusion of funds or otherwise, except treasury investments.
- b. Evaluate proposals of capital expenditure.
- c. Make detailed analysis of existing investments.
- d. Investment Committee can provide the recommendation along with rationale to the governing Board.