

CIRCULAR

SEBI/HO/MRD/POD-3/P/CIR/2024/162

November 22, 2024

To,

All Recognized Stock Exchanges
All Recognized Clearing Corporations
All Depositories

Sir/ Madam,

Sub: Guidelines to Stock Exchanges, Clearing Corporations and Depositories

Based on the recommendations of the Committee on Strengthening of Governance of Market Infrastructure Institutions (MIIs) i.e. Stock Exchanges, Clearing Corporations and Depositories and subsequent deliberations in the Industry Standards Forum (ISF) of MIIs on certain issues, the following guidelines are provided to MIIs:

1. Mechanism to enhance Accountability

1.1. Meetings of Public Interest Directors and their reporting

- 1.1.1. As per the Code of Conduct for Public Interest Directors (PIDs) specified under Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred as “SECC Regulations, 2018”) and Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 (hereinafter referred as “D&P Regulations, 2018”), PIDs of the MII shall meet separately, at least once in every six months, to exchange views on critical issues concerning the MII.
- 1.1.2. All PIDs shall mandatorily attend such meetings.
- 1.1.3. The objectives of such meetings shall, *inter alia*, include the following:

- 1.1.3.1. To review the status of compliance with all applicable regulations, circulars, guidelines, letters issued by SEBI from time to time;
 - 1.1.3.2. To review the functioning of Vertical-1 i.e. “Critical Operations” and Vertical-2 i.e. “Regulatory, Compliance, Risk Management and Investor Grievances”;
 - 1.1.3.3. To review the adequacy of resources (both financial and human) for functions under Verticals 1 and 2;
 - 1.1.3.4. To identify important issues which may involve conflict of interest for the MII or may have significant impact on the functioning of the MII or may not be in the interest of securities market; and
 - 1.1.3.5. To review the corrective steps taken by the MII on observations of SEBI inspections particularly on issues of governance standards, technology, cyber security, system audit and cyber security audit observations.
- 1.1.4. In order to achieve the above objectives, PIDs may discuss with the concerned Vertical Heads or Key Management Personnel (KMPs) or any other personnel, as may be felt appropriate by the PIDs.
 - 1.1.5. PIDs as member of various committees (including statutory committees) shall provide a report to other PIDs on the working of their committees.
 - 1.1.6. A report on the outcome of such meetings shall be submitted by the PIDs to SEBI and to the Governing Board of the MII within 30 days of such meeting.
 - 1.1.7. Accordingly, paragraph 2.2.3.4 of Chapter 6 of Master Circular for “Stock Exchanges and Clearing Corporations” dated October 16, 2023, paragraph 4.66.2.4 of Section 4 of Master Circular for “Depositories” dated October 06, 2023 and paragraph 15.3.3(IV) of Chapter 15 for Master Circular dated August 04, 2023 for “Commodity Derivatives Segment” will stand rescinded with effect from the date of implementation of this circular.

1.2. Quarterly reporting by Compliance Officer (CO)

- 1.2.1. Regulation 30(3) of SECC Regulations, 2018 & Regulation 81(3) of D&P Regulations 2018, *inter alia*, specifies that the Compliance Officer (CO) shall

submit to SEBI a report of any non-compliance of any Acts, rules, regulations, circulars or directions issued thereunder and for the redressal of investors' grievances, on a quarterly basis.

- 1.2.2. The CO shall submit the quarterly report to SEBI, within 45 days from the end of the quarter (i.e. June, September, December and March). The format of the report for stock exchanges and clearing corporations is placed at [Annexure-A1](#) and for depositories is placed at [Annexure-A2](#).

1.3. Half yearly reporting by Chief Risk Officer (CRiO)

- 1.3.1. Regulation 30A(2) of SECC Regulations, 2018 and Regulation 81A(2) of D&P Regulations, 2018, *inter alia*, specifies that the Chief Risk Officer (CRiO) shall be responsible for the overall risk management of the MII and submit a report to SEBI on half-yearly basis.
- 1.3.2. The CRiO shall submit the half yearly report to SEBI within 90 days from the end of half year (i.e. September and March). The content and format of the report is placed at [Annexure-B](#).

1.4. Disclosure of Board Meeting Agenda and Minutes

- 1.4.1. Regulation 33(7) of the SECC Regulations, 2018 and Regulation 31(7) of the D&P Regulations, 2018, *inter alia*, specifies that the MIIs shall disclose on their website the agenda and minutes of its governing board meetings pertaining to regulatory, compliance, risk management and investor grievance areas.
- 1.4.2. The MIIs may, however, subject to adherence to disclosure requirements as specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 not publicly disclose items which are of strategic/confidential in nature and disclosure of which will put them in a disadvantageous business position. Such items should be classified as "confidential" along with reasons for such classification by their governing board.

- 1.4.3. The relevant agenda and minutes shall be disclosed within 7 working days from the date of approval of such minutes.

1.5. SOP for disciplinary actions against KMPs

- 1.5.1. All MIIIs shall devise internal Standard Operating Procedures (“SOPs”) for undertaking disciplinary actions against KMPs for any non-compliance with regulatory provisions and internal guidelines. The policy shall be approved by Nomination and Remuneration Committee (NRC) and the Governing Board of the MII.
- 1.5.2. The SOP shall include list of actions that may be initiated against a KMP for breach of any provision, including advisory, warning, impact on annual increment or promotion, invocation of malus-clawback provisions, suspension, termination, amongst other actions as may be suggested by the NRC.
- 1.5.3. The scenarios for invoking the malus-clawback provisions shall be clearly specified in the SOP.
- 1.5.4. In case of repeated non-compliances or considering the seriousness of non-compliance, stringent actions like termination or malus-clawback may be effected.

1.6. Whistle Blower Policy of MIIIs

- 1.6.1. As per the extant regulatory provisions, the disclosure requirements and corporate governance norms as specified for listed companies shall *mutatis mutandis* apply to all MIIIs. With respect to Whistle Blower policy, regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 states as under

“Vigil mechanism.

22. (1) The listed entity shall formulate a vigil mechanism/ whistle blower policy for directors and employees to report genuine concerns.

(2) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.”

1.6.2. In order to further strengthen the whistle blower mechanism, the following has been decided:

1.6.2.1. MII shall resolve the whistle blower complaints within 60 days from the date of receipt of such complaints.

1.6.2.2. The Audit Committee shall

1.6.2.2.1. Receive and investigate the whistle blower complaints.

1.6.2.2.2. Take appropriate decision, including any further course of action, with respect to the whistle blower complaint.

1.6.2.2.3. Submit a report to the governing board of the MII containing the details of all whistle blower complaints received during a quarter and decisions, if any, taken with respect to such complaints in the next governing board meeting after the end of the quarter (i.e. June, September, December and March). In case, the Audit Committee is not able to take any decision on the matter, the same may be escalated to the Governing Board of the MII.

1.6.2.3. Appropriate checks and balances should be implemented by the MII to ensure that disincentives for misreporting, if any, do not dissuade genuine whistle blowers from reporting irregularities.

1.6.2.4. The Regulatory Oversight Committee shall annually review the whistle blower policy of the MII.

1.6.2.5. The MIIs shall disclose the whistle blower policy on their respective websites.

2. Enhancing Supervision and Monitoring Mechanism of MIs

2.1. Mechanisms to monitor their Members or Participants

2.1.1. MIs shall adopt advanced technologies such as Regulatory Technologies (RegTech) and Supervisory Technologies (SupTech) to further strengthen their regulatory and supervision mechanisms.

2.1.2. MIs shall enable systems that require their members or participants (such as stock brokers, clearing members, depository participants, warehouse service providers) to make most of the submissions online and reduce reliance on physical information sharing. MIs should be able to generate alerts and reports on such submissions to meet their regulatory and supervisory objectives.

2.1.3. MIs shall disclose all material information pertaining to their members or participants on their website. Such information shall include aspects related to the following:

2.1.3.1. Details of number of investor complaints or grievances received against its members or participants, resolved and pending for the past 3 financial years (including the current financial year), to be updated on monthly basis;

2.1.3.2. Details of regulatory action taken against their members during the past 3 financial years;

2.1.3.3. Net worth (as on end of the previous financial year);

2.1.3.4. Other relevant information.

2.1.4. In case of any significant or material non-compliance of the regulatory requirements by any member or participant observed by an MI, the same shall be shared with other MIs.

2.2. Internal policies for periodic monitoring of Back Office Vendors or Outsourced Agencies

2.2.1. In order to ensure compliance with various regulatory requirements by the back office vendors or outsourced agencies appointed by the MI and/or by

their members or participants, the MIs shall have policies for appointment and monitoring of such back office vendors or outsourced agencies.

- 2.2.2. Such policy shall clearly outline the risks that may arise from the back office vendors or outsourced agencies and steps to eliminate or reduce such risks.
- 2.2.3. Such policy shall define the minimum standards or thresholds in terms of quantitative and qualitative parameters that shall be met by the back office vendors or outsourced agencies (including technology vendors) for appointment.

3. Training or knowledge up-gradation of Directors on Governing Board of MI

- 3.1. SECC Regulations, 2018 and D&P Regulations, 2018 require the MIs to provide at least seven days of training in a year to all its directors.
- 3.2. MIs, in coordination with reputed institutions like National Institute of Securities Markets (NISM) or experts/professionals, shall organize either online or offline learning modules related to ongoing development in capital markets and regulatory space, major developments in other developed economies in related areas, overview of development of various RegTech and SupTech, etc.
- 3.3. At the time of joining of a new director on the Governing Board, the MI shall provide familiarization programme to such directors with regard to their roles & responsibilities and expectations from them. Further, MIs shall also provide a list of applicable regulatory provisions including the code of conduct applicable to directors amongst other materials for ease of reference.

4. Policy on Data Sharing

- 4.1. As per SECC Regulations, 2018 and D&P Regulations, 2018, MI shall have an internal policy for sharing and monitoring of confidential and sensitive data.

- 4.2. The policy should adequately cover all methods of data sharing online and offline including e-mails and social media, with appropriate delegation of powers for sharing of data.
- 4.3. The policy shall contain mechanisms to monitor the data being shared on a regular basis through technology and conduct periodic audits, at least once in six months (ending with September and March), to ensure compliance with the data sharing policy.
- 4.4. The policy shall be reviewed for its effectiveness annually by Standing Committee on Technology (SCOT).
- 4.5. Non-compliances (including data breaches and leakages of confidential and sensitive data), if any, shall be reported within 15 days to governing board of the MII and SEBI by the Compliance Officer (CO) along with remedial steps taken or to be taken in this regard.
- 4.6. Data sharing should be done on a non-discriminatory basis.

5. Appointment or Reappointment of Directors on the Governing Board

- 5.1. In terms of the SECC Regulations, 2018 and D&P Regulations, 2018, MIIs are required to forward at least two names to SEBI after the approval of their governing board. In this regard, as an ease of doing business measure, it has been decided to simplify the process further to make it a two stage process:
 - 5.1.1. Stage 1: The MIIs shall submit brief profiles of at least two prospective candidates. SEBI, based on the information available, shall prima facie shortlist and give NOC to one candidate.
 - 5.1.2. Stage-2: The MIIs, shall collect all the other information and documents required under the extant regulations from the shortlisted candidate and submit the same to SEBI. SEBI shall then consider the complete application and grant its approval subject to compliance with regulatory requirements.

- 5.2. Further, it is clarified that in case of reappointment of an existing PID, MIs need not send two names to SEBI. Accordingly, the words “and extension of the term of existing PID” is removed from Para 2.3.4 of Chapter 6 titled “Administration of Stock Exchanges and Clearing Corporation” under the SEBI Master Circular for “Stock Exchanges and Clearing Corporations” dated October 16, 2023 and from Para 4.66.3.4 under the SEBI Master Circular for “Depositories” dated October 06, 2023.
- 5.3. All MIs shall develop a skill evaluation metrics to assess the applications for appointment or reappointment of PIDs. The indicative parameters and weightage for such evaluation is placed at [Annexure-C](#). MI’s shall develop a similar skill evaluation metric for appointment or reappointment of NIDs. Further, MIs shall take the help of an independent Human Resource (HR) Agency to independently collect/verify the information as required under points 1, 2 and 3 of Annexure-C.
- 5.4. The evaluation of PIDs, in case of their reappointment, shall also take into account the framework prescribed at paragraph 2.3 of Chapter 6 of Master Circular for “Stock Exchanges and Clearing Corporations” dated October 16, 2023 and paragraph 4.66.3 of Section 4 of Master Circular for “Depositories” dated October 6, 2023.

6. Reporting lines of KMPs

- 6.1. SEBI through regulations and circulars require MIs to have certain KMPs. They include Compliance Officer (CO) who heads the Compliance function, the Chief Risk Officer (CRiO) who is responsible for identification and mitigation of risks being faced by the MI, the Chief Technology Officer (CTO) who focuses on the organization's overall technology strategy, innovation, and technical infrastructure and the Chief Information Security Officer (CISO) who is responsible for safeguarding data and information through cybersecurity practices.

6.2. To ensure there is sufficient independence for the KMPs to freely provide their views to the governing board and/or statutory committees of MII and the functioning of the MII is not disrupted, the following reporting structures for KMPs shall be implemented by MIIs:

6.2.1. **For CO:** CO shall report to the MD. However, Regulatory Oversight Committee shall hold separate meeting with CO at least once a quarter without the presence of MD or any other executive.

6.2.2. **For CRiO:** CRiO shall report to the MD. However, Risk Management Committee shall hold separate meeting with CRiO at least once a quarter without the presence of MD or any other executive.

6.2.3. **For CTO and CISO:** CTO and CISO shall report to the MD. However, Standing Committee on Technology shall hold separate meeting with CTO and CISO at least once a quarter without the presence of MD or any other executive.

6.3. Currently, Nomination and Remuneration Committee (NRC) of the MII, while accessing the performance of KMPs, take reports or inputs from the functional heads or reporting authority, and observations received from SEBI, if any. In view of the above, it has been decided that for performance appraisal of CO, CRiO, CTO and CISO, in addition to the above requirements, NRC shall also take reports or inputs from relevant statutory committees.

7. **Applicability:** The provisions of this Circular shall come into force from **1st April, 2025**.

8. The Stock Exchanges, Clearing Corporations and Depositories are directed to:

8.1. take necessary steps and put in place necessary systems for the implementation of the above;

- 8.2. make necessary amendments to the relevant bye-laws, rules and regulations, wherever applicable, for the implementation of the above; and
- 8.3. bring the provisions of this circular to the notice of market participants (including investors) and also disseminate the same on their website.
9. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992 read with Regulation 51 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, Section 26(3) of the Depositories Act, 1996 and Regulation 97 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
10. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

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FORMAT FOR QUARTERLY REPORT TO SEBI BY COMPLIANCE OFFICER

[Report of Compliance Officer for Stock Exchanges or Clearing Corporations under SECC Regulations, 2018 and various Circulars issued thereunder]

Report for the Quarter ended
Name of the Stock Exchange/ Clearing Corporation:
Name of the Compliance Officer:

I. Part A: Report in terms of Regulation 30(3) of SECC Regulations, 2018

Sl. No.	Provisions	Particulars	Details regarding the non-compliance and the corrective action(s) taken, if any.
1.			
2.			

Note: The above report shall contain details of non-compliance with provisions under Acts, Rules, SECC Regulations, 2018, circulars or directions issued thereunder and for the redressal of investors' grievances.

II. Part B: Status of compliance with specific provisions under SECC Regulations, 2018

Sl. No.	Regulations	Particulars	Remarks ¹
1.	Regulation 10A	Every recognised stock exchange and recognised clearing corporation shall abide by the Code of Conduct as specified under Part-A of Schedule-II of these regulations.	
2.	Regulation 14(1)	Every recognised stock exchange shall have a minimum net worth of one hundred crore rupees at all times.	
3.	Regulation 14(3)(c)	Every recognised clearing corporation shall maintain, at all times, a minimum net worth of one hundred crore rupees or capital as determined under regulation 14(3)(a) and 14(3)(b), whichever is higher.	
4.	Regulation 14(5)	Every recognised stock exchange or recognised clearing corporation shall submit an audited net worth certificate from the statutory auditor on a yearly basis by the thirtieth day of September of every year for the preceding financial year.	

¹ Indicate 'Yes' if complied with the SECC Regulations, 2018 and various circulars issued thereunder and 'No' for non-compliance. In case of non-compliance, provide the details regarding the non-compliance and the corrective action(s) taken, if any.

Sl. No.	Regulations	Particulars	Remarks ¹
5.	Regulation 16(1) and 22B	<p>The shareholding or voting rights of any person in a recognised stock exchange or a recognised clearing corporation shall not exceed the limits specified in in this Chapter at any point of time.</p> <p>For the purpose of Limited Purpose Clearing Corporation (LPCC), the shareholding limits as specified under Regulation 22B shall be complied with.</p>	
6.	Regulation 19(1)	<p>No person shall, directly or indirectly, acquire or hold any equity shares or voting rights of a recognised stock exchange or recognized clearing corporation unless he is a fit and proper person:</p> <p>Provided that the onus shall be on the recognised stock exchange or recognised clearing corporation to ensure that all its shareholders are fit and proper persons:</p> <p>Provided further that such a requirement to ensure that all its shareholders are fit and proper persons shall not be applicable to a recognized stock exchange for shareholding of a person who directly or indirectly, acquires or holds less than two percent equity shares or voting rights of such recognized stock exchange.</p>	
7.	Regulation 19(7)	Any person holding two percent or more of the paid-up equity share capital in a recognised stock exchange or a recognised clearing corporation, as the case may be, shall file a declaration within fifteen days from the end of every financial year to the recognised stock exchange or recognised clearing corporation, as the case may be, that he complies with the fit and proper criteria provided in these regulations.	
8.	Regulations 19 A	The recognized stock exchange / recognized clearing corporation shall put in place a monitoring mechanism as specified in Part G of Schedule–II of these regulations to ensure compliance with the shareholding conditions specified in these regulations at all times.	
9.	Regulation 20(1)(b)	The recognised stock exchange or recognised clearing corporation shall ensure that all its shareholders, directors and key management personnel are fit and proper persons at all times.	
10.	Regulation 22	A recognised stock exchange and recognised clearing corporation shall maintain and preserve all the books, registers, other documents and records	

Sl. No.	Regulations	Particulars	Remarks ¹
		relating to the issue or transfer of its securities for a period of not less than eight years.	
11.	Regulation 22D For LPCC	(1) The contribution to the Fund as specified in regulation 37 shall be made by the recognized limited purpose clearing corporation, the clearing members, participants and issuers of the debt securities, in the manner as may be specified by the Board from time to time. (2) Any shortfall in the Fund, shall be replenished by the recognized limited purpose clearing corporation to the threshold level as may be specified by the Board from time to time.	
12.	Regulation 23 (9)	A recognised stock exchange and recognised clearing corporation, shall monitor and ensure the compliance of sub-regulation (6) on continuous basis, to ensure that directors appointed, on their governing board, do not get associated with trading member or clearing member after approval of appointment.	
13.	Regulation 23 (14) (a)	The governing board of the recognised stock exchange and the recognised clearing corporation 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 the recognised stock exchange and recognised clearing corporation shall consist of at least one public interest director having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.	
14.	Regulation 26 (1)	The governing board, directors, committee members and key management personnel of a recognised stock exchange and recognised clearing corporation shall abide by the Code of Conduct specified under Part-B of Schedule-II of these regulations.	
15.	Regulation 28 (3)	The functions under the verticals as provided at clause (a) and (b) of sub-regulation (1) shall be given higher priority in terms of resource allocation by the recognised stock exchange and recognised clearing corporation over the functions under the vertical as provided at clause (c) of sub-regulation (1).	

Sl. No.	Regulations	Particulars	Remarks ¹
16.	Regulation 28 (4)	Every recognised stock exchange and recognised clearing corporation shall periodically and objectively assess the adequacy of resources allocated to the first two verticals as specified in sub-regulation (1).	
17.	Regulation 28 (5)	Every recognised stock exchange and recognised clearing corporation shall adopt a "Chinese Wall" policy which separates the functions under vertical as provided at clause (b) of sub-regulation (1) from the functions of other verticals.	
18.	Regulation 28 (6)	<p>The employees referred to in sub-regulation (5) shall not communicate any information concerning their activity to any one in other verticals and may be physically segregated from employees in other verticals including with respect to access controls:</p> <p>Provided that in exceptional circumstances, employees from other verticals may be given confidential information on "need to know" basis, under intimation to the compliance officer.</p>	
19.	Regulation 31	<p>(1) The contribution to the Fund as specified in regulation 37 shall be made by the recognised stock exchange, the recognised clearing corporation and the clearing members, in the manner as may be specified by the Board from time to time.</p> <p>(2) In case of shortfall in the Fund, the recognised clearing corporation and the recognised stock exchange shall replenish the Fund to the threshold level as may be specified by the Board from time to time.</p>	
20.	Regulation 33 (3)	Recognised stock exchange and a recognised clearing corporation shall disclose resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to the recognised stock exchange or recognised clearing corporation, as the case may be, backed by an activity based accounting in the report under section 134 of the Companies Act, 2013.	
21.	Regulation 33 (4)	The fees and charges levied by a recognized stock exchange or a recognized clearing corporation shall be placed for review before the Oversight Committee of such recognized stock exchange or recognized clearing corporation.	
22.	Regulation 33 (5)	Every recognized stock exchange and recognized clearing corporation shall internally conduct annual evaluation of its performance and the performance	

Sl. No.	Regulations	Particulars	Remarks ¹
		<p>of its statutory committees in such a manner as may be specified by the Board.</p> <p>(This may be reported only at the end of quarter ended June of every year)</p>	
23.	Regulation 33 (7)	Every recognised stock exchange and recognised clearing corporation shall disclose, on their website, the agenda and minutes of its governing board meetings pertaining to regulatory, compliance, risk management and investor grievance areas, after approval of such minutes.	
24.	Regulation 37(4)	The sufficiency of the corpus of the Fund (to guarantee settlement of trades) shall be tested by way of periodic stress tests, in the manner specified by the Board.	
25.	Regulation 37(5)	The utilization of the Fund (to guarantee settlement of trades) shall be in accordance with the norms specified by the Board.	
26.	Regulation 38(1)	The utilization of profits and investments by recognised clearing corporations shall be in accordance with the norms specified by the Board.	
27.	Regulation 38(2)	<p>The recognized stock exchange or recognized clearing corporation shall not carry on any activity whether involving deployment of funds or otherwise without prior approval of the Board:</p> <p>Provided that prior approval of the Board shall not be required in case of treasury investments if such investments are as per the investment policy approved by the governing board of recognized stock exchange or recognized clearing corporation;</p> <p>Provided further, that the recognised stock exchange and recognised clearing corporation may engage in activities whether involving deployment of funds or otherwise that are unrelated or not incidental to its activity as a stock exchange or clearing corporation, as the case may be, through a separate legal entity and subject to approval of the Board.</p>	
28.	Regulation 38(3)	An employee of a recognised stock exchange or recognised clearing corporation shall not simultaneously be an employee of any other company where the recognised stock exchange or recognised clearing corporation has invested.	
29.	Regulation 38(4)	A director, committee member or employee of a recognised stock exchange or a recognised clearing corporation shall not receive any compensation or	

Sl. No.	Regulations	Particulars	Remarks ¹
		any other financial benefit from the companies where the recognised stock exchange or recognised clearing corporation has invested, other than fees and expenses related to the governing board and committee meetings.	
30.	Regulation 39 (1)	The recognised clearing corporation shall lay down a policy framework for ensuring that there is no discrimination while rendering clearing and settlement services in settlement of trades executed on shareholder stock exchange(s) and executed on non-shareholder stock exchange(s).	
31.	Regulation 39 (3)	The recognised clearing corporation and recognised stock exchange shall ensure equal, unrestricted, transparent and fair access to all persons without any bias towards its associates and related entities.	
32.	Regulation 39 A	Every recognised stock exchange and recognised clearing corporation and the company where the recognised stock exchange or recognised clearing corporation has invested shall lay down a framework for sharing and monitoring of data, including confidential and sensitive data.	
33.	Regulation 40	Every recognised stock exchange shall maintain and preserve the books of account and documents as given under regulation 40(1) for a minimum period of eight years.	
		Every recognised clearing corporation shall maintain and preserve the books of account and documents as given under regulation 40(2) for a minimum period of eight years.	
34.	Regulation 42 (2)	No memorandum of association, articles of association or any other constitution document, in so far as they relate to matters specified in section 3 of the Act or under these regulations and bye-laws of a recognized stock exchange or a recognised clearing corporation, shall be amended except with prior approval of the Board.	
35.	Regulation 44B	Compliance with provisions of regulation 44B on “Restriction in having association with certain persons”	
36.	Regulation 45 (2)	A recognized stock exchange shall not list any securities of its associates.	

III. Part C: Status of compliance with specific provisions of latest Master Circular for “Stock Exchanges and Clearing Corporations” and other circulars issued under SECC Regulations, 2018

A. For Stock Exchanges

Sr. No.	Particulars	Clauses	Remarks¹
1.	Bulk deal reporting	A recognized Stock exchanges shall disseminate all transactions in a scrip where total quantity of shares bought/sold is more than 0.5% of the number of equity shares of the company listed on the stock exchange on the same day after market hours to the general public.	
2.	Block Deal reporting	The stock exchanges shall disseminate the information on block deals such as the name of the scrip, name of the client, quantity of shares bought/sold, traded price, etc. to the general public on the same day, after the market hours.	
3.	Disclosure Requirement for Margin Trading Facility	The stock exchange/s shall disclose the scrip wise gross outstanding in margin accounts with all brokers to the market. Such disclosure regarding margin trading done on any day shall be made available after the trading hours on the following day, through its website.	
4.	Market making for SME Platform	The exchange should disseminate the list of Market Makers for the respective scrip to the public.	
5.	Inventory Management for Market Makers of SME Platform	In the event the market maker exhausts his inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.	
6.	Liquidity Enhancement Schemes for illiquid securities in equity cash market	<ol style="list-style-type: none"> 1. The effectiveness of the scheme shall be reviewed by the stock exchange every six months and the stock exchange shall submit half-yearly reports to SEBI. 2. Outcome of the scheme (incentives granted and volume achieved –market maker wise and security wise) shall be disseminated monthly. 3. The stock exchange shall have systems and defined procedures in place to monitor collusion between stock brokers indulging in trades solely for seeking incentives and prevent payment of incentives in such cases. 	
7.	Proprietary account Trading Terminal	In case any member requires the facility of using “pro-account” through trading terminals from more than one location, such member shall be required to submit an undertaking to the stock exchange	

Sr. No.	Particulars	Clauses	Remarks ¹
		stating the reason for using the “pro-account” at multiple locations and the stock exchange may, on case to case basis after due diligence, consider extending the facility of allowing use of “pro-account” from more than one location.	
8.	Framework for short selling	<p>1. The institutional investors shall disclose upfront at the time of placement of order whether the transaction is a short sale. However, retail investors would be permitted to make a similar disclosure by the end of the trading hours on the transaction day.</p> <p>2. The brokers shall be mandated to collect the details on scrip-wise short sell positions, collate the data and upload it to the stock exchanges before the commencement of trading on the following trading day. The stock exchanges shall then consolidate such information and disseminate the same on their websites for the information of the public on a weekly basis. The frequency of such disclosure may be reviewed from time to time with the approval of SEBI.”</p>	
9.	Modification of Client Codes	<p>The Stock Exchange shall conduct a special inspection of the trading member to ascertain whether the modifications of client codes are being carried out only to rectify genuine errors and take appropriate disciplinary action, if any deficiency is observed.</p> <p>Stock exchanges shall submit a report to SEBI every quarter regarding all such client code modifications where penalties have been waived.</p>	
10.	Trade annulment at stock exchanges	Stock exchanges shall undertake annulment or price reset only in exceptional cases, after recording reasons in writing, in the interest of the investors, market integrity, and maintaining sanctity of price discovery mechanism.	
11.	Guidelines for execution of Power of Attorney	Stock Exchanges and Depositories shall ensure that PoA is not used by TM/CM/DPs for any purpose other than as specified by SEBI.	
12.	Internet based Trading Services	1. The Stock Exchange must ensure that the system used by the broker has provision for security, reliability and confidentiality of data through use of encryption technology. The Stock Exchange must also ensure that records	

Sr. No.	Particulars	Clauses	Remarks ¹
		<p>maintained in electronic form by the broker are not susceptible to manipulation.</p> <p>2. The Stock Exchange must ensure that the brokers maintain adequate backup systems and data storage capacity. The Stock Exchange must also ensure that the brokers have adequate system capacity for handling data transfer, and arranged for alternative means of communications in case of Internet link failure.</p> <p>3. The Stock Exchange must ensure that brokers comply with all requirements of “Know Your Client” and have sufficient, verifiable information about clients, which would facilitate risk evaluation of clients.</p>	
13.	Trading Terminals	<p>1. Stock exchanges shall organize mock trading sessions on a regular basis, at least once in a calendar month, to facilitate testing of new software or existing software that has undergone any change of functionality, in a close-to-real trading environment.</p> <p>2. Stock exchanges shall monitor compliance of stock brokers / trading members, who use trading algorithm, with regard to the requirement of participation in mock trading session as mandated.</p> <p>3. Stock exchanges shall also ensure that the system auditors examine the compliance of stock broker / trading member, who use trading algorithms, with regard to the requirement of participation in mock trading session, as mandated.</p> <p>4. In order to ensure that stock brokers are not using software without requisite approval of the stock exchanges, stock exchanges are advised to put in place suitable mechanism to prevent any unauthorized change to the approved software.</p>	
14.	Penalty on malfunction of software used by stock broker/trading member	Stock exchanges shall examine the cases of malfunctioning of software used by stock brokers / trading members and apply deterrent penalties in form of fines or suspension to the stock broker/trading member whose software malfunctioned.	
15.	Algorithmic Trading	1. The stock exchange shall have arrangements, procedures and system capability to manage the load on their systems in such a manner so as to achieve consistent response time to all	

Sr. No.	Particulars	Clauses	Remarks ¹
		<p>stock brokers. The stock exchange shall continuously study the performance of its systems and, if necessary, undertake system upgradation, including periodic upgradation of its surveillance system, in order to keep pace with the speed of trade and volume of data that may arise through algorithmic trading.</p> <p>2. The stock exchange shall put in place monitoring systems to identify and initiate measures to impede any possible instances of order flooding by algos.</p> <p>3. The stock exchange shall ensure that all algorithmic orders are necessarily routed through broker servers located in India and the stock exchange has appropriate risk controls mechanism to address the risk emanating from algorithmic orders and trades.</p> <p>4. Stock exchanges shall periodically review their surveillance arrangements in order to better detect and investigate market manipulation and market disruptions.</p>	
16.	Annual system audit of exchanges and brokers	Compliance with provisions related to Annual system audit of stock exchanges and brokers as provided under SEBI Master Circular for “Stock Exchanges and Clearing Corporations”.	
17.	Business Continuity Plan and Disaster Recovery	Compliance with provisions related to Guidelines for Business Continuity Plan and Disaster Recovery of Market Infrastructure Institutions as provided under SEBI Master Circular for “Stock Exchanges and Clearing Corporations”	
18.	Cyber Security and Cyber Resilience framework for Stock Exchanges	Compliance with provisions related to Cyber Security and Cyber Resilience Framework as provided under SEBI Master Circular for “Stock Exchanges and Clearing Corporations”.	
19.	Performance evaluation of PIDs	Compliance with provisions related to Performance review of Public Interest Directors (PIDs) as provided under SEBI Master Circular for “Stock Exchanges and Clearing Corporations”.	
20.	Code of Conduct & Institutional mechanism for	Compliance with provisions related to Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse as provided under SEBI	

Sr. No.	Particulars	Clauses	Remarks ¹
	prevention of Fraud or Market Abuse	Master Circular for “Stock Exchanges and Clearing Corporations”.	

B. Stock Exchanges with Commodity Derivatives Segment shall also provide status of compliance on the following:

Sr. No.	Particulars	Clauses	Remarks ¹
1.	Spot Pricing	<p>a. The stock exchange shall display the spot price polling mechanism adopted for every contract on its website along details.</p> <p>b. endeavor in increasing the sample size used for fixing the daily spot prices during the last 15 days of the contract.</p> <p>c. review on a monthly basis the prices polled by the participants to identify participants habitually polling unrealistic prices.</p>	
2.	Liquidity Enhancement Scheme	<p>a. The scheme shall be objective, transparent, non-discretionary and non-discriminatory.</p> <p>b. The effectiveness of the scheme shall be reviewed by the exchange every six months and the exchange shall submit half-yearly reports to SEBI.</p> <p>c. Outcome of the scheme (incentives granted, and volume achieved –market maker wise and security wise) shall be disseminated monthly.</p>	
3.	Framework for utilization of Regulatory Fee Foregone by SEBI	a. the stock exchanges shall make disclosure regarding the corpus of the fund and its utilization, on their website, on a monthly basis.	
4.	Performance review of the commodity derivatives contract	<p>a. All stock exchanges shall review the performance of all contracts traded on their platform.</p> <p>b. The said performance review along with the methodology adopted in evaluation, if any, shall be disclosed by the stock exchanges on their website prominently.</p>	
5.	Re-balancing of Commodity indices	a. The index constituents and their weightages shall be at least annually selected and rebalanced. Stock Exchanges shall decide and announce/disclose the constituents and weightages of the index at least three	

		months before the actual re-balancing of the index. Stock Exchanges shall ensure that constituents meet the eligibility criteria as mentioned above while deciding the constituents and weightages for rebalancing.	
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C. For Clearing Corporations

Sr. No.	Particulars	Clauses	Remarks ¹
1.	Auction or Close Out	The Proceeds from Auction or Close-out should be used to settle the claim of the aggrieved party. Any amount remaining thereof should be credited to the Core Settlement Guarantee Fund ("Core SGF") instead of crediting it to the defaulting party's account.	
2.	Core SGF related	<ol style="list-style-type: none"> 1. CC shall also review and determine by 15th of every month, the adequacy of contributions made by various contributors and any further contributions to the Core SGF required to be made by various contributors for the next month 2. At any point of time, CC contribution to Core SGF shall be at least 50% of the MRC 3. Any Penalty levied by CC shall be credited to Core SGF corpus 4. CC shall follow prudential norms of Investment Policy for Core SGF corpus. CC shall ensure Core SGF corpus is invested in highly liquid financial instruments with minimal market and credit risk and is capable of being liquidated rapidly with minimal adverse price effect. 5. CCs shall carry out daily stress testing for credit risk using at least the standardized stress testing methodology prescribed for each segment. 6. Also, for products for which specific stress testing methodology has not been prescribed in this circular, CCs shall develop extreme but plausible market scenarios (both hypothetical and historical) and carry out 	

		<p>stress tests based on such scenarios and enhance the corpus of Core Settlement Guarantee Fund/ reserves, as required by the results of such stress tests.</p> <p>7. CCs shall ensure that it maintains sufficient liquid resources to manage liquidity risks from members, settlement banks and those generated by its investment policy. CCs shall daily test the adequacy of its liquidity arrangements in order to ensure that its liquid resources are adequate to meet simultaneous default of at least two clearing members and their associates that would generate the largest aggregate liquidity obligation for the CC in extreme but plausible market conditions.</p> <p>8. CCs shall periodically carry out reverse stress tests.</p> <p>9. CCs shall daily conduct back testing of the margins collected vis-à-vis the actual price changes for the contracts being cleared and settled in every segment to assess appropriateness of its margining models.</p> <p>10. On at least a monthly basis, CCs shall perform a comprehensive and thorough analysis of stress testing scenarios, models, and underlying parameters and assumptions used to ensure they are appropriate for determining the CCP's required level of default protection in light of current and evolving market conditions.</p>	
3.	Framework to enable verification of upfront collection of Margins	Clearing Corporations shall adopt the framework for the purpose of 'Mechanism for regular monitoring of and penalty for short-collection/ non-collection of margins from clients' in Cash and Derivatives segments.	
4.	Investments by CC	Combined investments made by Clearing Corporations in Liquid Funds and Overnight Funds shall not exceed a limit of ten per cent of the total investible resources held by the clearing corporation, at any point in time.	

5.	Disclosures relating to regulatory and arbitration matters on websites of CC	<ol style="list-style-type: none"> 1. Clearing Corporations shall post all regulatory orders and arbitration / appellate awards on their websites. 2. Clearing Corporations shall disseminate information with respect to brief profile, qualification, areas of experience / expertise, number of arbitration matters handled, pre-arbitration experience, etc. of the arbitrators on their website. 	
6.	Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse	Compliance with provisions of SEBI Master Circular on Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse	
7.	Risk Management for Options in Commodity Derivatives	<ol style="list-style-type: none"> a. Clearing Corporations shall adopt risk management framework compliant with the Principles for Financial Market Infrastructures issued by the Committee on Payments and Market Infrastructures (“CPMI”) and the International Organization of Securities Commissions (“IOSCO”). b. CCs shall fix prudent price scan range, volatility scan range and/or plausible changes in any other parameters impacting options price. c. CCs shall impose appropriate short option minimum margin, calendar spread charge, extreme loss margin, concentration margins, additional margins, pre-expiry margin, delivery period margin etc. for option contracts. d. CCs (providing clearing and settlement for options) shall review the value of VSR by back testing on a monthly basis using last 3 years’ data by 15th of every month and any change in VSR shall be implemented from 1st trading day of the following month. e. CCs shall impose initial margins at the level of portfolio of individual client comprising of his positions in futures and options contracts on each commodity. f. CCs shall mark to market the options positions by adding the current market value of options(positive for long options and 	

		negative for short options) to the margin requirement.	
8.	Rationalization of imposition of fines for false/incorrect reporting of margins or non-reporting of margins by Trading Member/Clearing Member in all segments	Report on the penalties collected by the stock exchange be submitted by the 10 th day of the following month.	
11.	Review of Margin Framework for Commodity Derivatives Segment	Compliance with Master Circular on section pertaining to margin framework for Commodity Derivatives Segment	
12.	Review of delivery default norms	Compliance with Master Circular on delivery default norms	
13.	Guidelines for warehousing norms for agricultural/agri-processed goods and non-agricultural goods (only base/industrial metals) underlying a commodity derivatives contract having the feature of physical delivery	Compliance with SEBI Master circular on section pertaining to Warehousing norms for agriculture and agri-processed commodities and non-agricultural goods.	
14.	Revision in computation of Core Settlement Guarantee Fund in Commodity Derivatives Segment	Compliance with the relevant provisions of SEBI Master Circular for “Commodity Derivatives Segment”	
15.	Modification in Cyber Security and Cyber Resilience framework of	Compliance with relevant provisions of SEBI Master Circular for “Stock Exchanges and Clearing Corporations”	

	Stock Exchanges, Clearing Corporations and Depositories		
16.	Guidelines for MFIs regarding Cyber security and Cyber resilience	Compliance with relevant provisions of SEBI Master Circular for “Stock Exchanges and Clearing Corporations”	
17.	Principles of Financial Market Infrastructures (PFMIs)	Compliance with relevant provisions of SEBI Master Circular for “Stock Exchanges and Clearing Corporations”	
18.	Business Continuity for Clearing Corporations through Software as a Service (SaaS) Model	Compliance with relevant provisions of SEBI Master Circular for “Stock Exchanges and Clearing Corporations”	
19.	Annual system audit of Clearing Corporations	Compliance with provisions of SEBI Master Circular on Annual system audit of clearing corporations.	
20.	Business Continuity Plan and Disaster Recovery	Compliance with provisions of SEBI Master Circular on Guidelines for Business Continuity Plan and Disaster Recovery of Market Infrastructure Institutions	
21.	Cyber Security and Cyber Resilience framework for Stock Exchanges	Compliance with provisions of SEBI Master Circular on Cyber Security and Cyber Resilience Framework.	

It is certified that the stock exchange or the clearing corporation was in compliance with all the provisions of relevant Acts, Rules, SECC Regulations, 2018, circulars or directions issued thereunder for the quarter ended_____, except the non-compliances mentioned at Part-A of the report.

Place:

Date:

Signature of the Compliance Officer:

FORMAT FOR COMPLIANCE REPORT (CR) TO SEBI

[Report of Compliance Officer for Depositories under SEBI (D & P) Regulations, 2018 and various Circulars issued thereunder]

Compliance Report for the Quarter ended ...
Name of the Depository:
Name of the Compliance Officer:

I. Part A: Report in terms of Regulation 81(3) of D&P Regulations, 2018

Sl. No.	Provisions	Particulars	Details regarding the non-compliance and the corrective action(s) taken, if any.
1.			
2.			

Note: The above report shall contain details of non-compliance with provisions under Acts, Rules, D&P Regulations, 2018, circulars or directions issued thereunder and for the redressal of investors' grievances.

II. Part B: Status of Compliance with specific provisions under D&P Regulations, 2018

Sl. No.	Regulations	Particulars	Remarks ¹
1.	Regulation 7 (c)	<p>i. The depository shall not carry on any activity whether involving deployment of funds or otherwise without prior approval of the Board:</p> <p>Provided that prior approval of the Board shall not be required in case of treasury investments if such investments are as per the investment policy approved by the governing board of depository.</p> <p>Provided further that a depository may carry out such activity not incidental to its activities as a depository, whether involving</p>	

¹ Indicate 'Yes' if complied with the D & P Regulations, 2018 and various circulars issued thereunder and 'No' for non-compliance. In case of non-compliance, provide the details regarding the non-compliance and the corrective action(s) taken, if any.

Sl. No.	Regulations	Particulars	Remarks ¹
		<p>deployment of funds or otherwise, as may be assigned to the depository by the Central Government or by a regulator in the financial sector, through the establishment of Strategic Business Unit(s) specific to each activity with the prior approval of the Board and subject to such conditions as may be prescribed by the Board, including transfer of such activity to a separate company within such time as may be specified by the Board having regard to the matters which are relevant to the efficient and orderly function of the Depository as mentioned in regulation 14.</p> <p>ii. An employee of a depository shall not simultaneously be an employee of any other company where the depository has invested.</p> <p>iii. A director, committee member or employee of a depository shall not receive any compensation or any other financial benefit from the companies where the depository has invested, other than fees and expenses related to the governing board and committee meetings.</p>	
2.	Regulation 7 (g)	The depository shall redress the grievances of the participants and the beneficial owners within twenty-one calendar days of the date of receipt of any complaint from a participant or a beneficial owner and keep the Board informed about the number and the nature of redressals.	
3.	Regulation 8	A depository who has been granted a certificate of registration under regulation 7, shall pay annual fee specified in Part A of the Second Schedule in the manner specified in Part B thereof.	
4.	Regulation 9	A depository shall, within fifteen days from the end of each month, pay as provided in Part A of the Second Schedule, a percentage of the annual custody charges received by it from the issuers during the month, to the Board in the manner provided in Part B thereof.	
5.	Regulation 15(1)	Every depository shall maintain net worth as specified under regulation 14 (1) (a) at all times and submit an audited net worth certificate from the statutory auditor on a yearly basis, by the	

Sl. No.	Regulations	Particulars	Remarks ¹
		thirtieth day of September of every year for the preceding financial year.	
6.	Regulations 17	The depository holding a certificate of commencement of business shall, at all times, abide by the Code of Conduct as specified in the Part D of the Third Schedule.	
7.	Regulation 20 (1)	Save as otherwise provided in these regulations, the shareholding or voting rights of any person in a depository shall not exceed the limits specified in these regulations at any point of time.	
8.	Regulation 22 (1)	No person shall, directly or indirectly, acquire or hold equity shares or voting rights of a depository unless he is a fit and proper person. The depository shall ensure that all its shareholders are fit and proper persons: Provided that such a requirement to ensure that all its shareholders are fit and proper persons shall not be applicable to a depository for shareholding of a person who directly or indirectly, acquires or holds less than two percent equity shares or voting rights of such depository.	
9.	Regulation 22 (7)	Any person holding two percent or more of the paid up equity share capital in a depository shall file a declaration within fifteen days from the end of every financial year to the depository that he complies with the fit and proper criteria.	
10.	Regulation 22 A	The depository shall put in place a monitoring mechanism as specified in Part E of Second Schedule to ensure compliance with the shareholding restrictions prescribed in these regulations at all times.	
11.	Regulation 23 (1) (b)	The depository shall ensure that all its directors and key management personnel are fit and proper persons at all times.	
12.	Regulation 24 (12)	Depository shall monitor and ensure the compliance of sub-regulation 9 on continuous basis, to ensure that directors appointed, on their governing board, do not get associated with Depository Participant after approval and appointment.	
13.	Regulation 24 (14) (a)	The governing board of the depository shall consist of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal	

Sl. No.	Regulations	Particulars	Remarks ¹
		<p>and regulatory practice, technology, risk management, and management or administration:</p> <p>Provided that the governing board of the depository shall consist of at least one public interest director having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.</p>	
14.	Regulation 27 (1)	The governing board, directors, committee members and key management personnel of a depository shall abide by the Code of Conduct specified under Part- B of Third Schedule of these regulations.	
15.	Regulation 29 (3)	The functions under the verticals as provided at clause (a) and (b) of sub-regulation 1 shall be given higher priority by the depository over the functions under the vertical as provided at clause (c) of sub-regulation (1).	
16.	Regulation 29 (4)	Every depository shall periodically and objectively assess the adequacy of resources allocated to the first two verticals as specified in clause (a) and (b) of sub-regulation (1).	
17.	Regulation 29 (5)	Every depository shall adopt a "Chinese Wall" policy which separates the functions under vertical as provided at clause (b) of sub-regulation (1) from the functions of other verticals.	
18.	Regulation 29 (6)	<p>The employees referred to in sub-regulation (5) shall not communicate any information concerning their activity to any one in other verticals and may be physically segregated from employees in other verticals including with respect to access controls:</p> <p>Provided that in exceptional circumstances, employees from other verticals may be given confidential information on "need to know" basis, under intimation to the Compliance Officer.</p>	
19.	Regulation 31 (3)	Depository shall disclose resources committed towards strengthening regulatory functions and towards ensuring compliance with regulatory requirements applicable to the depository, backed by an activity based accounting in the	

Sl. No.	Regulations	Particulars	Remarks ¹
		report under section 134 of the Companies Act, 2013	
20.	Regulation 31 (4)	The fees and charges levied by a depository shall be placed for review before the Oversight Committee of such depository.	
21.	Regulation 31 (5)	Every depository shall internally conduct annual evaluation of its performance and the performance of its statutory committees in such a manner as may be specified by the Board. (This may be reported only at the end of quarter ended June of every year)	
22.	Regulation 31 (7)	Every depository shall disclose, on their website, the agenda and minutes of its governing board meetings pertaining to regulatory, compliance, risk management and investor grievance areas, after approval of such minutes.	
23.	Regulation 44	Every depository shall have systems and procedures which will enable it to co-ordinate with the issuer or its agent, and the participants, to reconcile the records of ownership of securities with the issuer or its agent, as the case may be, and with participants, on a daily basis.	
24.	Regulation 48	Every depository shall have adequate mechanisms for the purposes of reviewing, monitoring and evaluating the depository's controls systems, procedures and safeguards.	
25.	Regulation 49	Every depository shall cause an inspection of its controls, systems, procedures and safeguards to be carried out annually and forward a copy of the report to the Board.	
26.	Regulation 50	A depository shall have adequate Business Continuity Plan for data and electronic records to prevent, prepare for, and recover from any disaster.	
27.	Regulation 52	Every depository shall take adequate measures including insurance to protect the interests of the beneficial owners against risks likely to be incurred on account of its activities as a depository.	
28.	Regulation 53	Where records are kept electronically by the depository, it shall ensure that the integrity of the automatic data processing systems is maintained at all times and take all precautions necessary to ensure that the records are not lost, destroyed or tampered with and in the	

Sl. No.	Regulations	Particulars	Remarks ¹
		event of loss or destruction, ensure that sufficient back up of records is available at all times at a different place.	
29.	Regulation 54 (3)	Subject to the provisions of any other law the depository shall preserve records and documents for a minimum period of eight years	
30.	Regulation 57	No depository shall assign or delegate to any other person its functions as a depository, without the prior approval of the Board.	
31.	Regulation 73 (2)	Every depository shall credit five percent or such percentage as may be specified by the Board, of its profits from depository operations every year to the Investor Protection Fund.	
32.	Regulation 80 (1)	A depository or a participant or any of their employees shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real-time or non-real-time, unless a disclosure of his interest including long or short position in the said security has been made, while rendering such advice.	
33.	Regulation 82	A depository shall ensure equal, unrestricted, transparent and fair access to all persons without any bias towards its associates and related entities.	
34.	Regulation 82 A (1)	Every depository and the company where the depository has invested shall lay down a framework for sharing and monitoring of data, including confidential and sensitive data.	
35.	Regulation 82 B	Compliance with provisions of regulation 82B on "Restriction in having association with certain persons"	
36.	Regulation 83 (3)	A depository or its associates shall not list its securities on a recognized stock exchange that is an associate of the depository.	

III. Part C: Status of compliance with specific provisions of latest Master Circular for "Depositories" and other circulars issued under D&P Regulations, 2018

Sl. No.	Particulars	Provisions	Remarks ²
1.	Compliance with the	Compliance with provisions related to issuance of Consolidated Account Statements by	

² Indicate 'Yes' if complied with the D & P Regulations, 2018 and various circulars issued thereunder and 'No' for non-compliance. In case of non-compliance, provide the details regarding the non-compliance and the corrective action(s) taken, if any.

Sl. No.	Particulars	Provisions	Remarks ²
	provisions related to issuance of Consolidated Accounts Statements	Depositories as provided under SEBI Master Circular for "Depositories".	
2.	Principles of Financial Market Infrastructures (PFMIs)	Compliance with provisions related to PFMIs as provided under SEBI Master Circular for "Depositories".	
3.	Dissemination of tariff/charge structure of DPs on the website of depositories.	Depositories shall put in place necessary systems and procedures including formats, periodicity, etc. for collection of necessary data from the DPs and dissemination of the same on their website which would enable the investors to have a comparative analysis of the tariff/charge structure of various DPs.	
4.	Safeguards to address the concerns of the investors on transfer of securities in dematerialized mode.	The depositories shall give more emphasis on investor education particularly with regard to careful preservation of Delivery Instruction Slip (DIS) by the BOs. The Depositories may advise the BOs not to leave "blank or signed" DIS with the Depository Participants (DPs) or any other person/entity.	
5.	Recording of all types of Encumbrances in Depository system.	Depositories shall put in place a system for capturing and recording all types of encumbrances, which are specified under Regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time. Towards this end, Depositories shall follow processes and other norms similar to that stipulated for the purpose of capturing and recording Non Disposal Undertakings (NDUs) in Depository system. This is apart from pledge and hypothecation, whose processes and specific norms are separately provided in SEBI (Depositories & Participants) Regulations, 2018 and circulars issued thereon.	
6.	Annual System Audit	Compliance with provisions related to Annual system audit of depositories as provided under SEBI Master Circular for "Depositories".	
7.	Business Continuity Plan	Compliance with provisions related to Guidelines for Business Continuity Plan and	

Sl. No.	Particulars	Provisions	Remarks²
	and Disaster Recovery	Disaster Recovery of Depositories as provided under SEBI Master Circular for “Depositories”	
8.	Categorization / Risk Rating of DPs	Depositories should periodically undertake risk - impact analysis for each of the inspection areas, assign appropriate risk weightage, calculate risk scores for each DPs.	
9.	Risk Management Policy at the Depositories	Compliance with provisions related to Risk management Policy at Depositories as provided under SEBI Master Circular for “Depositories”.	
10.	Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse	Compliance with provisions related to Code of Conduct & Institutional mechanism for prevention of Fraud or Market Abuse as provided under SEBI Master Circular for “Depositories”.	
11.	Outsourcing of Activities by Depositories	Compliance with provisions related to Outsourcing of Activities by Depositories as provided under SEBI Master Circular for “Depositories”.	
12.	System and Network Audit of Depositories	Compliance with provisions related to System and Network Audit of Depositories as provided under SEBI Master Circular for “Depositories”.	
13.	Testing Framework for the Information Technology (IT) systems of Depositories	Compliance with provisions related to Testing Framework for the IT systems of Depositories as provided under SEBI Master Circular for “Depositories”.	
14.	Cyber Security and Cyber Resilience framework of Depositories	Compliance with provisions related Cyber security and cyber resilience framework of Depositories as provided under SEBI Master Circular for “Depositories”.	
15.	Guidelines for Investor Protection Fund (IPF) and Investor Services Fund (ISF) at Depositories.	Compliance with provisions related to IPF and ISF of Depositories as provided under SEBI Master Circular for “Depositories”.	
16.	Early Warning Mechanism to prevent diversion of	Compliance with provisions related Early warning mechanism to prevent diversion of clients’ securities as provided under SEBI Master Circular for “Depositories”.	

Sl. No.	Particulars	Provisions	Remarks ²
	clients' securities		
17.	Capacity Planning Framework for the Depositories	Compliance with provisions related to Capacity Planning Framework of Depositories as provided under SEBI Master Circular for "Depositories".	
18.	Performance review of Public Interest Directors (PIDs)	Compliance with provisions related to Performance review of PIDs of Depositories as provided under SEBI Master Circular for "Depositories".	
19.	Standard Operating Procedure (SOP) for handling of technical glitches.	Compliance with provisions related to SOP for handling of technical glitches as provided under SEBI Master Circular for "Depositories".	

It is certified that the depository was in compliance with all the provisions of relevant Acts, Rules, D&P Regulations, 2018, circulars or directions issued thereunder for the quarter ended_____, except the non-compliances mentioned at Part-A of the report.

Place:

Date:

Signature of the Compliance Officer:

Format for Half-yearly Report to SEBI by Chief Risk Officer

[Report of Chief Risk Officer for Stock Exchanges/ Clearing Corporations/ Depositories under SECC Regulations, 2018 or D&P Regulations, 2018]

Report for the Half-year ended
Name of the Stock Exchange/ Clearing Corporation/ Depository:
Name of the Chief Risk Officer:

Detailed Risk Assessment

1. <u>Regulatory/Compliance Risk</u>: Risk to MIIIs on account of non-adherence to regulatory guidelines or non-compliances that can have implications to market functioning.	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) <u>Adequacy of Net Worth</u></p> <ul style="list-style-type: none">▪ Red¹ – net worth is above regulatory requirement + <6 months operating expenses.▪ Amber² – net worth is above regulatory requirement + <12 months operating expenses.▪ Green³ – net worth is above regulatory requirement + >12 months operating expenses. <p>Following parameters will be applicable only to CCs:</p> <ul style="list-style-type: none">▪ Red – net worth is below the regulatory requirement.▪ Green – net worth is above regulatory requirement.	

¹ “Red” stands for High Risk

² “Amber” stands for Medium Risk

³ “Green” stands for Low Risk

<p>(ii) <u>Orders/Show Cause Notices issued by direct or indirect regulators to MII during the period</u></p> <ul style="list-style-type: none"> ▪ Red – Orders passed by direct or indirect regulator. ▪ Amber – Show cause Notice or warnings issued or administrative action taken by direct regulator. ▪ Green – No show cause or orders by direct regulator, advisories by any regulator <p>Direct Regulator: SEBI/RBI/MOF, Government of India</p> <p>Indirect Regulator: Income Tax, MCA, Govt. Agencies, Statutory Body, etc.</p>	
<p>(iii) <u>Adverse comments by statutory and/or secretarial auditors during the period</u></p> <ul style="list-style-type: none"> ▪ Red – Adverse comments received during the period ▪ Green – No adverse comments received during the period 	
<p>(iv) <u>Fines, penalties, financial disincentives levied by regulator/government authorities during the period</u></p> <ul style="list-style-type: none"> ▪ Red – Fines/ penalties/ financial disincentives during the period (cumulative value > ₹5 crores or >1 % of the net worth, whichever is lower) ▪ Amber – Fines/ penalties/ financial disincentives levied during the period (cumulative value < ₹5 crores or <1 % of the net worth, whichever is lower) ▪ Green – No instances of fines/ penalties/ financial disincentives 	
<p>(v) <u>Non-adherence to regulatory guidelines, observations during regulatory inspection reports</u></p> <ul style="list-style-type: none"> ▪ Red – Any observation categorized as Show Cause or more than 5 observations categorized as Warning or repetitive deficiency beyond current and previous inspection. ▪ Amber – Upto 5 observations categorized as Warning or/and more than 10 observations categorized as deficiency or repetitive deficiency only from previous inspection and same have reduced. ▪ Green – No observations categorized as Show Cause or Warning and upto 10 observations categorized as deficiency and no repetitive deficiencies <p>This parameter will be measured covering all inspections done by SEBI during the financial year</p>	

<p>(vi) <u>Supervision Risk (Inspection and Enforcement by MII):</u></p> <ul style="list-style-type: none"> ○ delays in inspections ○ delays in action on inspection findings ○ delays in resolution of alerts <ul style="list-style-type: none"> ▪ Red - <ul style="list-style-type: none"> - deviation from approved inspection plan >20% (i.e., pending inspection completion) - >20% cases actioned/resolved beyond TAT or action/resolution is pending beyond TAT (with average Days Past Due (DPD) of > 15 days) ▪ Amber - <ul style="list-style-type: none"> - deviation from approved inspection plan between 10% to 20% (i.e., pending inspection completion) - Between 10% to 20% cases actioned/ resolved beyond TAT or action/resolution is pending beyond TAT (with average DPD of > 15 days) ▪ Green - <ul style="list-style-type: none"> - deviation from approved inspection plan <10% (i.e., pending inspection completion) - <10% cases actioned/ resolved beyond TAT or action/resolution is pending beyond TAT (with average DPD of > 15 days) 	
<p>Overall Rating (for the current period): Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p>	
<p>Management Comments, Mitigation Measures, if any:</p>	

2. Credit, Market, Liquidity Risks: Risk to MII's' operations on account of liquidity / financial concerns	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Liquidity Risk: Coverage of operating expenses by liquid net assets.</p> <ul style="list-style-type: none"> ▪ Red: Liquidity Coverage <6 months ▪ Amber: Liquidity Coverage of 6-12 months ▪ Green: Liquidity Coverage >12 months <p>Sufficiency of liquid resources to manage settlements in case of default of Top 2 members. (applicable only to CCs)</p> <ul style="list-style-type: none"> ▪ Red: < 100% of the days ▪ Green: 100% of the days 	
<p>(ii) Credit Risk: Safety of investment book</p> <ul style="list-style-type: none"> ▪ Red: Downgrades during the period resulting in > 10% of the portfolio falling below rating A (or equivalent) ▪ Amber: Downgrades during the period resulting in < 10% of the portfolio falling below rating A (or equivalent) ▪ Green: No adverse change in risk category/ rating downgrade of investments. <p><u>Credit Risk applicable to CCs</u></p> <p>Sufficiency of liquid resources to manage clearing member default as prescribed by SEBI (Core SGF corpus compared to MRC).</p> <ul style="list-style-type: none"> ▪ Red: MRC > Core SGF ▪ Green: MRC =< Core SGF 	
<p>(iii) Market Risk: Sufficiency of Margins (applicable to CCs)</p> <ul style="list-style-type: none"> ▪ Red: < 95% of the instances ▪ Amber: 95% to <99% of the instances ▪ Green: >= 99% of the instances 	
<p>Overall Rating (for the current period): Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p>	
<p>Management Comments, Mitigation Measures, if any:</p>	

3. Critical Operations Risk (Market Operations): Risk to MIs on account of technology and process failures that can have implications to market functioning.	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Availability of Critical Systems</p> <ul style="list-style-type: none"> ▪ Red – any instances of business disruption ▪ Amber – no business disruption but high/medium severity technical glitches ▪ Green – no business disruption except low severity technical issues <p>Critical systems and business disruption as defined as per SEBI BCP DR Circular</p>	
<p>(ii) Incident resolution/reporting (Critical Systems)</p> <ul style="list-style-type: none"> ▪ Red – any breach in SEBI reporting timeline for business disruption incidents ▪ Amber – extension sought and granted by SEBI in reporting timelines for business disruption incidents ▪ Green – no breach in SEBI reporting timelines for business disruption incidents 	
<p>(iii) Business Continuity:</p> <ul style="list-style-type: none"> ▪ Red – any breach in Recovery Time Objective (RTO) /Recovery Point Objective(RPO) prescribed by SEBI / failure to conduct drills/testing as prescribed by SEBI ▪ Green – no instances of breach in RTO /RPO prescribed by SEBI / no failure in conducting drills/ testing as prescribed by SEBI 	
<p>(iv) Capacity/Scalability of critical systems</p> <ul style="list-style-type: none"> ▪ Red – system capacity <1.25x of projected peak* ▪ Amber – system capacity 1.25x to 1.5x ▪ Green – system capacity > 1.5x <p>*computation shall be as prescribed in the SEBI Guidelines</p>	
<p>(v) Performance: System utilizations exceeding threshold w.r.t. memory, disk space, CPU, network bandwidth during market hours for critical systems</p> <ul style="list-style-type: none"> ▪ Red – utilization > 75% ▪ Amber – utilization between 50 – 75% ▪ Green – utilization < 50% <p><i>Measure to be on a sustained basis for a period of >5 minutes</i></p>	
<p>Overall Rating (for the current period): Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p>	
<p>Management Comments, Mitigation Measures, if any:</p>	

4. Information Security Risk & Cyber Security Risk. Risk to MIs on account of cyber and information security that can have implications to market functioning.	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Cyber security breaches/ incidents (including data theft/ data leakage/ unauthorized access to systems, etc.)</p> <ul style="list-style-type: none"> ▪ Red – any instances of cyber security breaches/ incidents impacting market* operations or repetitive breaches (breaches that did not impact market operations but have been repeating) ▪ Amber - instances of cyber security breaches/ incidents but no impact to market operations* ▪ Green – no instances of cyber security breaches/ incidents <p>*business operations for depositories</p>	
<p>(ii) Vulnerability Exposures:</p> <ul style="list-style-type: none"> ▪ Red – high-risk vulnerabilities not closed within SEBI prescribed timelines ▪ Amber – medium/low risk vulnerabilities not closed within SEBI prescribed timelines ▪ Green – all vulnerabilities closed within SEBI prescribed timelines 	
<p>(iii) Cyber Capability Index (CCI) scores:</p> <ul style="list-style-type: none"> ▪ Red – score < 75% ▪ Amber – score between 75 to 90% ▪ Green – score > 90% <p>CCI score shall be based on the methodology prescribed by SEBI vide its Circular on Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs) dated August 20, 2024</p> <p>Thresholds may vary as per SEBI guidelines issued to Exchanges, CCs and Depositories</p>	
<p>Overall Rating (for the current period): Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p>	
<p>Management Comments, Mitigation Measures, if any:</p>	

5. <u>Third Party Risks</u>: Risk to MII's operations due to non-performance or issues in services provided by third parties	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Material non-adherence to Service Level Agreement (SLA) or any major incidents of critical vendors</p> <ul style="list-style-type: none"> ▪ Red - Major deviations from the SLAs defined in the contract or major incidents resulting in data breach, implication on market continuity/ operations ▪ Amber - Deviations/ incidents observed but no implication in market continuity/ operations ▪ Green - Performance in line with the defined SLAs and no incidents <p>Critical vendors shall include vendors providing services/ application/ support that can impact market functioning.</p>	
Overall Rating (for the current period): Red/Amber/Green	
Previous Rating: Red/Amber/Green	
Trend:	
Management Comments, Mitigation Measures, if any:	

6. <u>Reputational Risk</u>. Risk to MII's reputation due to high negative media coverage or major stakeholder concerns	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Adverse Media Coverage</p> <ul style="list-style-type: none"> ▪ Red: Negative media coverage trending with high coverage and sustainability and not contained on a timely manner. ▪ Amber: Negative media coverage trending but was timely acted and contained, resulted in limited coverage/ sustainability. ▪ Green: No trending negative media coverage during the period. 	
<p>(ii) Stakeholders' Complaints</p> <ul style="list-style-type: none"> ▪ Red: Major concerns raised by the stakeholders during the period and timely satisfactory action not taken. ▪ Amber: Concerns raised by the stakeholders during the period, but timely satisfactory action was taken. 	

<ul style="list-style-type: none"> ▪ Green: No concerns raised by the stakeholders (shall also include general issues/ clarifications) 	
Overall Rating (for the current period): Red/Amber/Green	
Previous Rating: Red/Amber/Green	
Trend:	
Management Comments, Mitigation Measures, if any:	

7. <u>Physical Security/ Physical Infrastructure Risk:</u> Risk to MII's on account of the following: <ul style="list-style-type: none"> • <u>Physical Security</u> – Threat to people (employees, vendor resources working in the premises, etc.) • <u>Physical Infrastructure</u> – Major power failure, electrical equipment, security scan failure, etc. 	
Risk Parameters & Thresholds/Appetite	Actual assessment
<ul style="list-style-type: none"> ▪ Red - Major security breaches/ incidents which impacted people safety/ market functioning. ▪ Amber - Instances incurred but averted and no impact to any market functioning / people safety. ▪ Green - No security breaches/ incidents of low severity with no impact. 	
Overall Rating (for the current period): Red/Amber/Green	
Previous Rating: Red/Amber/Green	
Trend:	
Management Comments, Mitigation Measures, if any:	

8. <u>Legal Risk</u>: Risk to MII's financials on account of legal proceedings.	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Number of material litigation cases pending against the MII or Breach of contractual obligations and IP infringements by the MII during the period</p> <ul style="list-style-type: none"> ▪ Red – Any instances of material legal cases which result in contingent provision of > 5% of net worth (cumulative value of all instances). ▪ Amber – Any instances of material legal case which result in contingent provision of <5% of net worth (cumulative value of all instances). ▪ Green – No instance of material legal case. <p>Notes: Material legal case shall be cases where MII may need to create a contingent liability provision.</p>	
Overall Rating (for the current period): Red/Amber/Green	
Previous Rating: Red/Amber/Green	
Trend:	
Management Comments, Mitigation Measures, if any:	

9. <u>People and Culture Risk</u>: Risk to MII's on account of people behaviour, shortage of manpower to fulfil operations.	
Risk Parameters & Thresholds/Appetite	Actual Assessment
<p>(i) Employee complaints w.r.t. Prevention of Sexual Harassment (POSH)</p> <ul style="list-style-type: none"> ▪ Red: Complaint(s) pending for investigation for more than 6 months or any investigated complaint(s) waiting for initiation of action for more than 3 months. ▪ Amber: Complaint(s) received during the period, however not pending for investigation for more than 6 months and no investigated complaint(s) waiting for initiation of action for more than 3 months. ▪ Green: No complaint(s) during the period. <p><i>Note: Complaints concluded as false to be excluded</i></p>	

<p>(ii) Violations by Employees - Code of Conduct</p> <ul style="list-style-type: none"> ▪ Red: Any material violation to code of conduct, instance of fraud which have been established and not actioned beyond 6 months. ▪ Amber: Any material violation or repeated instances of non-material violation to code of conduct, instance of fraud which have been established, reported during the period (acted upon/pending < 6 months). ▪ Green: No material violation no repeat non-material violation to code of conduct instance of fraud which have been established reported during the period. 	
<p>(iii) Employee Attrition – KMPs</p> <ul style="list-style-type: none"> ▪ Red: Half-yearly attrition > 20% ▪ Amber: Half-yearly attrition between 10% to 20% ▪ Green: Half-yearly attrition < 10% 	
<p>(iv) Employee Attrition – Non-KMPs</p> <ul style="list-style-type: none"> ▪ Red: Half-yearly attrition > 20% ▪ Amber: Half-yearly attrition between 10% to 20% ▪ Green: Half-yearly attrition < 10% 	
<p>Overall Rating for the current period: Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p> <p>Management Comments, Mitigation Measures, if any:</p>	

<p>10. General Business/ Strategic Risk: Risk to MII's business growth, however if sustained for a longer time could have implications in its continuity.</p>	
<p>Risk Parameters & Thresholds/Appetite</p>	<p>Actual Assessment</p>
<p>(i) Growth in Market Share (<i>market segments to be defined by each MII's</i>)</p> <ul style="list-style-type: none"> ▪ Red – MII losing market share for more than two continuous quarters and decline is greater than 10% each quarter. ▪ Amber – MII losing market share but not for two continuous quarters or decline is less than 10% each quarter. ▪ Green – MII gaining / stable market share / decline not > 5% 	

<p>(ii) Increase/decrease in Net Profitability</p> <ul style="list-style-type: none"> ▪ Red – Profit decreased for two continuous quarters and decrease is greater than 10% or PAT is negative ▪ Amber – Profit decreased for two continuous quarters but the decrease is < 10% ▪ Green – Profit is increasing / profit decreased only for one quarter 	
<p>Overall Rating for the current period: Red/Amber/Green</p> <p>Previous Rating: Red/Amber/Green</p> <p>Trend:</p>	
<p>Management Comments, Mitigation Measures, if any:</p>	
<p>Other updates/ issues/ mitigation steps to highlight</p>	

This report is based on the findings of the Risk Management Framework of the Stock Exchange/ Clearing Corporation/ Depository for the Half-Year ended

Place

Date

Signature of Chief Risk Officer

Scoring methodology: Overall score in a risk area would be the score of the worst rated parameter within the particular risk area.

RISK RATING SUMMARY FOR THE PERIOD: A snapshot of various risks

No.	No.	No.
High risk	Medium risk	Low risk

HIGHLIGHTS FOR THE PERIOD:

TREND: A comparative dashboard of various risks with respect to the previous half year report to be provided

Skill evaluation metrics to assess the applications for appointment or reappointment of PIDs

Criterion	Weightage	Grouping	Indicative Parameters for Assessing the same
1. Value Assessment (Core personal attributes)	30%	(i) High Standards of Ethical Behaviour (30%)	<ul style="list-style-type: none"> • No instances of bribery, fraud, or malpractice. • No instances of misuse/ abuse of any position/ power. • Violation of any Acts, Rules, Regulations, Guidelines, Code, etc. • High degree of interpersonal skills and repute amongst peers and industry professionals. • Comments of MIIs in case of any adverse comments by an independent HR agency.
		(ii) Potential Conflict of Interest (30%)	<ul style="list-style-type: none"> • If there are any business interests / conflicts which were not disclosed. • If there are connections to competitors or other parties that may impede independence. • Whether such candidate has been a material supplier, service provider or customer (other than the user) of the MII or its subsidiary or has/had any other pecuniary relationship with MII or its subsidiary in the preceding three financial years. • Association of candidate / relative of candidate with the MII or its subsidiary or its associates in the capacity of director, advisor, KMP, etc. in any direct or indirect manner. • Association of candidate / relative of candidate with any major vendor of the MII or its subsidiary or its associates in the capacity of promoter, director, KMP, etc. • Association with any trading member or clearing member or their associates and agents of any MII

Criterion	Weightage	Grouping	Indicative Parameters for Assessing the same
		(iii) Integrity (30%)	<ul style="list-style-type: none"> • Civil Proceedings, if any, related to Financial and Ethical matters. • Criminal Proceedings, if any, related to Financial and Ethical matters. • If the individual has been involved in civil or criminal proceedings, frauds, offences involving moral turpitude, corruption charges, abuse of various positions held etc. and if yes, <ul style="list-style-type: none"> ○ Parties to the issue. ○ Status of such cases. • Credit and Reputation Risk database check. • Criminal Records Database Checks. • Civil Litigation Database Checks. • Compliance Authorities Database Checks. • Regulatory Authorities Database Checks. • Web and Media Searches. • Serious and Organized Crimes Database Checks. • Comments of MII
		(iv) Availability (5%)	<ul style="list-style-type: none"> • No. of other directorships currently held / Other services provided in personal capacity, and time allotted for the same. • Whether the individual has sufficient time based on current professional obligations, for informed and balanced decision making. • Attendance record (In case of reappointment of the director).
		(v) Political affiliations (5%)	<ul style="list-style-type: none"> • Whether the individual or his/her relative is a politically exposed person. (A politically exposed person (PEP) is an individual with a high-profile political role, or someone who has been entrusted with a prominent public function.)

Criterion	Weightage	Grouping	Indicative Parameters for Assessing the same
2. General Competencies (General skillsets for MII Board level appointment)	30%	(i) Qualification, experience, and knowledge in the relevant skill set. (50%)	<ul style="list-style-type: none"> • Educational Qualifications. • Professional experience and knowledge. • Key assignments handled in past; attributable to the relevant skillset required by the MII. • Major achievements/career milestones. • Relevant and important Seminars/ webinars/ symposium/ conferences etc. addressed. • Contribution to Industry associations, professional memberships & academia, etc. • Policy advocacy. • Part of relevant committees (like RBI/SEBI, etc.).
		(ii) Leadership responsibilities (Corporate Governance, Strategy, and planning, etc.) (50%)	<ul style="list-style-type: none"> • Directorships / Committee memberships held in other Companies. • Communication skills, People management skills, Accountability. • Extended leadership experience resulting in a practical understanding of organizations, processes, strategic planning, and risk management. • Demonstrated strengths in developing talent, planning succession, driving change and long-term growth.
3. Domain Expertise (Specialised competencies)	30%	(i) Technology (Fintech/ Block chain/Cyber Security/ Artificial Intelligence/ Machine Learning etc.) (25%)	<ul style="list-style-type: none"> • Significant background in the field of technology and digitisation, envisage new technological business trends, generate disruptive innovation and experience in creating new business models through technology. • Expertise or experience in information technology business, technology consulting and operations, emerging areas of technology such as digital, cloud and cyber security, intellectual property in information technology domain etc. relevant to MIIs

Criterion	Weightage	Grouping	Indicative Parameters for Assessing the same
		(ii) Legal and Regulatory practices(25%)	<ul style="list-style-type: none"> • Preferred experience in Securities Law. • Significant background in the field of law or having experience of working with a regulator with respect to framing, implementation or monitoring of the various applicable industry specific laws.
		(iii) Finance and accounting (25%)	<ul style="list-style-type: none"> • Leadership or relevant experience of working in a financial firm or management of the finance function of an enterprise, proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor, or person performing similar function.
		(iv) Capital Markets (25%)	<ul style="list-style-type: none"> • Significant background in the field of capital market. Understanding of the functioning/mechanism of capital markets, its products, and its participants. • Experience in identifying and evaluating the significant risk exposures to the business strategy of the Company and assess the Management’s actions to mitigate strategic, legal and compliance, and operational risk exposures. • Ability to identify and evaluate the significant risk affecting the business operations of the Company and to monitor the effectiveness of risk management framework and practices.
4. MII Board Composition (Reduce Skill gap in the MII Board)	10%	Qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice,	<ul style="list-style-type: none"> • Fulfilling the requirement as per regulatory norms and desired skillset matrix of Board of directors of MII. • Based on new skill requirement assessment vis-à-vis skills and experiences of existing Board of directors of an MII. • Possession of any additional/multiple skill sets, other than the desired skill set for which the person is being considered for the position of a PID. • A competency matrix detailing desired technical/functional (domain expertise) competencies vs competencies as captured from candidate profile.

Criterion	Weightage	Grouping	Indicative Parameters for Assessing the same
		technology, risk management and management or administration (100%)	