

<Date>

<Ref. No.>

<Name: >

<Address: >

Dear Mr. [•] / Ms. [•]

**Sub: Appointment as an Independent Director of “Clearcorp Dealing Systems (India) Limited”**

We are pleased to inform you that the Shareholders of “Clearcorp Dealing Systems (India) Limited” (hereinafter referred to as Clearcorp or the Company) at its I•I Meeting held on I•I, have approved your appointment as an Independent Director of the Company.

This letter of appointment sets out the terms and conditions covering your appointment which are as follows:

**1. Appointment**

1.1 Your appointment as a Non-Executive Independent Director on the Board of Directors of Clearcorp shall be for a term of I•I years with effect from I•I to I•I. As an Independent Director you shall not be liable to retire by rotation.

1.2 Your appointment is also subject to the maximum permissible Directorships that one can hold as a Director in terms of Section 165 of the Companies Act, 2013.

**2. Board Expectations**

2.1 The Board of Directors may, if it deems fit, invite you for being appointed on one or more existing Board Committees or any such Committee(s) that would be set up in future subject to your consent at the time of appointment.

2.2 As an Independent Director, you are expected to bring objectivity and independence of view in the deliberations of the Board or its committees in which you are appointed as a

member especially in the matter pertaining to the Company's strategy, business/ financial performance, risk management and corporate governance. You are expected to attend the Board, Committees and General Meetings and to devote appropriate time for the discharge of your duties effectively. Ordinarily, all meetings are held at the Company's Registered Office at Mumbai.

### **3. Role, Duties and Responsibilities**

3.1 Your role, duties and responsibilities will be those normally required of a Non-Executive Independent Director under the provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time. The Code for Independent Directors as provided in Schedule IV of the Companies Act, 2013 defining the guidelines for professional conduct, role & duties of Independent Directors, etc. and other duties as mentioned under Section 166 of the Act along with accompanying liabilities are enclosed herewith for your ready reference as Annexure A.

3.2 In terms of the provisions of the Companies Act, 2013, the Independent Directors of any Company are subject to various criteria pertaining to their independence. We have received your confirmation that you meet the criteria of independence as envisaged under the provisions of the Companies Act, 2013 and rules made thereunder. In terms of Section 149(7) of the Companies Act 2013, you have to provide a declaration of independence at the first meeting of the Board in every financial year and upon any change in the circumstances which may affect your status as an Independent Director. In the aforesaid declaration, you also have to declare compliance with sub-rule (1) and sub-rule (2) of Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as amended / substituted by the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 which may later be amended from time to time with respect to registration/renewal of registration (if renewal is applicable) in Independent Directors' Databank within the timelines specified thereunder.

3.3 In compliance with the provisions of section 164 of the Companies Act, 2013, you shall inform the Company about any disqualifications incurred under sub-section (1) or sub-section (2) of section 164 of the Companies Act, 2013 in the form prescribed under the said Act to be placed before the first meeting of the Board in every financial year or prior to your re-appointment if the same is under consideration.

3.4 The provisions of section 167 of the Companies Act 2013 pertaining to the vacation of office of Director shall be applicable to you.

#### **4. Sitting Fees/ Other arrangements**

4.1 You are not an employee of the Company and this letter shall not constitute a contract of employment. You will be paid sitting fees for meetings of the Board and its Committees attended by you, as may be decided by the Board in accordance with the provisions of the Companies Act, 2013 and rules made thereunder as amended from time to time.

4.2 The Company will, during the period of your appointment, make necessary arrangements for your travel, hotel and other incidental requirements for the performance of your role and duties.

#### **5. Insurance**

The Clearing Corporation of India Limited (CCIL), the Holding Company has taken Directors' and Officers' Liability Insurance Policy for providing insurance coverage for Directors and Officers of CCIL and its subsidiaries (including Clearcorp), which has standard cover for loss in respect of any claim for a wrongful act by the Directors and Officers as defined in the Policy and additional cover like public relations cover, retirement cover etc.

#### **6. Code of Conduct**

During the tenure of your appointment, you are required to comply with the Code of Conduct for Directors of the Company and such other requirements as the Board of Directors may from time to time specify in this regard.

#### **7. Conflict of Interest**

7.1 It is accepted and acknowledged that you may have business interests other than those of the Company. As a condition to your appointment commencing, you are required to declare any such directorships, appointments and interests to the Board in writing in the prescribed form at the time of your appointment and also when there are any changes in the interest already disclosed and provide such other disclosures and information in terms of the provisions of the Companies Act, 2013 and rules made thereunder as may be required from time to time.

7.2 In the event of any change in circumstances which seem likely to give/might give rise to a conflict of interest or, when applicable, circumstances that might lead the Board to revise its judgment that you are independent, this should be disclosed to both the Chairperson and the Company Secretary.

7.3 In compliance with the requirements of section 188 of the Companies Act, 2013 and applicable Accounting Standards, the Company is required to disclose in such documents as may be prescribed, the interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed not later than when the transaction or arrangement comes up at a Board Meeting so that the minutes may record your interest appropriately, our records are updated and other incidental compliances under Companies Act, 2013 are adhered to. In case you become interested in any transaction, contract or arrangement post the same is entered into by the Company, you shall intimate the Company of such concern or interest forthwith or at the first meeting of the Board after you become so concerned or interested. Further, you shall disclose your concern or interest in the form prescribed under the said Act at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change or within a period of thirty days of such change whichever is earlier.

## **8. Confidentiality**

8.1 You must apply the highest standards of confidentiality and not disclose to any person or Company (whether during the course of the appointment or at any time after its termination) any confidential information concerning the Company with which you come into contact by virtue of your position as an Independent Director of the Company.

8.2 If any confidential information is required to be disclosed by you in response to any summons or in connection with any litigation, or in order to comply with any applicable law, order, regulation or ruling, then any such disclosure should be made, to the extent possible, with the prior consent of the Board.

## **9. Termination**

You may resign from your position at any time by giving a notice in writing to the Company. In terms of the provisions of the Companies Act, 2013, you may file a copy of your resignation letter with the Registrar of Companies, Mumbai in the form prescribed under the said Act. The

resignation shall take effect from the date on which the notice is received by the Company or the date, if any, specified by you in the notice, whichever is later.

**10. Acceptance of Appointment**

If you are willing to accept these terms of appointment as an Independent Director of Clearcorp, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Yours sincerely,

I•I

**Managing Director**

I hereby acknowledge receipt of and accept the terms set out in this letter.

Signed .....

Dated .....

## SCHEDULE IV

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;

- (2) bring an objective view in the evaluation of the performance of the board and the management;
- (3) scrutinise the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

### **III. Duties:**

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;

- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) 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;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) act within their authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) 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 Board or required by law.

#### **IV. Manner of appointment:**

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out:
  - (a) the term of appointment;
  - (b) the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - (c) the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - (d) provision for Directors and Officers (D and O) insurance, if any;



- (e) the Code of Business Ethics that the company expects its directors and employees to follow;
  - (f) the list of actions that a director should not do while functioning as such in the company; and;
  - (g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board's and other meetings and profit related commission, if any.
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

#### **V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

#### **VI. Resignation or removal:**

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within three months from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

#### **VII. Separate meetings:**

- (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
  - (a) review the performance of non-independent directors and the Board as a whole;
  - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

- (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

### **Duties of Directors as per Section 166 of the Companies Act, 2013**

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his/ her duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he/ she may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself/ herself or to his/ her relatives, partners, or associates and if such director is found guilty of making any undue gain, he/ she shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his/ her office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

In terms of Section 149(12) of the Act, as an Independent Director of the Company, you are liable only in respect of such acts of omission or commission by the Company which had occurred with your knowledge, attributable through Board processes, and with your consent or connivance or where you had not acted diligently.