

**TERMS AND CONDITIONS OF APPOINTMENT OF
PUBLIC INTEREST DIRECTORS/INDEPENDENT DIRECTORS**

1. Appointment

The Public Interest Directors/Independent Directors (PID) on the Governing Board of National Securities Depository Limited (NSDL) shall be appointed with the prior approval of SEBI for a term of three years, extendable by another term of three years, subject to performance review in the manner as may be specified by SEBI. PID shall not be liable to retire by rotation and their appointment shall be governed by the provisions of the Companies Act 2013 and rules made thereunder ("the Act"), SEBI (Depositories & Participants) Regulations, 2018 ("SEBI D&P Regulations"), SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 ("SEBI LODR Regulations") and Articles of Association of the Company and other applicable laws.

As per SEBI D&P Regulations, PID appointed on Governing Board of NSDL shall not act simultaneously as director on the board of its subsidiary or on the board of any other depository or recognized stock exchange or recognized clearing corporation or on the board of subsidiary of such other depository or recognized stock exchange or recognized clearing corporation.

As per SEBI LODR Regulations, PID shall not serve as an Independent Director in more than seven listed companies. Further, PID who is serving as a whole-time director in any listed company shall not serve as an Independent Director in more than three listed companies or such number of listed companies.

As per SEBI D&P Regulations, the Governing Board of NSDL 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 NSDL shall consist of at least one PID having the requisite qualification and experience in each of the areas of capital markets, finance and accountancy, legal and regulatory practice, and technology.

2. Committees

A PID may be appointed as a member/chairperson in any of the Committees constituted by NSDL as per the requirements of the Act, SEBI LODR Regulations, SEBI D&P Regulations and SEBI circulars thereunder, and other applicable laws.

A PID appointed on the Governing Board of NSDL shall not act simultaneously as a member on more than five committees of NSDL. The said limitation on maximum number of committees that a PID can be member of, shall be applicable only to statutory committees prescribed by SEBI D&P Regulations and circulars issued thereunder. The said requirement shall not be applicable to committees constituted under the Act or the SEBI LODR Regulations.

3. Code of Conduct

Every PID shall be required to comply with the Code of Conduct as enumerated under the SEBI D&P Regulations and the Act. PIDs are also required to comply with Company's Code of Conduct to regulate, monitor and report trading in securities of other listed entities by designated persons as an intermediary and Code of Conduct to regulate, monitor and report trading in securities of NSDL by designated persons as a listed entity.

4. Directors & Officers Insurance Policy

NSDL maintains a Directors and Officers' Insurance Policy that provides indemnity and insurance cover to the Directors while acting in their capacities as Directors.

5. Remuneration & Expenses

A PID shall be remunerated only by way of payment of sitting fees as approved by the Board of Directors from time to time. All the expenses incurred by them on their travel, transportation, accommodation, etc., if any, for attending the meetings will be borne by NSDL.

6. Professional Conduct

A PID shall:

- a) uphold ethical standards of integrity and probity;

- b) act objectively and constructively while exercising his duties;
- c) exercise his responsibilities in a bona fide manner in the interest of NSDL;
- d) devote sufficient time and attention to his professional obligations for informed and balanced decision-making;
- e) not allow any extraneous considerations that may vitiate his exercise of objective independent judgement in the paramount interest of NSDL as a whole, while concurring in or dissenting from the collective judgement of the Board in its decision-making;
- f) not abuse his position to the detriment of NSDL or its Shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- g) refrain from any action that could lead to a loss of his independence;
- h) ensure that if circumstances arise under which he may lose his independence, he will immediately inform the Governing Board of NSDL accordingly, and
- i) assist NSDL in implementing the best corporate governance practices.

7. Functions, Responsibilities and Duties of Directors

7.1. Functions

- a) To review the Company's strategy, the annual financial plan and monitor the Company's performance
- b) To review management performance and compensation
- c) To advice and counsel the Management
- d) To oversee and ensure the integrity of financial information and legal compliance

7.2. Responsibilities

A PID has the same general legal responsibilities to the Company as that of any other director. The Board, as a whole, is collectively responsible for managing the Company by directing and supervising the Company's affairs to:

- a) provide leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- b) set the Company's strategic aims, ensure that the necessary financial and human resource requirements are in place for the Company to meet its objectives, and reviews management performance; and

- c) set the Company's values and standards, ensure that its obligations to its shareholders and others are understood and met by the Company.

The role of PID also includes tracking, reviewing and providing feedback on:

- a) Strategy: To constructively contribute to the development of the Company strategy;
- b) Performance: To oversee the performance of the Management;
- c) Risk: To evaluate that financial information is accurate, and that financial controls and systems of risk management are robust and defensible;
- d) People: Responsible for determining the appropriate levels of remuneration of key management personnels and their succession planning.
- e) Stakeholders: To balance the conflicting interest of the stakeholders, including minority shareholders. In the event of any conflict, they shall moderate and arbitrate in the interest of the Company as a whole.

7.3 Duties

A PID shall:

- a) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
- b) seek appropriate clarification or information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
- c) strive to attend all meetings of the Governing Board and of the Board committees of which he is a member;
- d) participate constructively and actively in the committees of the Governing Board in which they are chairpersons or members;
- e) strive to attend the general meetings of the Company;
- f) where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Governing Board;
- g) keep themselves well informed about the Company and the external environment in which it operates;
- h) not to unfairly obstruct the functioning of the Governing Board or committee of the Governing Board;
- i) ascertain and ensure that the Company 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 behaviour, actual or suspected fraud or violation of the Company's code of conduct;
- l) acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees, and
- 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 Governing Board or required by law.

8. Evaluation:

The performance evaluation of the PID is subject to the provisions of the Act, SEBI LODR Regulations, SEBI D&P Regulations, applicable SEBI circular and Performance Evaluation Policy of NSDL. PID shall be subjected to internal evaluation as well as external evaluation, carrying equal weightage.

9. Separate meetings

As per the Code of Conduct for PIDs provided in SEBI D&P Regulations, the PIDs shall be required to meet separately every six months. All the PIDs shall necessarily attend all such meetings of PIDs.

The scope of such meetings shall be as prescribed in the Act, SEBI LODR Regulations, SEBI D&P Regulations read with applicable SEBI Circular.

10. Conflict of Interest:

The PID shall keep the Governing Board apprised of any conflict of interest which may arise.

PIDs shall identify important issues which may involve conflict of interest for the Company or may have a significant impact on the functioning of the Company or may not be in the interest of the securities market. The same shall be reported to the Governing Board.

11. Disclosures and declarations

The PID shall give an annual declaration as required under the provision of the Act. Further, all other relevant disclosures and declarations as required under SEBI D&P Regulations, SEBI LODR Regulations and other applicable laws shall be submitted to NSDL within the prescribed timelines.