



NSE CLEARING LIMITED

Policy on succession planning for the Board MD & CEO, Key Management Personnel and Critical roles.

The Securities and Exchange Board of India (SEBI) has mandated the need for a succession policy pursuant to Regulation 17(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"). This is one of the most significant attempts to ensure that investors do not suffer due to sudden or unplanned gaps in leadership. It is a mandate for boards of all listed companies to develop an action plan for successful transition of key executives. Pursuant to the Listing Regulations, NSE Clearing Limited ("**Company**") is required to put in place a plan for orderly succession for appointment to the Board of Directors MD & CEO, key management personnel and critical roles.

Accordingly, this succession plan ("**Succession Plan**") for the appointment of the Directors on the Board, MD & CEO, key management personnel and critical roles has been prepared to give effect to the provisions of the Listing Regulations.

The following are some important definitions as given under Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 for the aforesaid purposes:

1. "Company" means NSE Clearing Limited.
2. "Governing Board" means the board of directors of recognized stock exchange or a recognized clearing corporation.
3. "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 Board, is in conflict with his role.
4. "SECC Regulations" means Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018.
5. "Shareholder director" means a director who represents the interest of shareholders, and elected or nominated by such shareholders who are not trading members or clearing members, as the case may be, or their associates and agents.

The objectives of the succession planning programme shall, inter-alia, include the following:

- To identify and nominate suitable candidates for MD & CEO role. the Board's (including Nomination and Remuneration / Compensation Committee) approval to fill the vacancies which arises in the Board for Public Interest Directors or Shareholders Directors from time to time which will be subject to the approval / prior approval of SEBI respectively in terms of the Listing Regulations and SECC Regulations.
- To identify the Key Management Positions and critical roles of the business (as per Companies Act as well as SEBI SECC Regulations).
- Identify core competencies needed for the role and assess potential candidates by capturing information on the incumbent by administering tools and resources like Behavioral Assessment, 360 degree feedback, pen and portrait (case basis), key stakeholder (Supervisor, NRC) feedback / inputs, performance records, tenure, critical success factors and structured dialogue with employee linked to his/ her career aspirations.
- Drive development of potential resources to enhance capability & skills for required competencies by providing role enhancement, exposure to new roles based on job fit, assignments and projects, learning initiatives in a planned and structured manner.
- To identify the key job incumbents in the critical roles / positions and recommend on role fitment / gaps (if any) and whether the concerned individual (i) be granted an extension in term/service or (b) be replaced with an identified internal or external candidate or recruit other suitable candidate(s).

- To ensure the systematic and long-term development of individuals in the senior management level to replace when the need arises due to deaths, disabilities, retirements, and other unexpected occurrences.

Applicability:

The Policy shall be applicable for succession planning of the following personnel:

1. Board, MD & CEO, Key Management Personnel and Critical roles.
2. Any other positions within the Company at the discretion of the MD & CEO and Group Head.

Succession Plan:

The Nomination Committee of the Board shall review the leadership needs of the Company from time to time.

Succession Plan for the Board and the Critical Roles including Key Management Personnel roles:

There are three types of Directors being appointed on the Board of the Company.

In terms of Regulation 23 of SCR (SECC) Regulations, 2018, the governing body of the recognised clearing corporation shall include:

- i. Shareholder directors;
 - ii. Public interest directors; and,
 - iii. Managing director.
- All such roles defined as Key Managerial Personnel as per the provisions of Section 203 of the Companies Act.
 - All such roles defined as "Key management personnel" as per provisions of SEBI SECC Regulations

In the light of the above, the Nomination and Remuneration/Compensation Committee (NRC) of the Board considers the candidature of the Directors and then recommends to the Board for necessary approvals of the SEBI as per the requirements of company law and SEBI

The NRC upon the recommendations of the Human Resources Department shall periodically review and consider the list of Key Managerial Personnel, critical roles segmented under i) due for retirement (within 1 year) ii) organization readiness to mitigate risks on account of attrition, iii) capability gaps and performance of the role holder. The Committee shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s).

Considering the above, the Committee shall assess the availability of suitable candidates for the Company's future growth and development. Further, based on the recommendation of the Managing Director and Group Head - Human Resources, the NRC:

- (a) shall evaluate the incumbent after considering all relevant criteria like experience, age, skills, leadership quality, etc. and recommend to the Board, whether the concerned individual (i) be granted an extension in term/service or (ii) be replaced with an identified internal or external candidates;
- (b) shall identify the competency requirements of Board / key positions, assess potential candidates and develop required competency through planned development and learning initiatives. The Committee may utilize the services of professional search firms to assist in identifying and evaluating potential candidates;
- (c) may recommend to the Board, if necessary to appoint other suitable external candidate(s) as special recruitment for MD & CEO, key management personnel or critical role based on job roles and competency in order to provide a continuous flow of talented people to meet the

organizational needs.

Where it is decided to appoint an external candidate, timely and planned steps shall be taken for selection of a suitable candidate so that the appointment is made well before the retirement/relieving of the concerned officer to ensure the smooth transition.

The Managing Director of the Company and the Group Head - Human Resources Development of NSE Group shall, from time to time, identify high-potential employees for faster career progression to position of higher responsibility and formulate, administer, monitor and review the process of skill development and identify the training requirements.

Considering the employee strength of NSE Clearing Limited and leveraging of skills and capabilities of potential resources across NSEIL subsidiaries, the MD & CEO of NSE CL and Group Head HR will also review potential talent available in the Group for critical roles as a part of succession planning. NSEIL has formulated a Talent Council (consisting of the MD & CEO, Group President and Group Head HR) to evaluate such resources with potential. The Group Head HR and MD & CEO – NSE CL will propose/ recommend such internal candidates for any vacancy based on fitment of skills and competency, which will be further reviewed by the NRC of NSE Clearing Limited.

In the event of any unexpected occurrence in respect of any member in the core management team, the supervisor in charge shall take interim charge of the responsibilities, pending a regular appointment in terms of the Succession Plan.

Review of Policy:

This Policy shall be subject to review, if necessary at periodic intervals but not more than once in three years. Any change /amendments in Applicable Laws with regard to maintenance and preservation of documents and records shall be deemed to be covered in this Policy without any review. Any change /amendments to this Policy shall be recommended by the NRC and approved by the Board of Directors of the Company.
