

# **Manual on Conflict of Interest**

**National Securities Depository Limited**

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### Revision History

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1	4 <sup>th</sup> August 2023	1.0	Vice President, Head of Legal & Compliance Officer	This Policy is framed as per advisory issued by SEBI vide its letter dated 2 <sup>nd</sup> April 2023
2	13 <sup>th</sup> August 2024	2.0	Vice President, Head of Legal & Compliance Officer	No Changes

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## 1 Introduction

This Manual on Conflict of Interest (“**Manual**”) separates the Regulatory Department(s) of NSDL from Non-regulatory departments of NSDL and is being framed to address concerns over conflicts of interest that may arise due to communication of information concerning regulatory activity to any Non-regulatory departments. NSDL has framed this Manual to guide departments and their personnel. NSDL has put in place Chinese walls between its regulatory and Non-regulatory departments to prevent the unauthorized flow of information, except as required for performance of their activities and on a need-to know basis under intimation to the Compliance Officer.

This Manual shall apply to all the staff of NSDL.

## 2 Objectives

This Manual seeks to address the following matters:

- 2.1 Identify, consider, manage and determine conflicts;
- 2.2 Creating an “information barrier” between information gathered by NSDL in its regulatory capacity and business capacity;
- 2.3 Ensuring that the business functions shall not unduly influence the regulatory functions;
- 2.4 Streamline the sharing of information from Non-regulatory departments to the Regulatory departments and in the process increase efficiencies and processes of both departments; and
- 2.5 Increasing and positively enhancing NSDL’s role in capital markets in India.

## 3 Definition

- 3.1 “Company” or “NSDL” means National Securities Depository Limited.
- 3.2 “Governing Board” means the board of directors of the Company.
- 3.3 “Regulatory Department(s)” means those departments of NSDL which are mandated by law or those entrusted with regulatory powers and duties, and may include departments performing the following functions:
  - 3.3.1 risk management;
  - 3.3.2 surveillance;
  - 3.3.3 participant registration;
  - 3.3.4 issuer/ securities admission;
  - 3.3.5 compliance;
  - 3.3.6 inspection;
  - 3.3.7 enforcement;
  - 3.3.8 arbitration;
  - 3.3.9 investor protection;

3.3.10 investor services.

3.4 “Non-regulatory Departments” means departments, other than Regulatory Departments, of NSDL.

## **4 Indicative Conflict**

The following list is an indicative list of activities that amount to conflict:

- 4.1 Passing of information that is privy to the Regulatory Department(s) to the Non-regulatory Departments other than on a need to know basis;
- 4.2 Influencing or trying to influence the Regulatory Department(s) with a view to bring or generate commercial benefits for NSDL;
- 4.3 Acquiescing to depository participants, RTAs or listed companies requests for waivers/concessions in respect of regulatory or disciplinary action.;
- 4.4 Employees having a financial or other incentive to favour a depository participant, RTA or listed company over the interests of other depository participant, RTA or listed company.

## **5 Rules for Regulatory Departments and Employees**

- 5.1 Regulatory Departments shall function independently of the Non-regulatory Departments.
- 5.2 Employees of the Regulatory Departments should not subordinate their regulatory responsibilities to promote the for-profit motives of the other departments or group companies within NSDL. Regulatory Departments and their employees shall ensure that they do not dilute regulatory standards or safeguards, with an aim to increase the revenues of NSDL.
- 5.3 Employees of the Regulatory Departments should assume that the information in their possession is confidential, and it shall not be disclosed with Non-regulatory departments, except on need to know basis in accordance with the Chinese Wall Policy.
- 5.4 Employees in Non-regulatory Departments of NSDL must not seek to influence, coerce, gratify or prejudice in any manner or form, the Regulatory Departments functioning and decisions.
- 5.5 Employees and personnel of Regulatory Departments shall be continuously trained and sensitized regarding the critical and sensitive nature of their work, by their respective department heads. Further, they should monitor and isolate themselves against attempts to influence their decisions, functions and day-to-day responsibilities.

## **6 Resolution of conflict:**

In the event any conflict arises on any matter between regulatory department and non-

regulatory department, then such matter will be escalated to the Compliance Officer. In case the Compliance Officer is in conflict such matter shall be escalated to MD&CEO for its resolution. The Compliance Officer or MD&CEO, as the case may be, after examining the matter, may take appropriate decision.

**7 Training and Awareness**

The employees of Regulatory departments shall be trained regularly but not less than once in a year about this Manual to effectively manage the conflict in performing their role and duties.

**8 Review**

The Manual on Conflict of Interest shall be reviewed annually. The Company may review the policy earlier in case of any directions from Governing Board or SEBI.

**9 Conclusion**

This Policy shall be in addition to the provisions, if any, contained in respective regulations/ circulars issued by SEBI from time to time regarding dealing with conflict of interest. This policy is intended to provide a framework for identification, management, and resolution of conflicts of interest that may arise in the operations of depository. This Manual will help to maintain independence of Regulatory Department(s) and ensure fairness and transparency in the operations of NSDL.