Annexure-2

Proposed indicative amendments in both SECC Regulations, 2018 and D&P Regulations, 2018

Under SECC Regulations, 2018

1. **Regulation 23(1)** - The governing board of every recognised stock exchange and recognised clearing corporation shall include:

   (a) non-independent directors;
   (b) public interest directors; and,
   (c) managing director and other executive directors.

2. **Regulation 23(4)** – The managing director *and executive directors* shall be included in the category of non-independent directors.

   Provided that in case of a limited purpose clearing corporation, the managing director *and the executive directors* shall not be included in the category of non-independent directors.

3. **Second proviso to Regulation 25(4)(c)**

   "Provided further that the managing director, with the prior approval of the Board, may be appointed as a non-executive director on the board of:

   a) a company registered under section 8 of the Companies Act, 2013; or

   b) an unlisted State or Central Govt. company which is not in the business of any commercial activity."

4. **Regulation 25A – New Regulation**

   *"**Roles and responsibilities of managing director***

   The roles and responsibilities of the managing director shall include the following:

a) The managing director shall be entrusted with the management of the whole of the affairs of the recognised stock exchange or the recognised clearing corporation;

b) The managing director shall ensure that the recognised stock exchange or the recognised clearing corporation complies with all the provisions of these regulations, guidelines and circulars issued thereunder from time to time;

c) The managing director shall ensure that the functions under verticals 1 and 2 of the recognised stock exchange or the recognised clearing corporation are operating in the interest of the securities market and are also responsible for the overall risk management of the recognised stock exchange or the recognised clearing corporation; and

d) The managing director shall at all points of time ensure that the recognised stock exchange or the recognised clearing corporation has adequate infrastructure and systems in place for its efficient functioning."

5. <u>Regulation 25B – New Regulation</u>

*"**Appointment of executive director***

a) In addition to the managing director, a recognised stock exchange or a recognised clearing corporation shall have two key management personnel in the rank of executive directors (or whatever designation called) as head of vertical 1 and vertical 2 respectively and shall be part of the governing board of the recognised stock exchange or the recognised clearing corporation;

b) The executive directors should be of comparable stature and importance to the managing director in all aspects, including compensation;

c) The appointment and re-appointment of the executive directors of a recognised stock exchange or a recognised clearing corporation shall be subject to the prior approval of the Board.

d) The executive directors of the recognised stock exchange or recognised clearing corporation shall not be on the board of any other company other than the subsidiary of the recognised stock exchange or recognised clearing corporation.”

6. <u>Regulation 25C – New Regulation</u>

*“**Roles and responsibilities of executive directors***

The executive directors shall:

(1) be responsible for the overall affairs of their respective vertical;

(2) ensure that the functions under their respective vertical of the recognised stock exchange or the recognised clearing corporation are operating in the interest of the securities market and are guided by public interest without having any revenue oriented objectives;

Provided that the executive director of vertical 2 shall also be responsible for the overall risk management of the recognised stock exchange or the recognised clearing corporation.”

7. <u>Regulation 30(B)</u>

*“**Appointment of chief technology officer***

Every recognised stock exchange or recognised clearing corporation shall appoint a chief technology officer whose roles and responsibilities shall include but not limited to oversee and manage the overall technology related system design, infrastructure and operations; be accountable for managing risks in all functions related to information technology; and be responsible for information technology policy and its risk management framework.”

8. <u>Regulation 30(C)</u>

“Appointment of chief information security officer

Every recognised stock exchange or recognised clearing corporation shall appoint a chief information security officer whose roles and responsibilities shall include but not limited to assess, identify, and reduce cybersecurity risks; respond to incidents; establish appropriate standards and controls; and direct the establishment and implementation of processes and procedures as per the cybersecurity and cyber resilience policy approved by the governing board of the MII."

Under D&P Regulations, 2018

Similar to the amendments proposed above under the SECC Regulations, 2018 may be carried out under the D&P Regulations, 2018