



CIRCULAR

IFSCA/CMD/DMIIT/MII/CG/2022-23/1

June 28, 2022

To,

All Market Infrastructure Institutions (MIIs) in IFSC

Dear Sir/Madam,

Subject: Committees at Market Infrastructure Institutions (MIIs) in IFSC

1. This has reference to the Chapter VI of IFSCA (Bullion Exchange) Regulations, 2020 [Bullion Exchange Regulations] and Chapter III of IFSCA (Market Infrastructure Institutions) Regulations, 2021 [MII Regulations] with respect to constitution of various statutory Committees in order to ensure effective oversight on the functioning of MIIs.
2. In terms of Regulation 26 of the MII Regulations and Regulation 23 of the Bullion Exchange Regulations, every MII in IFSC, shall constitute the Committees as under:
 - A. Functional Committees, comprising:
 - i. Member Selection Committee
 - ii. Investor Grievance Redressal Committee
 - iii. Nomination and Remuneration Committee
 - B. Oversight Committees, comprising:
 - i. Standing Committee on Technology
 - ii. Advisory Committee
 - iii. Audit Committee
 - iv. Regulatory Oversight Committee
 - v. Risk Management Committee
3. The functions and detailed composition of the above-mentioned Committees are provided at **Annexure-I**.
4. While the aforementioned annexure provides for the composition that is specific to each statutory Committee at the MII, the overarching principles for composition and



quorum of the statutory Committee at MIIs shall be as under, which shall be applicable to all Committees with the exception of Investor Grievance Redressal Committee (IGRC) and Advisory Committee:

- a. The MII shall ensure that on every Committee, except IGRC, the number of Public Interest Directors (PIDs) shall not be less than the total of number of Shareholder Directors, Key Management Personnel (KMPs), independent external persons, etc. put together, wherever Shareholder Directors, KMPs, independent external persons, etc. are part of the concerned Committee.
- b. The PID shall be the Chairperson of each Committee of the MII.
- c. To constitute the quorum for the meeting of the MII Committee, the number of PIDs on each of the Committees of the MIIs shall not be less than the total number of other members (Shareholder Directors, KMPs, independent external persons, etc. as applicable) put together.
- d. The voting on a resolution in the meeting of the Committees at MIIs shall be valid only when the number of PIDs that have cast their vote on such a resolution is equal to or more than the total number of other members (Shareholder Directors, KMPs, independent external persons, etc., as applicable) put together who have cast their vote on such a resolution.
- e. The casting vote in the meetings of the Committees shall be with the Chairperson of the Committee.
- f. Apart from that specifically provided in the Annexure, , a Committee may invite the Managing Director, other relevant KMPs and employees of the MII, as and when required. However, such invitees shall not have any voting rights.

As regards the composition and quorum of IGRC and Advisory Committee, the same shall be as prescribed in the enclosed **Annexure I**.

5. Further, the MIIs are directed to adhere to the following:

- a. The MIIs shall lay down the policy for the frequency of meetings, etc., for the statutory Committees.
- b. The PID on the Governing Board of an MII shall not act simultaneously as a member on more than five Committees of that MII.
- c. It is clarified that the above limitation on maximum number of Committees that a PID can be a member of, shall be applicable only to statutory Committees prescribed under this circular.



- d. In the case of non-availability of adequate number of PIDs in a MII, the relevant MII shall take steps to induct more PIDs in order to fulfil the requirement of composition of Committees within an MII.
 - e. Meeting of PIDs:
 - i. As per the code of conduct for PIDs provided by IFSCA vide circular 286/IFSCA/ CMD-DMIIT/PM/2021 dated September 13, 2021, the PIDs shall be required to meet separately every six months. All the PIDs shall necessarily attend all such meetings of PIDs.
 - ii. The objective of such meetings, shall include *inter alia* reviewing the status of compliance with IFSCA letters/ circulars, reviewing the functioning of regulatory departments including the adequacy of resources dedicated to regulatory functions, etc. PIDs shall also prepare a report on the working of the Committees of which they are a member and circulate the same to the other PIDs. The consolidated report in this regard shall be submitted to the Governing Board of the MIIs. Further, PIDs shall identify the important issues which may involve conflict of interest for the MII or may have significant impact on the market and report the same to IFSCA, from time to time.
 - f. Independent external persons in Committees at MIIs:
 - i. The independent external persons forming a part of Committees shall be from amongst the persons of integrity, having a sound reputation and not having any conflict of interest. They shall be specialists in the field of work assigned to the Committee; however, they shall not be associated in any manner with the relevant MII and its members.
 - ii. The MIIs shall frame the guidelines for appointment, tenure, code of conduct, etc., of independent external persons. An extension of the tenure may be granted to independent external persons at the expiry of the tenure, subject to performance review. Further, the maximum tenure limit of independent external persons in a Committee of MII shall be at par with that of the PIDs, as prescribed under Regulation 24(2)(h) of the MII Regulations.
6. The MIIs shall submit a confirmation report to IFSCA with regard to the formation and composition of the Committees listed out in **Annexure I** and compliance with other norms prescribed in the Circular, at the earliest but not later than 30 days from the date of this Circular.



7. The MIIs are directed to:

- a. take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations;
- b. bring the provisions of this circular to the notice of their Board members and also disseminate the same on their websites; and
- c. communicate to IFSCA, the status of implementation of the provisions of this circular in the Monthly Development Report (MDR).

This circular is being issued in exercise of powers conferred by Section 12 of the International Financial Services Centres Authority Act, 2019 to develop and regulate the financial products, financial services and financial institutions in the International Financial Services Centres.

A copy of this circular is available on the website of the International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully,

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Annexure-I

A. Mandatory Committees for Stock Exchanges in IFSC (including Bullion Exchange)

S. No.	Name of Committee	Brief Terms of Reference	Composition
FUNCTIONAL COMMITTEES			
1.	Member Selection Committee	<ul style="list-style-type: none"> • To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership. • Formulate the policy for regulatory actions including warning, monetary fine, suspension, withdrawal of trading, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the Stock Exchange. • Based on the laid down policy, consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measures on the members of the Stock Exchange. • While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'. • Realize all the assets/deposits of the defaulter/ 	<ul style="list-style-type: none"> • A maximum of two KMPs of the Stock Exchange can be on the Committee one of which shall necessarily be the Managing Director of the Stock Exchange. • The Committee may also include independent external persons. • IFSCA may nominate members in the Committee, if felt necessary in the interest of the securities and bullion market. • The number of PIDs shall not be less than the total of number of Shareholder Directors, KMPs and independent external persons put together.



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<p>expelled member and appropriate the same amongst various dues and claims against the defaulter/ expelled member in accordance with the Rules, Byelaws and Regulations of the Stock Exchange.</p> <ul style="list-style-type: none"> • In the event both the clearing member and the constituent broker dealer are declared defaulter, then the Membership Selection Committee of the Stock Exchange and that of the Clearing Corporation shall work together to realize the assets of both the clearing member and the broker dealer. • Admission or rejection of claims of client/broker dealers/clearing members over the assets of the defaulter/expelled member. • Recommendation in respect of the claims to the Trustees of the Investor Protection Fund (IPF) on whether the claim is to be paid out of IPF or otherwise. • To oversee contribution towards Core Settlement Guarantee Fund (SGF) of the Clearing Corporation. 	
2.	Investor Grievance Redressal Committee (IGRC)	Dealing with the complaints referred to it by the Stock Exchange, hear the parties and resolve their complaints/disputes.	<ul style="list-style-type: none"> • The IGRC shall comprise a single person for claims upto USD 35,000, whereas, for claims above USD 35,000, the IGRC shall comprise three persons. • The IGRC shall comprise independent



S. No.	Name of Committee	Brief Terms of Reference	Composition
			<p>external persons with qualifications in the area of law, finance, accounts, economics, management or administration and experience in financial services, including securities market.</p> <ul style="list-style-type: none"> • Further, the three member Committee shall comprise at least one technical expert for handling complaints related to technology issues (such as internet based trading, algorithmic trading, etc.). • The members of IGRC shall not be associated with a broker dealer in any manner. • The disclosures and code of conduct, as prescribed by IFSCA from time to time, shall be applicable, to members of IGRC also.
3.	Nomination & Remuneration Committee	<ul style="list-style-type: none"> • Identifying a KMP, other than personnel as specifically provided in its definition under MII Regulations. • Laying down the policy for compensation of KMP in terms of the compensation norms prescribed by IFSCA from time to time. • Determining the compensation of KMPs in terms of the compensation policy. 	<ul style="list-style-type: none"> • The Committee shall include only PIDs. • However, independent external persons may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the independent external persons.



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<ul style="list-style-type: none"> • Determining the tenure of a KMP, other than a director, to be posted in a regulatory department. • Selecting the Managing Director. • Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of PID. • Recommending whether to extend the term of appointment of the PID. • Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 as amended from time to time. 	
OVERSIGHT COMMITTEES			
4.	Standing Committee on Technology	<ul style="list-style-type: none"> • Monitor whether the technology used remains upto date and meets the growing demands of the markets. • Monitor the adequacy of systems capacity and efficiency. • Examine the changes being suggested by the exchange to the existing software/ hardware. • Investigate into problems of computerized trading system, such as hanging/ slowdown/ breakdown. • Ensure that transparency is maintained in disseminating information regarding slowdown/ breakdown in Online Trading System. • Submit a report to the Governing Board, who shall 	<ul style="list-style-type: none"> • The Committee shall include at least two independent external persons proficient in technology. • The number of PIDs shall not be less than the total of number of Shareholder Directors and independent external persons put together.



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<p>deliberate on the report and take suitable action/ remedial measure.</p> <ul style="list-style-type: none"> • Provide an explanation for all technical glitches wherein trading is halted beyond five minutes and report the same to IFSCA immediately. The Stock Exchange shall also issue a press release specifying the reasons for such a technical glitch. • Review the implementation of Board approved cyber security and resilience policy and its framework. • Such other matters as may be referred by the Governing Board of the Stock Exchange and/or IFSCA. 	
5	Advisory Committee	<ul style="list-style-type: none"> • Advise the Governing Board of the Stock Exchange on non-regulatory and operational matters including product design, technology, charges, and levies. 	<ul style="list-style-type: none"> • The Committee shall include broker dealers of the Stock Exchange. • The Chairperson of the Governing Board of the Stock Exchange shall be the head of the Advisory Committee. • The Managing Director of the Stock Exchange shall be a permanent invitee to every meeting of the advisory Committee.
6.	Regulatory Oversight Committee	<ul style="list-style-type: none"> • Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc. • Oversee IFSCA inspection observations on membership related issues. 	<ul style="list-style-type: none"> • The Committee shall comprise PIDs and independent external persons. • The number of PIDs shall not be less than the total of number of independent external persons put together.



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<ul style="list-style-type: none"> • Estimate the adequacy of resources dedicated to member regulation. • Oversee matters related to listing of securities such as admission of securities for trading, suspension/revocation, etc. • Oversee IFSCA inspection observations on listing related issues. • Estimate the adequacy of resources dedicated to listing related function. • Oversee trading and surveillance related functions such as monitoring of market through order and trade level alerts, security level alerts, processing of alerts, price band changes, rumor verifications, shifting of securities to trade for trade segment, action against listed companies as a part of Surveillance Action, detailed investigations undertaken, disciplinary actions, etc., as may be applicable. • Oversee IFSCA inspection observations on surveillance related issues and also decisions taken in the periodic surveillance meetings at IFSCA. • Estimate the adequacy of resources dedicated to trading and surveillance functions. • Oversee matters related to product design and 	<ul style="list-style-type: none"> • The Shareholder Director and KMP may be invited to the Committee.



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<p>review the design of the already approved and running contracts.</p> <ul style="list-style-type: none"> • Oversee IFSCA inspection observation on product design related issues. • Estimate the adequacy of resources dedicated to product design related function. • Review the actions taken to implement the suggestions of IFSCA's Inspection Reports and place the same before the Governing Board of the Stock Exchange. • To follow up, ensure compliance/implementation of the inspection observations. • Supervising the functioning of Investors Services Cell, if any, of the Stock Exchange, which includes review of complaint resolution process, review of complaints remaining unresolved over a long period of time, estimate the adequacy of resources dedicated to investor services, etc. • Supervise Investor Protection Fund (IPF), including its utilization. • Annual review of arbitrators and arbitration awards (both quantum and quality of the awards). • Lay down procedures for the implementation of the Code of Ethics. 	



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<ul style="list-style-type: none"> • Prescribe reporting formats for the disclosures required under the Code of Ethics. • Oversee the implementation of the Code of Ethics. • Periodically monitor the dealings in securities of the KMP. • Periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest. • Monitor implementation of MII Regulations and other applicable rules and regulations along-with IFSCA Circulars and other directions issued thereunder. • Review the fees and charges levied by the Stock Exchange. • The Head(s) of Department(s) handling the above matters shall report directly to the Committee and also to the Managing Director. Any action against the Head(s) of Department(s) shall be subject to an appeal to the Committee, within such period as may be determined by the Governing Board 	
7.	Risk Management Committee	<ul style="list-style-type: none"> • To formulate a detailed risk management policy which shall be approved by the Governing Board. • To review the Risk Management Framework and risk 	<ul style="list-style-type: none"> • The Risk Management Committee shall comprise only the PIDs and independent external persons and shall report to the



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<p>mitigation measures from time to time.</p> <ul style="list-style-type: none"> • To monitor and review enterprise-wide risk management plan and lay down procedures to inform Board Members about the risk assessment and minimization procedures. • The head of the risk management department shall report to the Risk management Committee and to the Managing Director of the exchange. • The Risk Management Committee shall monitor implementation of the risk management policy and keep the IFSCA and the Governing Board informed about its implementation and deviation, if any. 	<p>Governing Board.</p> <ul style="list-style-type: none"> • The number of PIDs shall not be less than the number of independent external persons.
8.	Audit Committee	<ul style="list-style-type: none"> • To recommend appointment, remuneration and terms of appointment of the auditors of the Stock Exchange • To review and monitor the auditor's independence and performance, and the effectiveness of the audit process • To examine the financial statement and the auditor's report thereon • Approval or any subsequent modification of transactions of the Stock Exchange with related parties 	<ul style="list-style-type: none"> • The Audit Committee shall comprise a minimum of three directors with PIDs forming a majority • Chairperson shall be a person with an ability to read and understand the financial statements



S. No.	Name of Committee	Brief Terms of Reference	Composition
		<ul style="list-style-type: none">• To scrutinize the inter-corporate loans and investments• Valuation of undertakings or assets of the Stock Exchange, wherever it is necessary• To evaluate internal financial controls and risk management systems• To monitor the end use of funds raised through public offers and related matters• Besides the above, it will also discharge the functions as Audit Committee under The Companies Act, 2013	



B. Mandatory Committees for Clearing Corporations in IFSC (including Bullion Clearing Corporation)

S No.	Name of Committee	Brief terms of reference	Composition
FUNCTIONAL COMMITTEES			
1.	Membership Selection Committee	<ul style="list-style-type: none"> To scrutinize, evaluate, accept or reject applications for admission of members and transfer of membership and approve voluntary withdrawal of membership Formulate policy for regulatory actions, including warning, monetary fine, suspension, deactivation of terminal, declaring a member as defaulter, expulsion, to be taken for various violations by the members of the Clearing Corporation Based on the laid down policy, the Committee shall consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Clearing Corporation While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice' Realize the assets / deposits of defaulter/expelled member and appropriate amongst various dues and claims against the defaulter/ expelled member in 	<ul style="list-style-type: none"> A maximum of two KMPs of the Clearing Corporation shall be on the Committee, one of which shall necessarily be the Managing Director of the Clearing Corporation The Committee may also include independent external persons IFSCA may nominate members in the Committee, if felt necessary in the interest of securities or bullion market The number of PIDs shall not be less than the total of number of Shareholder Directors, KMPs and independent external persons put together



S No.	Name of Committee	Brief terms of reference	Composition
		<p>accordance with the Rules, Byelaws and Regulations of the Clearing Corporation</p> <ul style="list-style-type: none"> • Admission /rejection of claims against such members over the assets of the defaulter/expelled member • To manage the Core Settlement Guarantee Fund (Core SGF) of the Clearing Corporation, including its investment as per the laid down norms and ensure proper utilization of Core SGF 	
2	Investor Grievance Redressal Committee (IGRC)	<ul style="list-style-type: none"> • To deal with the complaints referred to it by the Clearing Corporation, hear the parties and resolve their complaints / disputes 	<ul style="list-style-type: none"> • The IGRC shall comprise a single person for claims up to USD 35,000, whereas, for claims above USD 35,000, the IGRC shall comprise three persons • The IGRC shall comprise independent external persons with qualifications in the areas of law, finance, accounts, economics, management or administration and experience in financial services, including securities market • The members of IGRC shall not be associated with a clearing member in any manner • The disclosures and code of conduct, as prescribed by IFSCA from time to



S No.	Name of Committee	Brief terms of reference	Composition
			time, shall be applicable to members of IGRC as well
3	Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Identifying a KMP, other than personnel as specifically provided in its definition under MII Regulations • Lay down the policy for compensation of KMP in terms of the compensation norms prescribed by IFSCA from time to time • Determining the compensation of KMPs in terms of the compensation policy • Determining the tenure of a KMP, other than a director, to be posted in a regulatory department • Selecting the Managing Director • Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of PID • Recommending whether to extend the term of appointment of the PID • Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 as amended from time to time 	<ul style="list-style-type: none"> • The Committee shall include only PIDs • However, the independent external persons may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the independent external persons
OVERSIGHT COMMITTEES			
4	Standing Committee on Technology	<ul style="list-style-type: none"> • Monitor whether the technology used by the Clearing Corporation remains up to date and meets the growing demands • Monitor the adequacy of system capacity and 	<ul style="list-style-type: none"> • The Committee shall include at least two independent external persons proficient in technology • The number of PIDs shall not be less



S No.	Name of Committee	Brief terms of reference	Composition
		<p>efficiency</p> <ul style="list-style-type: none"> • Examine the changes being suggested to the existing software/hardware • Investigate into the problems relating to computerized risk management / clearing & settlement system, such as hanging/ slowdown/ breakdown • Ensure that transparency is maintained in disseminating information regarding slowdown/break down in risk management / clearing & settlement system • The Committee shall submit a report to the Governing Board of the Clearing Corporation and the Governing Board will deliberate on the report and suitable action/ remedial measure will be taken • Any delay in clearing and settlement operations will be explained and reported to the Authority • Review the implementation of the Governing Board approved cyber security and resilience policy and its implementation • Such other matters in the scope as may be referred by the Governing Board of the Clearing Corporations and/or IFSCA 	<p>than the total of number of Shareholder Directors and independent external persons put together</p>
5	Advisory Committee	<ul style="list-style-type: none"> • Advise the Governing Board of the Clearing Corporation on non-regulatory and operational 	<ul style="list-style-type: none"> • The Committee shall comprise Clearing Members of the Clearing Corporation



S No.	Name of Committee	Brief terms of reference	Composition
		<p>matters including product design, technology, charges and levies</p>	<ul style="list-style-type: none"> • The Chairperson of the Governing Board shall be the head of the Advisory Committee • The Managing Director shall be a permanent invitee to every meeting of the Advisory Committee
6	<p>Regulatory Oversight Committee</p>	<ul style="list-style-type: none"> • Oversee matters related to member regulation such as admission of members, inspection, disciplinary action, etc. • Oversee IFSCA inspection observations on membership related issues • Estimate adequacy of resources dedicated to member regulation • Monitor the disclosures made under the MII Regulations and the circulars issued thereunder • Review the actions taken to implement the suggestions of IFSCA's Inspection Reports and place it before the Governing Board of Clearing Corporation • To follow up and ensure compliance/ implementation of the inspection observations • Supervising the functioning of Investors' Services Cell of the Clearing Corporation which includes review of complaint resolution process, review of complaints unresolved over long period of time, estimate the adequacy of resources dedicated to investor services, 	<ul style="list-style-type: none"> • The Committee shall comprise PID and independent external persons • The number of PIDs shall not be less than the number of independent external persons • Also, Shareholder Director and KMP may be invitees to the Committee



S No.	Name of Committee	Brief terms of reference	Composition
		<p>etc.</p> <ul style="list-style-type: none"> • Lay down procedures for the implementation of the Code of Ethics • Prescribe reporting formats for the disclosures required under the Code of Ethics • Oversee the implementation of the Code of Ethics • Periodically monitor the dealings in securities of the KMP • Periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest • Reviewing the fees and charges levied by a Clearing Corporation • Monitoring the implementation of MII Regulations and other applicable rules and regulations along with IFSCA Circulars and other directions issued thereunder • The head(s) of department(s) handling the above matters shall report directly to the Committee and also to the Managing Director • Any action of a recognized Clearing Corporation against the aforesaid head(s) shall be subject to an appeal to the Committee, within such period as may be determined by the Governing Board 	



S No.	Name of Committee	Brief terms of reference	Composition
7	Risk Management Committee	<ul style="list-style-type: none"> • To formulate a detailed risk management policy which shall be approved by the Governing Board • To review the Risk Management Framework & risk mitigation measures from time to time • To monitor and review enterprise-wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimization procedures • The Head of the Risk Management Department shall report to the Risk Management Committee and to the Managing Director of the Clearing Corporation • The Risk Management Committee shall monitor implementation of the risk management policy and keep the IFSCA and the Governing Board informed about its implementation and deviation, if any 	<ul style="list-style-type: none"> • The Risk Management Committee shall comprise the PIDs and independent external persons and shall report to the Governing Board • The number of PIDs shall not be less than the number of independent external persons
8	Audit Committee	<ul style="list-style-type: none"> • To recommend appointment, remuneration and terms of appointment of auditors of the Clearing Corporation • To review and monitor the auditor's independence and performance, and the effectiveness of the audit process • To examine the financial statement and the auditor's report thereon • Approval or any subsequent modification of 	<ul style="list-style-type: none"> • The Audit Committee shall comprise a minimum of three directors with PIDs forming a majority • Chairperson shall be a person with an ability to read and understand the financial statement



S No.	Name of Committee	Brief terms of reference	Composition
		<p>transactions of the Clearing Corporation with related parties</p> <ul style="list-style-type: none"> • To scrutinize the inter-corporate loans and investments • Valuation of undertakings or assets of the Clearing Corporation, wherever it is necessary • To evaluate internal financial controls and risk management systems • To monitor the end use of funds raised through public offers and related matters • In addition to the above, it will also discharge the function as Audit Committee under the Companies Act, 2013 	



C. Mandatory Committees for a Depository in IFSC (including Bullion Depository)

S No	Name of Committee	Brief terms of reference	Composition
FUNCTIONAL COMMITTEES			
1	Member Selection Committee	<ul style="list-style-type: none"> To scrutinize, evaluate, accept or reject applications for admission of members, transfer of membership as well as approve voluntary withdrawal of membership Formulate policy to deal with any disciplinary matters relating to the Participants, Clients, Issuer or its Registrar and Transfer Agent, Clearing Members, Clearing Corporations and other users. This shall include termination / disciplinary action against participants, suspending, expelling or imposing penalty on the participant, freezing the account of the participant, among others Based on the laid down policy, consider the cases of violations observed during inspection, etc. and impose appropriate regulatory measure on the members of the Depository While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice' 	<ul style="list-style-type: none"> A maximum of two KMPs of the Depository can be on the Committee, one of which shall necessarily be the Managing Director of the Depository The Committee may also include independent external persons IFSCA may nominate members in the Committee, if felt necessary in the interest of the securities and bullion market The number of PIDs shall not be less than the total of number of Shareholder Directors, KMPs and independent external persons put together



S No	Name of Committee	Brief terms of reference	Composition
2	Investor Grievance Redressal Committee	<ul style="list-style-type: none"> • Deal with the complaints referred to it by the Depository, hear the parties and resolve their complaints 	<ul style="list-style-type: none"> • The IGRC shall comprise a single person for claims up to USD 35,000, whereas, for claims above USD 35,000, the IGRC shall comprise three persons • The IGRC shall comprise independent external persons with qualifications in the areas of law, finance, accounts, economics, management or administration and experience in financial services, including securities and bullion market • The members of IGRC shall not be associated with a depository participant in any manner • The disclosures and code of conduct, as prescribed by IFSCA from time to time shall be applicable, to members of IGRC as well
3	Nomination and Remuneration Committee	<ul style="list-style-type: none"> • Identifying a KMP, other than personnel as specifically provided in its definition under MII Regulations • Lay down the policy for compensation of KMP in terms of the compensation norms prescribed by IFSCA from time to time • Determining the compensation of KMPs in terms of the compensation policy • Determining the tenure of a KMP, other than a director, to 	<ul style="list-style-type: none"> • The Committee shall include only PIDs • However, independent external persons may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the independent external persons



S No	Name of Committee	Brief terms of reference	Composition
		<p>be posted in a regulatory department</p> <ul style="list-style-type: none"> • Selecting the Managing Director • Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of PID • Recommending whether to extend the term of appointment of the PID • Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 as amended from time to time 	
OVERSIGHT COMMITTEES			
4	Standing Committee on Technology	<ul style="list-style-type: none"> • Monitor whether the technology used by the Depository remains up to date and meets the growing demands • Monitor the adequacy of system capacity and efficiency • Look into the changes being suggested to the existing software/hardware • Investigate into the problems computerized depository system, such as hanging/ slowdown/ breakdown • Ensure that transparency is maintained in disseminating information regarding slowdown/break down in the depository system • The Committee shall submit a report to the Governing Board of the depository and the Governing Board will deliberate on the report and suitable action/ remedial 	<ul style="list-style-type: none"> • The Committee shall include at least two independent external persons proficient in technology • The number of PIDs shall not be less than the total of number of Shareholder Directors and independent external persons put together



S No	Name of Committee	Brief terms of reference	Composition
		<p>measure will be taken.</p> <ul style="list-style-type: none"> • Explain any system outage related incidents to the Governing Board • Review the implementation of Governing Board approved cyber security and resilience policy and its framework • Such other matters in the scope as may be referred by the Governing Board of the depository and/or IFSCA 	
5	Advisory Committee	<ul style="list-style-type: none"> • To advise Governing Board of the Depository on non-regulatory and operational matters including <i>inter alia</i> technology, charges and levies 	<ul style="list-style-type: none"> • The Committee shall comprise Depository Participants of the Depository • The Chairperson of the Governing Board of the Depository shall be the Head of the Advisory Committee • The Managing Director shall be a permanent invitee to every meeting of the Advisory Committee
6	Regulatory Oversight Committee	<ul style="list-style-type: none"> • To lay down procedures for the implementation of the Code of Ethics and prescribe the reporting formats for the disclosure required under the Code of Ethics • To oversee the implementation of the Code of Ethics • To periodically monitor the dealings in securities of the KMP • To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a 	<ul style="list-style-type: none"> • The Committee shall comprise PIDs and independent external persons • The number of PIDs shall not be less than the total of number of independent external persons put together • Shareholder Directors and KMPs may be invited to the Committee



S No	Name of Committee	Brief terms of reference	Composition
		<p>controlling interest</p> <ul style="list-style-type: none"> • To consider and decide on the criteria for admission, withdrawal of securities and continuous compliance requirements • To declare any security admitted into Depository as ineligible • To review complaint resolution process and status of redressal of grievances of demat account holders, depository participants and Issuers with respect to depository operations (This shall <i>inter alia</i> include review of complaints remaining unresolved over long period of time, estimate the adequacy of resources) • Annual review of arbitrators and arbitration awards (both quantum and quality of the awards) • To monitor compliance with MII Regulations as amended from time to time and other applicable rules and regulations along-with IFSCA Circulars and other directions issued thereunder • To review the fees and charges levied by the Depository • Review the actions taken to implement the suggestions of IFSCA's Inspection Reports, place the same before the Governing Board of the depository • To follow up and ensure compliance/implementation of the inspection observations 	



S No	Name of Committee	Brief terms of reference	Composition
7	Risk Management Committee	<ul style="list-style-type: none"> • To formulate a detailed risk management policy which shall be approved by the Governing Board • To review the Risk Management Framework & risk mitigation measures from time to time • To monitor and review enterprise wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimization procedures • The head of the risk management department shall report to the Risk Management Committee and to the Managing Director of the depository • The Risk Management Committee shall monitor the implementation of the risk management policy and keep the Authority and the Governing Board informed about its implementation and deviation, if any • Responsibilities and other requirements as prescribed by IFSCA from time to time 	<ul style="list-style-type: none"> • The Risk Management Committee shall comprise the PIDs and independent external persons and shall report to the Governing Board • The number of PIDs shall not be less than the number of independent external persons
8.	Audit Committee	<ul style="list-style-type: none"> • To recommend for appointment, remuneration and terms of appointment of auditors of the Depository • To review and monitor the auditor's independence and performance, and the effectiveness of the audit process • To examine the financial statement and the auditor's report thereon • Approval or any subsequent modification of transactions of the Depository with related parties 	<ul style="list-style-type: none"> • The Audit Committee shall comprise a minimum of three directors with PIDs forming a majority • The Chairperson shall be a person with an ability to read and understand the financial statement



S No	Name of Committee	Brief terms of reference	Composition
		<ul style="list-style-type: none">• To scrutinize the inter-corporate loans and investments• Valuation of undertakings or assets of the Depository, wherever it is necessary• To evaluate the internal financial controls and risk management systems• To monitor the end use of funds raised through public offers and related matters• In addition to the above, it will also discharge the function as Audit Committee under the Companies Act, 2013	