

National Stock Exchange of India Limited

Policy for Nomination and Appointment of Directors, KMPs and Senior Management

1. Introduction

National Stock Exchange of India Limited (hereinafter referred to as "NSE" or "the company") is governed by the Companies Act, 2013 and Rules notified thereunder, the Securities Contracts (Regulation) Act, 1956 read with rules notified thereunder and the Securities Contract (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as "SCR (SECC) Regulations, 2018") including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to stock exchanges.

Pursuant to Section 178 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SCR (SECC) Regulations, 2018, the Board of Directors of NSE is mandated to constitute a Nomination and Remuneration Committee which shall, amongst other things, formulate the criteria for determining qualifications, positive attributes and independence of a Director and criteria for identifying persons who may be appointed in senior management and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees. Accordingly, NSE has constituted a Nomination and Remuneration Committee. This Policy lays down the broad guideline for nomination and appointment of Directors and Senior Management.

2. Objective

The objectives of this Policy are:

- a. The Company aims to achieve a balance of merit, experience and skills amongst its Directors and Senior Management.
- b. To institute processes that enables the identification of individuals who are qualified to become Directors and who may be appointed as Key Managerial Personnel / Key Management Personnel and/or in senior management. The NRC shall recommend to the Board of Directors the appointment of Directors, KMPs under the Companies Act and Senior Management Personnel and their removal. The appointment of KMPs under SECC Regulations shall be approved by the NRC.
- c. To formulate the criteria for identifying the persons who are qualified to become directors and such persons who may be appointed as the Senior Management Personnel of the Company.
- d. To determine the composition of the Board of Directors.

- e. To determine the qualifications, positive attributes and independence of a director and
- f. To ensure Board Diversity and implementation of succession planning in the Company.

3. Definitions

- i. "Policy" means this "Nomination Policy."
- ii. "Nomination and Remuneration Committee" or "the Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013, Listing Regulations and Regulation 27 of SCR (SECC) Regulations, 2018.
- iii. "Board of Directors" or "Board" shall mean the collective body of directors of NSE.
- iv. "Director" means a director appointed to the Board of NSE.
- v. "Independent Director" shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and listing Regulations.
- vi. "Public Interest Director" means an independent director as defined under SCR (SECC) Regulations, 2018.
- vii. "Shareholder Director" means a non-executive director as defined under SCR (SECC) Regulations, 2018.
- viii. "Managing Director" means a director who, by virtue of the articles of a company or an agreement with the company or a resolution passed in its general meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a director occupying the position of managing director, by whatever name called.

Explanation – For the purposes of this clause, the power to do administrative acts of a routine nature when so authorized by the Board such as the power to affix the common seal of the company to any document or to draw and endorse any cheque on the account of the company in any bank or to draw and endorse any negotiable instrument or to sign any certificate of share or to direct registration of transfer of any share, shall not be deemed to be included within the substantial powers of management;

- ix. "Key Managerial Personnel / Key Management Persons" means as defined under Section 2(51) of the Companies Act, 2013 and/or as per Regulation 2 of SCR (SECC), Regulation, 2018.
- x. The term "Senior Management" means officers / personnel of the company 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. This will include the KMP's under the Companies Act, 2013 and those identified by the NRC from time to time.

- i. "Whole-time director" includes a director in the whole-time employment of the company;

Words and definitions not defined herein, shall have the same meaning as provided in the Companies Act, 2013 read with relevant rules, Listing Regulations and SCR (SECC) Regulations 2018 or other relevant provisions as may be applicable.

4. Interpretation

In any circumstance where the terms of this Policy differ from any existing or enacted law, rule, regulation governing the Company, the law, rule or regulation will take precedence over the provision of this Policy.

5. Parameters for recommending a candidate for appointment as Director

When recommending a candidate for appointment as Director, the Committee will have regard to the following qualifications and positive attributes:

- i. the appointee should satisfy the 'fit & proper criteria' as stipulated under SCR (SECC) Regulations, 2018 (refer Annexure A) and other requirements as prescribed by SEBI from time to time.
- ii. assessing the appointee against a range of criteria which includes, but not be limited to, qualifications, skills, industry experience, background and other qualities required to operate successfully in the position;
- iii. the extent to which the appointee is likely to contribute to the overall effectiveness of the Board, work constructively with the existing directors and enhance the efficiencies of the Company; in case of Senior Management their contribution towards the effectiveness of the organization as a whole would be considered;
- iv. the nature of existing positions held by the appointee including directorships or other relationships and the impact they may have on the appointee's ability to exercise independent judgment;
- v. the ability of the appointee to represent the company;
- vi. ability to work individually as well as a member of the Board and with the senior management;
- vii. influential communicator with power to convince others in a positive way;
- viii. ability to participate actively in deliberation and group processes;

- ix. have strategic thinking and facilitation skills;
- x. act impartially keeping in mind the interest of the company on a priority basis;
- xi. Personal specifications:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace;
- xii. Enrollment of name in the Databank for the position of Independent Director / PID, being maintained by the Indian Institute of Corporate Affairs at Manesar to qualify as an Independent Director.
- xiii. While evaluating the candidature of an Independent Director, the Committee shall review the criteria for determining Independence as stipulated under the Companies Act 2013, Listing Regulations and other applicable regulations or guidelines.
- xiv. The Committee takes a broad perspective with respect to Independence and takes into consideration not only the dealings, transactions, relationships with the concerned Individual Director but also with relatives, entities and organizations affiliated with it.
- xv. The Committee, along with the Board, regularly reviews the skill, characteristics required from the Board & Individual Directors. One of the prime objectives of this exercise is to identify competency gaps in the Board and make suitable recommendations. The objective is to have a board of diverse background and experience in business, technology, governance and areas that are relevant for NSE.
- xvi. Besides considering all other qualifications with regards to talent, relevant professional experience, proven track record of performance and achievement, ethics and integrity, ability to bring in fresh and independent perspectives, sector specific experience and expertise, the Committee objectively evaluates whether an individual can dispassionately discharge the statutory functions of a Director as enshrined in the Companies Act 2013, SCR (SECC) Regulations, 2018 and Listing Regulations.

With respect to the selection of the Managing Director & CEO, the Management shall ensure that no applicant is invited for an interview for the post of Managing Director & CEO unless the applicant has obtained necessary clearance / No objection certificate from the requisite authorities, wherever required, in view of SEBI letter dated September 7, 2021 regarding the policy for the appointment of the Managing Director of MIIIs.

6. Guiding factors to be considered while appointing PIDs

- a. Qualification in the area of law, finance, accounting, economics, management, administration, or any other area relevant to the financial markets
- b. Atleast one person shall be inducted having experience and background in finance/ accounts who may preferably be inducted in the audit committee
- c. Persons currently holding positions of trust and responsibility in reputed organisations or person who have retired from such positions
- d. Persons who are likely to have interested positions in commercial contracts and affairs of stock exchanges, may preferably be excluded. Persons who are regular speculators in the market or are a director in the board of the Promoter entity of the Stock Exchange or Clearing Corporation, shall be excluded.

7. Composition of the Board

The Board of NSE shall include:

- a. Shareholders Directors
- b. Public interest Directors; and,
- c. Managing Director & CEO.

Besides taking into account provisions as specified in the Articles of Association, applicable provisions contained in the Companies Act and Rules made thereunder and Listing Regulations, the Committee shall also take into account the following while deciding the composition of the Board and its size: -

- The number of public interest directors shall not be lesser than the number of shareholder directors.
- The managing director shall be included in the category of shareholder directors.
- The Managing Director of the Company shall not
 - (a) be a shareholder or an associate of a shareholder of a recognised stock exchange or recognised clearing corporation or shareholder of an associate of a recognised stock exchange or recognised clearing corporation, as the case may be
 - (b) be a trading member or a clearing member, or his associate and agent, or shareholder of a trading member or clearing member or shareholder of an associate and agent of a trading member or a clearing member;
- Any employee of a recognized stock exchange or recognized clearing corporation may be appointed on the governing board in addition to the managing director and such director shall be deemed to be a shareholder director.
- Chairperson shall be elected by the Governing Board from amongst the Public interest Directors and shall be subject to the prior approval of SEBI.
- No trading member or clearing member, or their associates and agents, shall be on the Board. The exceptions / exemptions in this regard shall be as stipulated in the SCR SECC Regulations, 2018, from time to time.
- No foreign portfolio investor shall have any representation in the Board.
- The Public Interest Director shall be eligible to become a shareholder director only after a cooling-off period of 3 years after ceasing to be a Public Interest Director.

8. Term/Tenure

a. Managing Director/Whole-time Director

- i. The Company shall appoint or re-appoint any person as its Managing Director for a term not exceeding 5 (five) years at a time. The Managing Director may be appointed for a maximum of two terms not exceeding five years each, subject to an age limit of sixty-five years.
- ii. No re-appointment shall be made earlier than 1 (one) year before the expiry of the term.
- iii. The appointment and tenure of the Managing Director would be governed by the applicable provisions of the Companies Act, 2013 and SECC Regulations, as may be mandated by SEBI from time to time.

b. Public Interest Director

- i. A Public Interest Director shall be nominated for a fixed term of 3 (three) years on the Board and for such extended period as may be approved by SEBI, subject to performance evaluation as provided in the Board Evaluation Policy and subject to the maximum age limit of seventy-five years.
- ii. At the time of appointment of the Public Interest Director, it shall be ensured that number of boards on which such Public Interest Director shall serve is restricted to 7 (seven) listed companies as a Public Interest Director.
- iii. The appointment and tenure of the Public Interest Director would be governed by the applicable provisions of the Companies Act, 2013 and as may be mandated by SEBI from time to time.
- iv. Shareholders' approval shall not be necessary for the appointment of PID.

c. Shareholder Director

- i. The appointment and tenure of the Shareholder Director would be governed by the applicable provisions of the Companies Act and as may be mandated by SEBI from time to time. The tenure of Shareholder Director shall be liable to retire by rotation.
- ii. The appointment of a Shareholder Director who has attained the age of 75 years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person.

9. Evaluation

The NRC shall by itself or through the Board or an independent external agency as prescribed in the Board Evaluation Policy, evaluate the performance of the Board/Committee(s), Individual Directors and Chairman at a regular interval (yearly) and review implementation and compliance.

10. Board Diversity

The Board shall consist of such number of Directors, including at least one woman Independent Director, as is necessary to effectively manage the Company of its size. The Board shall have an appropriate combination of executive and Non- Executive Directors. The Committee will lead the process for Board appointments. All Board appointments will be based on meritocracy in the context of the skills, diverse experience, independence and knowledge which the Board as a whole requires to be effective. The candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board. NSE believes that increased diversity in the Board is associated with better financial performance, greater innovation and has a positive impact on the Company.

11. Familiarization Program for Directors

The Company shall provide an orientation to new Directors and continuing education/training to all its Directors and shall periodically provide materials or briefing sessions for all Directors on subjects that would assist them in discharging their duties. Each new Director shall spend reasonable time for briefings by senior management on the Company's operations, its material subsidiaries, strategic plans, its financial statements, its key policies and practices and other details as may be desired by the Director. The Company shall provide at least seven days of training to every public interest director each year.

12. Criteria for appointment of KMPs and Senior Management

The following attributes shall be taken into consideration for selecting suitable candidates for appointment as senior management:

- i. The KMPs and Senior Management should satisfy the “Fit and Proper Person” criteria as prescribed by SCR (SECC) Regulations, 2018 (Refer Annexure A);
- ii. Assessing the appointee against a range of criteria which includes but not be limited to qualifications, skills, industry experience, background and other qualities as may be required to operate successfully in the position;
- iii. Contribution towards the effectiveness of the organisation as a whole;
- iv. the ability of the appointee to represent the company;
- v. ability to work individually as well as part of the team of senior management;
- vi. influential communicator with power to convince other in a positive way;
- vii. ability to participate actively in deliberation and group processes;

- viii. have strategic thinking and facilitation skills;
- ix. act impartially keeping in mind the interest of the company on a priority basis;
- x. Profile shall include:
 - Educational qualification;
 - Experience of management in a diverse organization;
 - Interpersonal, communication and representational skills;
 - Demonstrable leadership skills;
 - Commitment to high standards of ethics, personal integrity and probity;
 - Commitment to the promotion of equal opportunities, community cohesion and health and safety in the workplace.

The Management from time to time shall identify the level, designation and names of Key Management/Managerial Persons under SCR (SECC) Regulations, 2018 & Companies Act and / or persons who forms part of Senior Management and recommend the same to Nomination & Remuneration Committee for its approval. The Managing Director is empowered to identify the candidates in the Senior Management in terms of the criteria prescribed herein and recommend their appointment to the Committee.

13. Guidelines for appointment of KMPs

- a) Appointment of MD & CEO does not fall under the scope of this process and will be governed by the SEBI defined process for the same.
- b) The NRC upon the recommendations of the MD & CEO and Group Head Human Resources shall periodically review and consider the list of Key Managerial Personnel segmented under
 - (i) due for retirement (within 1 year)
 - (ii) organization readiness to mitigate risks on account of attrition, capability gaps and performance of the role holder.
 - (iii) The NRC shall also consider the new vacancies that may arise because of business needs/up-gradation of Department(s)/Regional Office(s).
- c) The MD & CEO and Group Head HR would be responsible to identify roles, designations & levels to be considered as KMP and recommend to the NRC for review and approval.

14. Succession Planning

The Committee shall review, approve and aid the Board in succession and emergency preparedness plan for key executives as may be identified from time to time. The abovementioned criteria may be applied for such identification and evaluation.

15. Amendment

Any amendment or modification in the Companies Act, 2013, SCRA, 1956, SCR (SECC) Regulations, 2018, Rules, Regulations and directives issued under the respective statutes (which include Listing Regulations) and any other applicable

provision relating to Nomination and Remuneration Committee shall automatically be applicable to the Company.

17. Disclosure

This policy shall be placed on the Company's website in accordance with provisions of the Companies Act, 2013 and Listing Regulations and the salient features of the policy, if any, shall be disclosed in the Board's report.

18. Review of the policy

This Policy shall be reviewed once a year to ensure that it meets the regulatory requirements or latest industry practice or both and the changes shall be placed in the NRC and the Board.

ANNEXURE A

Fit and proper criteria under SECC Regulations

A person shall be deemed to be a fit and proper person if:

- A. such person has a general reputation and record of fairness and integrity, including but not limited to:
 - i. financial integrity;
 - ii. good reputation and character; and
 - iii. honesty;
- B. such person has not incurred any of the following disqualifications:
 - i. the person, or any of its whole-time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;
 - ii. an order for winding up has been passed against the person;
 - iii. the person, or any of its whole-time directors or managing partners, has been declared insolvent and has not been discharged;
 - iv. an order, restraining, prohibiting or debarring the person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;
 - v. any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the order has not elapsed;
 - vi. the Board has initiated recovery proceedings under the SEBI Act, 1992 and are pending;
 - vii. the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;
 - viii. the person is financially not sound or has been categorized as a wilful defaulter; and
 - ix. any other disqualification as specified by SEBI.

If any question arises as to whether a person is a fit and proper person, the Board's (i.e. SEBI's) decision on such question shall be final