

NSE CLEARING LIMITED
(Formerly known as National Securities Clearing Corporation Limited)

CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

I. Definitions

- a) “Director” means a director appointed to the Board of the Clearing Corporation;
- b) “Clearing Corporation” shall mean the NSE Clearing Limited (NCL);
- c) “Senior Management Personnel” shall mean personnel of the Clearing Corporation who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer and includes key management personnel identified under SCR(SECC) Regulations, 2018;
- d) “Public Interest Director” means an Independent Director, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the Securities and Exchange Board of India (“SEBI”), is in conflict with his role;
- e) “Independent Director” shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing regulations”) as amended from time to time.

II. Meetings and minutes

Every Director shall -

- a) not participate in the discussions on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting;
- b) not encourage the circulation of agenda papers during the meeting, unless circumstances so require;
- c) offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes;

- d) insist on the minutes of the previous meeting being placed for approval in subsequent meeting;
- e) endeavour to have the date of next meeting fixed at each board meeting in consultation with other members of the board;
- f) endeavour to ensure that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within fifteen days for considering the remaining items.
- g) Disclose his/her concern or interest in any Company or Companies or bodies corporate, firms or other association of individuals which shall include the shareholding at the first board meeting in every financial year or whenever there is a change in disclosure already made.

III. Code of Conduct for the Public Interest Directors

- a) In addition to the conditions stated in Para (II) above, public interest directors shall, endeavour to attend all the board meetings and they shall be liable to vacate office if they remain absent for three consecutive meetings of the board or do not attend seventy five percent of the total meetings of the board in a calendar year.
- b) Public interest directors shall meet separately, at least once in six months to exchange views on critical issues.
- c) The public interest directors shall identify important issues which may involve conflict of interest for the clearing corporation, or may have significant impact on the functioning of recognised Clearing Corporation, or may not be in the interest of securities market. The same shall be reported to the Board.

IV. Duties of Independent Directors

As per the requirements of the Listing, the duties of Independent Directors as laid down in the Companies Act, 2013 are required to be incorporated in the Code of conduct for Director which are reproduced herein below:-

The Independent Directors shall:

- a) undertake appropriate induction and regularly update and refresh their skills knowledge and familiarity with NCL;
- b) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of NCL;

- c) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- d) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- e) strive to attend the general meetings of NCL;
- f) where they have concerns about the running of NCL or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- g) keep themselves well informed about NCL and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- i) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of NCL;
- j) ascertain and ensure that NCL has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- k) report concerns about unethical behavior, actual or suspected fraud or violation of NCL's code of conduct or ethics policy;
- l) acting within his authority, assist in protecting the legitimate interests of NCL, shareholders and its employees;
- m) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law;
- n) not serve as an Independent director in more than such number of companies as may be permitted under SEBI ((Listing Obligations and Disclosure Requirements), 2015 , Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018. Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more such number of companies as may be permitted under SEBI ((Listing Obligations and Disclosure Requirements), 2015 , Companies Act, 2013 and Securities

Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.

- o) have such other duties as may be prescribed under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, as amended from time to time.

Honesty & Integrity

The Board Members and Senior Management shall observe the highest standards of ethical conduct and integrity and shall work to the best of their ability and judgment. They shall act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. They shall act in the best interest of the Company and fulfill their fiduciary obligation.

Conflict of Interest

The Director and Senior Management of the company should not enter into any transaction or engage in any practice, directly or indirectly, that would tend to influence him/ her to act in any manner other than in the best interest of the Company. Every director and Senior Management should make a full disclosure to the board of any transaction that they reasonably expect, could give a rise to an actual conflict of interest with the company and seek the board's authorisation to pursue such transactions.

Confidential Information

The Director and Senior Management should maintain confidentiality of information entrusted to them to carry out their duties and responsibilities. The matters discussed at the board / committee meetings must not be discussed outside appropriate and reasonable circles. The company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any director.

V. Duties of Directors

Director shall:

- (1) Subject to the provisions of Companies Act, 2013, act in accordance with the articles of the Company.
- (2) act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.

- (5) not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) not assign his office and any assignment so made shall be void.
- (7) disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting in following circumstances: who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or (b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be.
- (8) not be a member in more than such number of committees or act as chairperson of more than such number of committees across all listed entities in which he is a director as may be permitted under SEBI ((Listing Obligations and Disclosure Requirements), 2015 , Companies Act, 2013 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
- (9) inform the Company about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.
- (10) disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (11) have such other duties as may be prescribed under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements), 2015 and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018, amended from time to time.

VI. Strategic planning

Every Director and Senior Management Personnel shall-

- a) participate in the formulation and execution of strategies in the best interest of the Clearing Corporation and contribute towards pro-active decision making at the board level;
- b) give benefit of their experience and expertise to the Clearing Corporation and provide assistance in strategic planning and execution of decisions.

VII. Regulatory compliances

Every Director and Senior Management Personnel shall-

- a) endeavour to ensure that the Clearing Corporation abides by all the provisions of the Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act, 1956, rules and regulations framed thereunder and the circulars, directions issued by the SEBI from time to time;
- b) endeavour compliance at all levels so that the regulatory system does not suffer any breaches;
- c) endeavour to ensure that the Clearing Corporation takes steps commensurate to honour the time limit stipulated by SEBI for corrective action; and
- d) not support any decision in the meeting of the Board which may adversely affect the interest of investors and shall report forthwith any such decision to the SEBI.

VIII. General responsibility

Every Director and Senior Management Personnel shall-

- a) place priority for redressing investor grievances and encouraging fair trade practice so that the Clearing Corporation becomes an engine for the growth of the securities market;
- b) endeavour to analyze and administer the Clearing Corporation issues with professional competence, fairness, impartiality, efficiency and effectiveness;
- c) submit the necessary disclosures/statement of holdings/dealings in securities as required by the Clearing Corporation from time to time as per their Rules or Articles of Association;
- d) unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty and no such information shall be used for personal gains;
- e) maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities;

- f) perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties;
- g) perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion; and
- h) not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the Clearing Corporation.

The Directors and Senior Management shall also not accept gifts from persons or firms who deal with the Company where the gift is being made in order to influence the director's actions as a member of the Board, or where acceptance of the gift could create the appearance of a conflict of interest.

The Directors shall promptly disclose at the time of their appointment and subsequently whenever there is a change, their interest in other companies and body corporates in compliance with applicable laws.

The members of the Board and Senior Management shall affirm the compliance with the Code on an annual basis. The directors and senior management should act like trustee for the company's property/assets as well as the property/assets of the other organization that have been entrusted to the company. They are responsible for the safe custody and accountable for its use. The directors and senior management shall not use these assets/ property except as specifically authorised and that too only for the purpose of company business.

It shall be the responsibility of every executive director and member of senior management to help enforce this code. They shall bring to the notice of Managing Director of NCL, any observed material violation of this code or any other policies or laws as applicable or any probability of occurrence of such violations.

Corporate Business Opportunities

Corporate Business Opportunities here means those opportunities, which are made available to the Company and which are known to the Directors/ Senior Management due to the position held by them in the Company. The Directors/ Senior Management shall not utilize such opportunities for their personal benefit. However, once an opportunity is fully and properly disclosed to the Board and after consideration rejected by them then it ceases to be a Corporate Business Opportunity.

Health, Safety and Environment

The Company and the Senior Management shall strive to provide a safe and healthy working environment and comply, in the conduct of its business affairs, with all regulations regarding the preservation of the environment of the territory it operates in. The Senior Management shall be committed to prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products and services on the ecological environment.