NOMINATION AND REMUNERATION POLICY

VERSION 7.0

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Revision History

Version No.	Description	Prepared By / Revised By	Reviewed / Approved by	Issue / Revision Date
1.0	Initial Version	Ms. Riddhi Parekh	Reviewed by Ms. Riddhi Parekh Approved by MCXCCL Board	30/01/2018
2.0	Revision through amendments in Companies Act, 2013, SEBI Regulations, 2015 and introduction to the SECC Regulations, 2018.	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	22/04/2019
3.0	Revisions incorporating: **a)** Legal compliance added in list of Regulatory Department and Provision relating to financial disincentive. **b)** Inclusion of parameter viz. 'Holding Company performance' as one of the parameters for salary increment. **c)** Inclusion of provision for policy review period **d)** Removal of provision of authorising MD to make minor modifications in the policy	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	22/10/2021

4.0	Revisions incorporating: **a)** Definition of Core and Critical Functions; **b)** Deletion of definition of Independent Director and including the same in the definition of Public Interest Director; **c)** Amendment in the definition of KMP; **d)** Inclusion of definition of Non-Independent Director; **e)** Amendment in the definition of Regulatory Department; **f)** Amendment in the variable component of the remuneration of MD/CEO and KMP.	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	25/08/2023 (Effective from August 28, 2023)
5.0	Revision to include the following: a) Legal department added under Vertical 2 i.e. 'Core and Critical Functions'; b) Reference of SEBI circular dated November 22, 2024; c) Financial disincentive clause for MD & CTO is modified. d)Additional parameter for performance appraisal for certain KMPs as specified in SEBI circular dated November 22, 2024 is added.	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	12/03/2025
6.0	Revised to include: a) Reference of SEBI circular bearing no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025, to consider the provisions mentioned thereunder; b) No cooling-off period for Directors and KMPs and c) Provision to consider the reports/inputs from relevant Committees, in case of the performance appraisal of the Chief Operating Officer, Chief Financial Officer, Head-legal, Company Secretary, Head – Warehousing Operations, Collaterals and Delivery and Head - HR, Admin & Procurement.	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	30/07/2025

7.0	Revised to include: Reference of Executive Directors.	Mr. Mandar Kulkarni	Reviewed by Mr. Narendra Ahlawat Approved by MCXCCL Board	18/03/2026

NOMINATION AND REMUNERATION POLICY

Multi Commodity Exchange Clearing Corporation Limited (hereinafter referred to as the "Company/ Clearing Corporation") has adopted this Policy (the "Policy") on Nomination and Remuneration of Directors, Key Managerial Personnel / Key Management Personnel ("KMPs") and Other Employees pursuant to the provisions of Section 178(4) the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the "Listing Regulations, 2015] and Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ["SECC Regulations, 2018"], as may be amended from time to time.

Objectives/Purposes of the Policy:

The Policy has been framed keeping in view the following objectives/purposes:

a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully and to ensure long term sustainability of managerial persons and create competitive advantage;

b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

c) remuneration payable to Directors and KMPs involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals and aligns with the long term interests of the company and its shareholders.

Definitions:

'Act' means the Companies Act 2013 and includes the Rules framed thereunder, as may be amended from time to time.

'Board' means the Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee of the Company as constituted/ reconstituted by the Board of Directors of the Company, in accordance with the Act and provisions of Listing Regulations, 2015 and SECC Regulations, 2018.

'Core and Critical Functions' shall include but not limited to:

a) Vertical 1: Critical operations

    i. Clearing and Settlement;

ii. Collaterals;
iii. Spot and Delivery;
iv. Warehousing Operations;
v. Technology;

b) Vertical 2: Regulatory, compliance, Risk Management and investor grievance

i. Risk management;
ii. Membership & Default;
iii. Compliance;
iv. Secretarial
v. Inspection;
vi. Investor Grievances;
vii. Legal

c) Vertical 3: Other functions including business development

i. Finance & Accounts;
ii. Human Resources & Admin;

'Directors' means Directors of the Company.

'Executive Director' means a director who is appointed as Key Management Personnel / Key Managerial Personnel to head Vertical 1 (Critical Operations) or Vertical 2 (Regulatory, Compliance, Risk Management and Investor Grievances) or Vertical 3 (Other Functions).

'Fixed Remuneration' includes fixed wages, contribution to Provident fund and allowances/ benefits.

'Key Managerial Personnel' as defined under section 2(51) of the Act means:

(i) the Chief Executive Officer or the Managing Director or Manager;
(ii) the Company Secretary;
(iii) Whole-time Director;
(iv) the Chief Financial Officer;
(v) such other officer, not more than one level below the directors who is in whole time employment, designated as key managerial personnel by the Board; and
(vi) any other person as may be prescribed

Further, as defined in Regulation 2 (1) (j) of the SECC Regulations, 2018, KMP includes:

(i) any person appointed as the managing director or executive director; or
(ii) a person serving as the head of a department or vertical and directly reporting to the managing director or to the directors on the governing board of the Company; or

(iii) a person serving as the head of a core function as specified under Part–C of Schedule–II of Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018; or
(iv) a person who stands higher in hierarchy to the head of any department(s) handling core function(s) in the Company; or
(v) reporting officials of key management personnel; or
(vi) any person defined as a "key managerial personnel" under the Act; or
(vii) any other person who is a key decision-making authority at the level of the Company or its direct or indirect material subsidiaries, as identified by the managing director or its Nomination and Remuneration Committee.

Note: KMPs include the Senior Management Personnel of the Clearing Corporation. (as defined in the Listing Regulations, 2015).

'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.

'**Non-Independent Director**' means a director elected or nominated by the shareholders who are neither trading members nor clearing members, as the case may be, or their associates and agents.

'Public Interest Director' means an Independent Director referred to in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, representing the interests of investors in securities market and who is not having any association, directly or indirectly, which in the opinion of the SEBI, is in conflict with his role.

'Remuneration' means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

'**Regulatory Department'** means a department of a Company which is entrusted with regulatory powers and duties and includes such department as may be specified by the SEBI;

'SEBI' means the Securities and Exchange Board of India.

Words and expressions used and not defined in this Policy, but defined in the Companies Act or any rules framed thereunder or the Securities and Exchange Board of India Act, 1992 and Rules and Regulations framed thereunder or in the Listing Regulations, 2015 or the Indian Accounting Standards shall have the meanings assigned to them in these acts/regulations/Rules/Standards.

GENERAL PRINCIPLES ON APPOINTMENT/RE-APPOINTMENT AND REMOVAL/ RETIREMENT OF DIRECTORS AND KMPs:

I. APPOINTMENT:

- **Criteria and qualifications:**

  The Committee shall identify and ascertain the integrity, qualification, expertise and relevant experience of the person for appointment as Director in terms of the Board Diversity Policy of the Company and recommend to the Board his / her appointment. A person to be appointed as director or KMP should possess adequate qualification, expertise and relevant experience for the position he / she is considered.

  Additionally, while determining the qualifications and positive attributes for appointment of a person as a director, the Committee shall also consider the criteria and qualifications/disqualifications prescribed under provisions of the Act, Listing Regulations, 2015 and SECC Regulations, 2018. Further, the Committee shall also take into consideration any other criteria for appointment, as may be set out in the Company's internal policies.

  The Independence of a director shall be determined based on the criteria defined from time to time in the Act, the Listing Regulations, 2015 and SECC Regulations 2018 and the circulars issued thereunder.

- **Manner of appointment/re-appointment/ termination/ acceptance of resignation and tenure:**

  The appointment/re-appointment and tenure of the Directors of the Company shall be as approved by SEBI and governed by the provisions of the Act, Listing Regulations, 2015, SECC Regulations, 2018 and SEBI circular no. SEBI/HO/MRD/POD-3/P/CIR/2024/162 dated November 22, 2024 as well as the Articles of Association of the Company.

  The Committee at the time of determining whether to recommend a Director for re-appointment shall also consider the Director's past attendance, participation and contributions in the meetings of the Board and the Committees where the Director is a member/Chairperson and the results of the Internal Evaluation and External Evaluation, as applicable.

  In case the existing Public Interest Director, after completion of his first term, is not considered for re-appointment by the Governing Board of the Company, the rationale for the same shall be recorded and informed to SEBI.

Any selection, appointment/ re-appointment, termination or acceptance of resignation and tenure of a KMP of the Company shall be governed by the provisions of the Act, Listing Regulations, 2015, SECC Regulations, 2018, SEBI circular bearing no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025 and such other circulars or letters or notifications as may be issued by SEBI from time to time.

It is clarified that the provisions of SEBI circular bearing no. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2025/75 dated May 26, 2025 relating to appointment/ re-appointment, termination or acceptance of resignation shall apply in case of MD & CEO, Executive Directors, Compliance Officer, Chief Risk Officer, Chief Technology Officer and Chief Information Security Officer and in case of other KMPs, the Company may implement the provisions, as it may determine from time to time.

Further, the tenure of KMPs in a regulatory department would be generally till he/ she ceases to be the employee of the Company or as may be decided by the Committee/Board. However, the same shall be reviewed every 3 years unless any other tenure is specifically decided by the Committee. The term of the KMP may or may not be extended by the Committee, if required.

- **Cooling-off period:**

There shall not be any cooling off period in case of KMPs and Directors (including MD & CEO and Executive Directors) of the Company.

II. REMOVAL/RETIREMENT:

Owing to disqualifications for any reasons mentioned in the Act or rules made thereunder or under any other Act, Rules and Regulations as may be applicable and subject to the prevailing HR Policy of the Company, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director/KMP, subject to the provisions and compliance of the said Act, rules and regulations.

Directors and KMPs shall retire/cease to hold office as per the applicable provisions of the Act, Listing Regulation, 2015, SECC Regulation, 2018 and the prevailing policy of the Company or in terms of which such appointment was made.

The Board will have the discretion to extend the term of a KMP, even after his/her attaining the age of superannuation, for the benefit of the Company.

III. REMUNERATION OF DIRECTORS INCLUDING MANAGING DIRECTOR, EXECUTIVE DIRECTORS AND KMPs:

I. Remuneration of Managing Director (MD) / Chief Executive Officer (CEO) / Executive Directors:

The remuneration payable to managerial personnel shall be in accordance with the provisions of Section 197 read with Schedule V of the Act and the Rules made thereunder. The remuneration payable to them, shall upon recommendation by the Nomination and Remuneration Committee, be approved by the Board of Directors, which shall be subject to the approval of SEBI and shareholders of the Company and other approvals as may be required.

At the time of seeking prior approval of SEBI for the appointment of the MD&CEO and Executive Directors, the Clearing Corporation shall also seek prior approval for his/her compensation from SEBI. Any change in the terms and conditions of the compensation of MD&CEO and Executive Directors will also require prior approval of SEBI.

The Committee will determine the remuneration of MD/CEO and Executive Directors and recommend the same to the Board for its approval, taking into consideration the following factors:

a) Role and responsibilities of the MD/CEO and Executive Directors;
b) Financial condition / health of the Clearing Corporation;
c) Comparability to the industry standards;
d) Revenues, net profit of the Clearing Corporation;
   - average levels of compensation payable to employees in similar ranks;
   - periodic review;
e) Variable component of the remuneration of MD/CEO and Executive Directors is within a range of 25% to 50% of total pay.
   - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
   - the balance 50% of the variable pay will be paid on a deferred basis after a minimum period of three years.

   The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions, as defined hereinafter.
f) No incentives are provided for excessive risks in the short term.
g) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

ESOPs and other equity linked instruments in the clearing corporation shall not be offered or provided as a part of the compensation to MD/CEO and Executive Directors.

Financial Disincentive, if any, prescribed by regulator(s) such as SEBI/ Ministry of Corporate Affairs from time to time shall be applicable to MD/ CEO and Executive Directors.

II. Remuneration of Non-Executive Directors:

Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof, as approved by the Board, from time to time, within the permissible limit prescribed under the Act, Listing Regulations. 2015, SECC Regulations, 2018 and other regulatory guidelines, as amended from time to time.

Any change in sitting fees will be recommended by the Committee and approved by the Board, if made within the limits prescribed under the Act for payment of sitting fees.

The Board considers the following factors while approving the change in the sitting fees to the Board/Committee members:

(a)Contribution expected from Directors considering size and complexity of organization;
(b) Comparison with the peers/ Industry benchmarking;
(c) Regulatory guidelines as applicable etc.

The Non-Executive Directors are also entitled to reimbursement of expenses for participation in the meetings of the Board and the Committees thereof.

The Company does not pay any commission on profit to the Non-Executive Directors. Independent directors shall not be entitled to any stock option.

III. Remuneration of other KMPs:

The Committee shall recommend the remuneration of other KMPs to the Board for its approval, taking into consideration the following factors:

a) Relevance and importance of the function to the Organization;
b) Value added from time to time / their contribution to the Organization growth;
c) Financial condition / health of the Clearing Corporation;
d) Comparability to the industry standards;
e) Revenues, net profit of the Clearing Corporation;

- average levels of compensation payable to employees in similar ranks;
- periodic review;

f) Variable component of the remuneration of other KMPs is on the basis of the Performance rating as per the matrix adopted by the Company which shall be within a range of 25% to 50% of total pay.
   - 50% of the variable component of the remuneration is paid only after the audited annual accounts for the year are approved by the Board of Directors and also subject to such payment being approved by the Board; and
   - the balance 50% of the variable pay will be paid on a deferred basis after a minimum period of three years.

   The payment of the entire variable component is subject to the provisions of 'malus' and/or 'clawback' provisions, as defined hereinafter.
g) No incentives are provided for excessive risks in the short term.
h) 'Value Add' perceived by the Committee and Board based on the relevant experience of the candidate.

ESOPs and other equity linked instruments in the Clearing Corporation shall not be offered or provided as a part of the compensation to the key management personnel.

Any financial disincentive specified by SEBI and/or any other regulatory/statutory authority shall be applicable to KMPs.

Any change in the remuneration of the KMPs shall be recommended by the Committee to the Board for its approval.

In terms of SEBI circular no. SEBI/HO/MRD/POD-3/P/CIR/2024/162 dated November 22, 2024, in case of performance appraisal of Compliance Officer, Chief Risk Officer, Chief Technology Officer and Chief Information Security Officer, the Committee shall take into consideration, reports/ inputs from the relevant statutory Committees in addition to the reports/ inputs from functional heads/reporting authority and SEBI observations, if any.

In case of the performance appraisal of the Chief Operating Officer, Chief Financial Officer, Head-legal, Company Secretary, Head – Warehousing Operations, Collaterals and Delivery and Head - HR, Admin & Procurement, the Committee shall also consider the reports/ inputs from the relevant Committees as may be decided by the Governing Board, in addition to the reports/ inputs from functional heads/reporting authority and SEBI observations.

Malus and Clawback Provisions:

A malus arrangement permits the Clearing Corporation to prevent vesting of all or part of the amount of a deferred variable component.

A clawback is a contractual agreement between the employee and the Clearing Corporation in which the employee agrees to return previously paid or vested variable component to the Clearing Corporation under certain circumstances.

The aforesaid clauses shall be triggered under the following circumstances:

a) Fraud;
b) Impersonation;
c) Gross negligence which have caused or may cause significant financial loss or reputational harm to the Company;
d) Misfeasance;
e) Any act amounting to criminal breach of trust;
f) Conviction for an offence involving moral turpitude;
g) Breach of confidentiality in trade secret;
h) Ethical misconduct;
i) Fraudulent financial reporting;
j) Overstating or misstating financial indicators or of the performance criteria either at the Company level or individual level with a view to get increased variable pay;
k) Non-compliance or insubordination in adhering to regulatory/policy guidelines and
l) Such other circumstances as the Committee and/or Board may decide.

General parameters to consider increase in the remuneration:

The salary increment budget would be ascertained by the Committee / Board every year, based on following parameters:

1. Current year's Company/Holding Company performance;
2. Employee appraisal rating scale provided by Group HR;
3. Consumer Price Index.

Remuneration of other employees of the Company:

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

ESOPs and other equity linked instruments in the Clearing Corporation shall not be offered or provided as a part of the compensation to the employees.

Note: *In the event of any conflict between the provisions of this Policy and of the SECC Regulations, 2018, the Act and rules made thereunder and the Listing Regulations, 2015, the provisions of the SECC* Regulations*, 2018, the Act and rules made thereunder and the Listing Regulations, 2015 shall prevail over this Policy.*

Policy Review:

This Policy shall be reviewed by the Nomination and Remuneration Committee as and when required or at least once in two years and changes made therein, if any, shall be approved by the Board.