NSE Clearing Limited

Board Evaluation Policy

1. Introduction

NSE Clearing Limited (hereinafter referred to as "NCL" or "the Company") is governed by the Companies Act, 2013 ("the Act") 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 ["SCR(SECC) Regulations, 2018"] including disclosure requirements and corporate governance norms as specified for listed companies to the extent applicable to clearing corporations.

This Policy has been framed with an objective to ensure individual directors of the Company and the Board as a whole and also its committees, work efficiently and effectively in achieving their functions for the benefit of the Company and its stakeholders. Accordingly, this Policy provides guidance on evaluation of the performance on an annual basis to be done either by the Board or by the Nomination and Remuneration Committee (NRC) or by an independent external agency of: (i) Individual Directors (including the Chairperson and Public Interest Directors of the Company); (ii) the Board as a whole; and (iii) various committees of the Board under the 'Act' ("Board Committees").

The Board shall also be guided by the Guidance Note on Board evaluation issued by SEBI on January 5, 2017 and SEBI circular dated February 5, 2019 and such other circulars / guidance as may be issued/applicable from time to time on performance review of the Directors, Board and the Board committees.

Accordingly, the NRC hereby formulates the criteria for evaluation of Chairman and every Director's performance individually, the Board as a whole and that of its Committees.

2. Definitions

(i) "**Board of Directors**" or "**Board**" shall mean the collective body of Directors of NCL;

(ii) "**Committees**" or "**Committees of the Board**" shall mean the following Committees of the Board of Directors of NCL, constituted under provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015:-
(a) Audit Committee;
(b) Stakeholders' Relationship Committee; and
(c) Nomination and Remuneration Committee
(d) Corporate Social Responsibility Committee
(e) Risk Management Committee

(iii) "**Director**" means a director appointed to the Board of NCL;

(iv) “**Independent Director**” shall have the meaning as defined under the Companies Act, 2013 read with relevant rules and SEBI (LODR) Regulations, 2015;

(v) “**Nomination and Remuneration Committee**” or “**NRC**” shall mean a Committee of Board of NSE, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 27 of SCR (SECC) Regulations, 2018.

(vi) “**Policy**” means this “**Board Evaluation Policy**.”

(vii) **‘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;

Words and expressions used but not defined herein, shall have the same meaning respectively assigned to them in the Companies Act, 2013 read with relevant rules, SEBI (LODR) Regulations, 2015 and SCR (SECC) Regulations 2018 or other relevant provisions, as may be applicable.

3. Interpretation

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

4. Frequency of performance evaluation

Performance shall be evaluated annually and while renewing the tenure of an existing PID. PIDs shall also be subject to external evaluation during the last year of their first term in the Clearing Corporation, by a management or a human resources consulting firm, if the PID is eligible for re-appointment and the renewal of term if proposed by the NRC.

5. Objective

NCL aims to achieve a balance of merit, experience and skills amongst its Directors. The objectives of this policy are-

(i) To define the criteria, principles and broad framework for performance evaluation of Directors, the Board and its Committees.

(ii) To evaluate performance of the Directors individually, the Board and its Committees in accordance with the criteria laid down and provide necessary report to the Board or NRC, as the case may be, for further evaluation.

6. Legal and Regulatory provisions for performance evaluation of Directors, the Board and its Committees

(a) Section 178 of the Companies Act 2013 states that the Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the NRC or by an independent external agency and NRC shall review its implementation and compliance.

(b) Regulation 19 of SEBI (LODR) Regulations, 2015 mandate the Nomination and Remuneration Committee of NCL to carry out evaluation of every director's performance and for the purpose, to lay down the criteria for such evaluation.

(c) Section 149 of the Act read with Schedule IV [Code for Independent Directors] appended to the Act and Regulation 17(10) and Regulation 25 of SEBI (LODR) Regulations, 2015 requires:

- (i) The Independent Directors of the Company to review the performance of non-independent directors, the Board as a whole and the Chairperson of the Company; and
- (ii) The Independent Directors meetings shall assess the quality, quantity and timelines of flow of information between the management of the Company and the Board that is necessary for the Board to effectively and reasonably perform its duties and
- (iii) The entire Board to evaluate the performance of Independent Directors , excluding the Director being evaluated.

(d) Section 134 of the Act requires the Board to disclose a statement in its report indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors.

Regulations 17 and 34 (3) of SEBI (LODR) Regulations, 2015 also require:

- (i) the Board to evaluate performance of Independent Directors; and
- (ii) the Company to disclose the evaluation criteria in its Annual Report.

(e) As per the SEBI (LODR) Regulations Part D of Schedule II, NRC shall formulate/ frame the criteria for evaluation of performance of Independent Directors/PID's and the NRC.

(f) As per the SEBI (LODR) Regulations, w.e.f April 1, 2019, the evaluation of independent directors/PID's shall be done by the entire board of directors which shall include –

- (i) performance of the directors; and

(ii) fulfillment of the independence criteria as specified in these regulations and their independence from the management:

Provided that in the above evaluation, the directors who are subject to evaluation shall not participate.”

(g) As per the SEBI (LODR) Regulations, NRC shall determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors and the NRC shall monitor and review board of director’s evaluation framework.

(h) SEBI circular dated February 5, 2019 to MIIs relating to the performance review of PIDs requires that the Public Interest Directors shall be subject to Internal evaluation every year and external evaluation during their last year of the term in MII, by a management or a human resource consulting firm.

(i) SEBI circular of February 5, 2019 relating to the performance review of PIDs inter-alia states that while developing a framework for performance review of PIDs, NCL needs to consider the Policy for Performance review of PIDs, Guiding criteria of Performance Review, Evaluation mechanism – Internal and External, etc. inter alia as under:

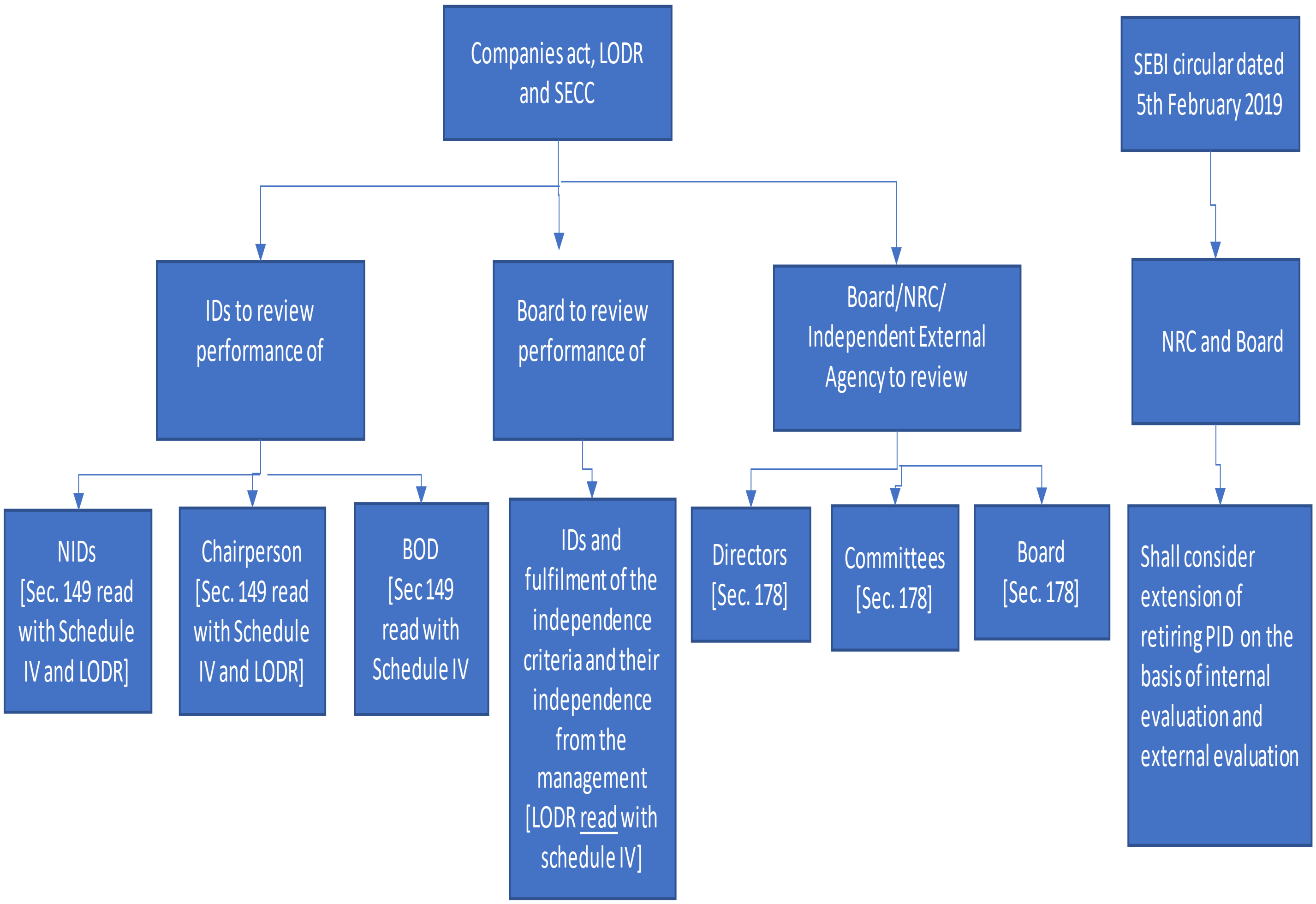
(i) NRC will be responsible for framing the performance review policy (Policy) for PIDs which shall include criteria for performance evaluation, methodology adopted for such evaluation and analyzing the results, amongst others and shall include scope for internal and external evaluation taking into consideration guiding principles provided in the circular.

(ii) External evaluation of PIDs shall be conducted during their last year of the term in a MII, by a management or a human resource consulting firm. The performance of the PID shall be considered for the entire tenure served in a given MII, at least up to 4 months before expiry of term.

(iii) After taking into account the performance of a PID, on the basis of internal evaluation and external evaluation both carrying equal weightage, NRC shall consider and recommend extension of his / her tenure to the Governing Board. The Governing Board shall in-turn consider and recommend to SEBI if the tenure of the PID is desired to be extended by another term of three years.

NCL may consider the following as a part of its disclosures on board evaluation:
(i) Observations of board evaluation carried out for the year.
(ii) Previous year’s observations and actions taken.
(iii) Proposed actions based on current year observations.

In a nutshell, a pictorial representation of the evaluation requirement as envisaged under various sections of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 is given below:



Note:-

ID- Independent Director
NID- Non-Executive Director
LODR- SEBI (LODR) Regulations 2015
NRC- Nomination and remuneration Committee
Boards- Board of Directors

In order to avoid possible overlapping, the following procedure is suggested:

(a) Independent Directors may, at their meeting, review the performance of the Chairperson, the Non-Independent Directors and the Board;

(b) NRC may, at its meeting, carry out the evaluation of every Director's performance. The NRC, while doing so, may also take into account the inputs received from the review by Independent Directors;
(c) The Board may evaluate the performance of the Board, the Committees as defined in this Policy and each Director and while doing so, may take into account the inputs received from the review by NRC and the review by Independent Directors.
(d) The performance of Public Interest Directors shall also be evaluated during the last year of their first term in MII by a management or a human resource consulting firm, if the PID is eligible for re-appointment and the renewal of term if proposed by the NRC.

The respective bodies may consider the following guiding principles while evaluating performance.

7. Criteria for performance evaluation of the Board, its Committees, Individual Directors and the Chairperson

I. Guiding principles for performance evaluation of the Board

A. Governance related

- Corporate Governance standards adopted by the Board and its implementation
- Understanding roles and responsibilities of Directors
- Code of conduct and Ethics and adherence thereto
- Independence of Board functioning
- Commitment to highest ethical standards of integrity and probity

B. Business related

- Understanding of the objectives, values, vision and business of the Company
- Provision of entrepreneurial leadership
- Setting up of Company's strategic aims and financial goals
- Guidance to drive financial and business performance of the Company and periodic review of the same
- Ensuring necessary financial and human resource support to achieve Company's objectives
- Strategic and business risk evaluation, assessment and timely action

C. Others

- Adequacy of number and length of meetings, commensurate with the size and nature of Company's business
- Robustness of financial controls and risk management systems
- Board processes for ensuring optimum size, composition, diversity and delegation of authority
- Accountability for decisions taken
- Adequate reporting mechanism to stakeholders and redressal of their grievances
- Engagement with the executive management (formal or informal) on issues/concerns having effect on the Company's functioning

II. Guiding principles for performance evaluation of Committees

In addition to the principles stated above for evaluation of Board to the extent applicable to the respective committee, constructive recommendations made by the Committee(s) to the Board may also be kept in mind.

III. Guiding principles for performance evaluation of individual Directors

The individual director's performance may be largely evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) in respect of the above areas. Besides the same, the skills, knowledge, experience, attendance record, devotion of sufficient time and efficient discharge of responsibilities towards the Company, Board and Committees of which he/she is a member and timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors, etc., may also be taken into account.

IV. Guiding principles for performance evaluation of Chairperson

In addition to the above, the following principles may be kept in mind while evaluating the performance of the Chairman:

- Efficient leadership qualities and determination of delivery of the Company's strategy
- Guidance to Board for formulation of annual work plan against agreed objectives and goals
- Ensuring adequate flow of information to all Directors on any issue where a decision is required
- Enhancing of Company's image in dealings with major stakeholders

A detailed criteria for performance review / evaluation of PIDs as laid down by the SEBI Circular of February 05, 2019 is attached as Annexure 1.

8. Methodology for Evaluation of PID whose term is due for extension / re-appointment:

The following method for evaluation of performance is to be adopted as per the guidelines specified by SEBI, vide its circular dated February 5, 2019:

Internal evaluation process shall cover the following: -

1. Conduct of a survey by circulation of the assessment questionnaires, for evaluation of the performance of PIDs (whose terms are about to expire-hereinafter referred as 'Retiring PIDs') by assigning appropriate scores, to the remaining Directors.

2. Clubbing of scores of respective evaluations of performance of Retiring PIDs, taking out an average and preparation of an analysis of the feedback received from the survey.
3. Placing of the analysis of the feedback received from the survey and the inputs received from the remaining Directors before NRC to obtain NRC's views on the performance of Retiring PIDs.
4. Placing the analysis of the feedback received from the survey, the inputs received from the remaining Directors and NRC before the Board to obtain Board's views on the performance of Retiring PIDs.
5. Obtaining the views of the Board on the performance of the Retiring Directors & Preparation of a report on the same for submission to SEBI

External Evaluation process shall cover the following: -

1. Study of the background of each Public Interest Director whose term is about to expire;
2. Analysis of any secondary information available with NCL regarding the performance of the said Directors over the last three years, on the basis of any external/internal assessment that may have been done by the Board;
3. Study of non-confidential Board minutes to assess quality of contribution of Board members;
4. Dialogue with Executive Director(s) and Non-Executive Director(s) of NCL to provide their assessment of each of such PIDs;
5. In-person evaluation of each of such PIDs by an Industry Veteran;
6. Assessment of each of such PIDs on various parameters such as independence, availability, commitment & contribution, qualifications, knowledge, competency, experience & integrity, ability to effectively discharge responsibilities with team spirit and initiative, independent as per norms and independence in thoughts, words and spirit, staying informed about the business and regulatory changes, etc.; and
7. Write up and presenting reports on each of such PIDs.

9. Evaluation of Managing Director /Executive Directors

While evaluating the performance of the Managing Director/Executive Director and the Whole time Director, the Nomination and Remuneration Committee shall always consider the appropriate benchmarks set as per industry standards, the rules, circulars, guidelines and procedures, if any, issued by SEBI in this regard and shall also keep in mind the policy, if any, framed for performance review of Managing Director/Executive Directors besides this policy.

10. Independent External Persons in Committees of MII:

The independent external persons forming a part of Committees/Board shall be from amongst the persons of integrity, having a sound reputation and not having any conflict of interest. They shall be specialists in the field of work assigned to the committee; however, they shall not be associated in any manner with the MII and its members.

11. Amendment

Any amendment or modification in the Companies Act, 2013, SCRA, 1956, SCR (SECC) Regulations, 2018, Rules, Regulations, Circulars and directives issued under the respective statutes (which include SEBI (LODR) Regulations) and any other applicable provision relating to Board evaluation shall automatically be applicable to NCL, to the extent applicable.

12. Review of the policy

This Policy shall be reviewed by NRC periodically, presently annually, unless an earlier review is required to ensure that it meets the regulatory requirements or latest industry practice or both and any changes made therein shall be approved by the Board.

13. Disclosure

In accordance with the requirements under the SEBI (LODR) Regulations and the Companies Act, disclosure regarding the manner in which the performance evaluation has been done by the Board of its own performance, performance of various Board Committees and individual Directors will be made by the Board in the Board's report. Performance evaluation criteria for PIDs shall be disclosed in the Annual Report as well as on the website of NCL.

Process for performance evaluation

The following process may be adopted for performance evaluation:

(a) Independent Directors may, at their meeting, review the performance of the Chairperson, the Non-Independent Directors and the Board;
(b) The Nomination and Remuneration Committee ("NRC") may, at its meeting, carry out the evaluation of every Director's performance. The NRC, while doing so, may also take into account the inputs of review by Independent Directors;
(c) The Board may evaluate the performance of the Board, the Committees as defined in this Policy and each Director and while doing so, may take into account the inputs received from the NRC and the review by Independent Directors.
(d) The performance of Public Interest Directors shall also be evaluated during the last year of their first term in MII by a management or a human resource consulting firm, if the PID is eligible for re-appointment and the renewal of term if proposed by the NRC.

A. Process of Evaluation by the Independent Directors

The Independent Directors may review the performance of the Chairperson, the Non-Independent Directors and the Board. In the meeting, the Independent Directors may like to consider the following while carrying out performance evaluation of:

i. Chairperson:

- In-depth knowledge of the industry and business
- Enjoys trust and confidence of Board members
- Ensuring that every Board member has an opportunity to be heard and to present his/her views without any constraint
- Encouragement to Independent Directors to bring diverse perspectives on the table
- Ensuring that Directors are fully informed as possible on any issue where decision is required
- Efficient leadership qualities and determination of delivery of the Company's strategy
- Guidance to Board for formulation of annual work plan against agreed objectives and goals
- Ensuring adequate flow of information to all Directors on any issue where a decision is required
- Enhancing of Company's image in dealings with major stakeholders

ii. Non-independent Directors:

a. Managing Director and Chief Executive Officer:
   - Long-term vision for the Company and business acumen
   - Entrepreneurial leadership to the Company and its business segments and setting up of strategic vision
   - Clear understanding of Company's business, industry dynamics, competitive trends including global trends and inherent business and operational risks
   - Willingness to experiment and adopt innovative strategies for changing the Company's business landscape
   - Execution of policies and procedures put in place by the Board

b. Shareholder Directors
   - Places company's interest ahead of personal interest
   - Protection of stakeholders' interest
   - Protection and enhancement of Company's brand value and goodwill
   - Delegation of authority and responsibility
   - Alignment of day-to-day functioning with the strategic aims and financial goals of the Company
   - Exercise of duties with due and reasonable care, skill, diligence and independent judgment

iii. Board of Directors:

- Corporate Governance standards adopted by the Board such as board composition, board diversity, etc.
- Independence in functioning and decision making
- Commitment to highest ethical standards of integrity and probity
- Provision for entrepreneurial leadership
- Effective guidance for setting up and achieving the strategic aims and financial goals of the Company
- Implementation and periodic review of policies and procedures for risk management, financial controls and statutory compliance
- Number and adequacy of meetings, discussion on strategic matters having substantial effect on the functioning of the Company
- Accountability for decisions taken
- Stakeholder relationship management
- Engagement with executive management (formal or informal) on issues/concerns having effect on the Company's functioning and adequacy on flow of information to the Board
- Ensuring necessary financial and human resource support to achieve Company's objectives

B. Process of Evaluation by Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") may, at its meeting, carry out the evaluation of every Director's performance. While evaluating the performance of every Director, the Committee may consider the following:

- Understanding of roles, responsibility, regulatory systems, laws and regulations applicable to the Company and performance of duties in independent and objective manner
- Understanding of objectives, values, vision and business of the Company
- Level of participation and devotion of time to Board meetings and Committee meetings, if any.
- Skills, knowledge, experience, application of subject matter expertise
- Adherence to Code of Conduct and Code of Ethics of the Company
- Disclosure of conflict of interest or material pecuniary relationships with the Company, its subsidiaries and associates or any proposed contract or arrangement
- Engagement with executive management for efficient discharge of responsibilities

The NRC while evaluating the performance of Public Interest Director shall also keep in mind the policy, if any, framed for performance review of PIDs besides this policy, guiding criteria of performance review, evaluation mechanism, recommendation to SEBI for extension of PID, etc. as laid down by SEBI in its circular No. SEBI/HO/MRD/DOP2DSA2/CIR/P/2019/26 dated February 5, 2019.

The NRC, while doing so, may keep in mind the outcome of review by Independent Directors.

C. Process of Evaluation by Board of Directors

The Board may evaluate the performance of the Board as a whole, the Committees as defined in the Board Evaluation Policy ("the Policy") and each Director considering the following:

i. Board of Directors:

  - Corporate Governance standards adopted by the Board such as board composition, board diversity, etc.
  - Independence in functioning and decision making
  - Commitment to highest ethical standards of integrity and probity
  - Provision for entrepreneurial leadership
  - Effective guidance for setting up and achieving the strategic aims and financial goals of the Company
  - Implementation and periodic review of policies and procedures for risk management, financial controls and statutory compliance

- Number and adequacy of meetings discussion on strategic matters having substantial effect on the functioning of the Company
- Accountability for decisions taken
- Stakeholder relationship management
- Engagement with executive management (formal or informal) on issues/concerns having effect on the Company's functioning and adequacy on flow of information to the Board
- Ensuring necessary financial and human resource support to achieve Company's objectives

ii. Board Committees:

- Constructive recommendations made to the Board from time to time
- Engagement with executive management (formal or informal) on information required by the Committee to effectively discharge its statutory responsibilities

iii. Individual Directors:

- Understanding of roles, responsibility, regulatory systems, laws and regulations applicable to the Company and performance of duties in independent and objective manner
- Understanding of objectives, values, vision and business of the Company
- Level of participation and devotion of time to Board meetings and Committee meetings, if any
- Skills, knowledge, experience, application of subject matter expertise
- Adherence to Code of Conduct and Code of Ethics of the Company
- Disclosure of conflict of interest or material pecuniary relationships with the Company, its subsidiaries and associates or any proposed contract or arrangement
- Engagement with executive management for efficient discharge of responsibilities

While carrying out performance evaluation as above, the Board may take into account the inputs received from the review by NRC and the review by Independent Directors.

D. Process of Evaluation of Public Interest Directors (PID's)

- Board shall evaluate the performance of each PID, on an annual basis at the end of every financial year.
- PID's shall also be subject to external evaluation during their last year of the term in a company, by a management or a human resources consulting firm. The consultant shall take into consideration the performance of the PID for the entire tenure served in a given company, at least up to 4 months before expiry of his/her term. In order to avoid any bias or conflict of interest, external consultant should not be a related party

or associated with the company, the concerned PID or any other governing board members.

- The performance review of PID's should be carried out in fair and objective manner and the review should be recorded with clarity and verifiable facts in a standardized format covering all the relevant criteria/aspects.

While evaluating conflict of interest of a PID, the governing board of MII shall also take into consideration provisions of Clause 2(d) of Schedule II Part H of SECC Regulations, 2018 under the head 'Public Interest Director'; and conflict of interest, if any, of any PIDs should be disclosed to SEBI by the governing board with their comments/ views.

Annexure 1

Criteria for performance evaluation of the Board, its Committees, Individual Directors, the Chairperson and PID's

I. Guiding principles for performance evaluation of the Board

A. Governance related
- Corporate Governance standards adopted by the Board and its implementation
- Understanding roles and responsibilities of Directors
- Code of conduct and Ethics and adherence thereto
- Independence of Board functioning
- Commitment to highest ethical standards of integrity and probity.

B. Business related
- Understanding of the objectives, values, vision and business of the Company
- Provision of entrepreneurial leadership
- Setting up of Company's strategic aims and financial goals
- Guidance to drive financial and business performance of the Company and periodic review of the same
- Ensuring necessary financial and human resource support to achieve Company's objectives
- Strategic and business risk evaluation, assessment and timely action.

C. Others
- Adequacy of number and length of meetings, commensurate with the size and nature of Company's business.
- Robustness of financial controls and risk management systems.
- Board processes for ensuring optimum size, composition, diversity and delegation of authority
- Accountability for decisions taken.
- Adequate reporting mechanism to stakeholders and redressal of their grievances.
- Engagement with the executive management (formal or informal) on issues/concerns having effect on the Company's functioning.

II. Guiding principles for performance evaluation of Committees

In addition to the principles stated above for evaluation of Board to the extent applicable to the respective committee, constructive recommendations made by the Committee(s) to the Board may also be kept in mind.

III. **Guiding principles for performance evaluation of individual Directors**

The individual director‘s performance may be largely evaluated based on his/her level of participation and contribution to the performance of Board/Committee(s) in respect of the above areas. Besides the same, the skills, knowledge, experience, attendance record, devotion of sufficient time and efficient discharge of responsibilities towards the Company, Board and Committees of which he/she is a member and timely disclosure of personal interest, compliance of Code of Conduct and Ethics, Code for Independent Directors etc., may also be taken into account.

IV. **Guiding principles for performance evaluation of Chairperson**

In addition to the above, the following principles may be kept in mind while evaluating the performance of the Chairman:

- Efficient leadership qualities and determination of delivery of the Company‘s strategy.
- Guidance to Board for formulation of annual work plan against agreed objectives and goals.
- Ensuring adequate flow of information to all Directors on any issue where a decision is required.
- Enhancing of Company‘s image in dealings with major stakeholders.

V. **Guiding principles for performance evaluation of the PID’s**

a. ***Qualifications***: The PID’s qualification in area of law, finance, accounting, economics, management, administration or an other area relevant to the financial markets, including any recent updates in this regard.

b. ***Experience***: The PID’s prior experience in area of law, finance, accounting, economics, management, administration or any other area relevant to the financial markets, including any recent updates in this regard.

c. ***Knowledge and Competency***:

- Whether the PID has sufficient understanding and knowledge of the entity in which it operates and the applicable regulatory norms.
- Whether the PID has sufficient understanding of the role, responsibilities and obligations of PID under the relevant regulatory norms.
- How the PID fares across different competencies as identified for effective functioning of Board of the concerned MII.
- Whether the PID has sufficient understanding of the risk attached with the business structure.

d. ***Fulfilment of functions:***

- Whether the PID understands and fulfils the functions as assigned to him/her by the Board and the regulatory norms.
- Whether the PID gives views and opinion on various regulatory matters when comments are invited by SEBI through various means.

e. ***Ability to function as a team***:

- Whether the PID is able to function as an effective team- member.
- Whether the PID listens attentively to the contributions of others and gives adequate weightage to the views and perception of other Board members.
- Whether the PID shares good interpersonal relationship with other directors.

f. ***Initiative***:

- Whether the PID actively takes initiative with respect to various areas.
- Whether the PID insists on receiving information necessary for decision making.
- Whether the concerned PID keeps himself well informed about the functioning of MII and the external environment in which it operates.
- Whether the PID remains updated in terms of developments taking place in regulatory areas.
- Whether the PID has identified any important issues concerning any matter which may involve conflict of interest for the concerned MII, or may have significant impact on their functioning, or may not be in the interest of securities market, and whether the PID reported same to SEBI.
- Whether the PID appropriately deals with critical matters.

g. ***Availability and attendance:***

Whether the PID is available for meetings of the Board and attends the meeting of Governing board and Committees regularly and timely, without delay. It must be ensured that the concerned PID hasn't remained absent for three consecutive meetings of the governing board and has attended seventy-five per cent of the total meetings of the governing board in each calendar year; failing which the PID shall be liable to vacate office.

h. ***Commitment:*** Whether the PID is adequately committed to the Board and the MII.

i. ***Contribution:***

- Whether the PID has contributed effectively to the entity and in the Board meetings.
- Whether the PID participates in the proceedings of Board meetings keeping in mind the interests of various stakeholders.

- Whether the PID actively deliberates and contributes on proposed business propositions and strategic decisions taking into consideration pros and cons of such propositions, long term outlook, business goals, cost-benefit analysis, etc.

j. ***Integrity:***

- Whether the PID demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).
- Whether the PID strictly adhere to the provisions of the SEBI SECC Regulations, 2018 and any other regulatory provision, as applicable, along-with the code of conduct and code of ethics prescribed under other applicable regulatory norms.
- Whether disclosures such as dealing in securities and other regulatory disclosures are provided by the PID on timely basis.
- Confirmation on the PID being a Fit & Proper person.
- Confirmation that the PID doesn't disclose confidential information, including technologies, unpublished price sensitive information, unless such disclosure is expressly approved by the Board of directors or required under the applicable laws.

k. ***Independence:***

- Whether the PID is independent from the entity and the other directors and there is no conflict of interest.
- Confirmation as to non-association of the PID with relevant MII and its member.
- Whether the PID keeps regulators informed of material developments in the concerned MIIs functioning, from time to time.

l. ***Independent views and judgment***:

- Whether the PID exercises his/ her own judgment and voices opinion freely.
- Whether the PID's participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms.
- Whether the PID raises his/her concern if anything is observed contrary to regulatory norms and the expected norms of ethical conduct.
- Whether the PID is committed to ensure that there is fairness and integrity in MIIs system, in letter as well as spirit.