

# **MORGAN STANLEY INDIA PRIMARY DEALER PRIVATE LIMITED**

## **CORPORATE GOVERNANCE POLICY**

(Last reviewed: September 2022)

### **1. INTRODUCTION**

Morgan Stanley India Primary Dealer Private Limited (the "Company") constantly endeavors to achieve excellence in Corporate Governance by following the principles of transparency, accountability and integrity in functioning, so as to constantly enhance value for all stakeholders.

In a move to adopt best practices and to ensure greater transparency, outlined below is the policy on Corporate Governance relating to the Fixed Income business.

### **2. BOARD OF DIRECTORS**

The Board shall exercise its judgment in the best interests of the Company and its shareholders. The Board is responsible for overall compliance with the Corporate Governance policy of the Company and overseeing the business affairs. Further, the Board has a vital role to play in the matters relating to policy formulation, implementation and strategic issues which are crucial for the long term development of the organization.

As per the provisions of the Companies Act, 2013 the Board shall meet at least four times in a year.

### **3. CONSTITUTION OF COMMITTEES OF THE BOARD OF DIRECTORS**

#### ***I. Audit Committee***

##### **COMPOSITION:**

In accordance with para 15(1)(i) of Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016. The Audit Committee shall consist of not less than three members of its Board of Directors.

##### **FREQUENCY OF MEETINGS:**

The meetings of the Audit Committee shall be held at least at quarterly intervals as prescribed under para 6.1(xiv) of Master Direction – Operational Guidelines for Primary Dealers (IDMD.PDRD.01/03.64.00/2016-17) dated July 1, 2016 as amended from time to time; Any deviations in the periodicity of audit committee meeting shall be intimated to the Board.

##### **ROLE OF AUDIT COMMITTEE:**

The Audit Committee shall assist the Board of Directors by reviewing financial information and identifying and assessing risks for Board of Directors' deliberation in the decision making process.

It shall review and monitor the auditor's independence and performance, and effectiveness of audit process.

It shall examine the financial statement and the auditors' report.

The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

**POWERS OF THE COMMITTEE:**

The Audit Committee shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013, as amended from time to time.

**II. *Asset Liability and Risk Committee (ALRC)***

**COMPOSITION:**

The Company shall form an Asset Liability and Risk Committee (ALRC) which shall consist of not less than three (3) members appointed by the Board.

**FREQUENCY OF MEETINGS:**

ALRC shall meet periodically and provide updates to the Board. Ad hoc meetings may be called by the members as well.

**ROLE OF ASSET LIABILITY AND RISK COMMITTEE:**

The ALRC shall review the major risk exposures of the Firm and its business units and oversee what steps the management takes to manage such exposures.

**III. *Nomination Committee***

**COMPOSITION:**

The Nomination Committee shall consist of not less than two (2) members appointed by the Board.

**FREQUENCY OF MEETINGS:**

The Committee shall meet as and when a new Director is proposed to be appointed or as may be required for ascertaining the "fit & proper" criteria of the directors. The Committee shall also meet from time to time as necessary to accomplish its purpose and duties.

**ROLE OF NOMINATION COMMITTEE**

The Committee shall ensure, review and implement the 'fit and proper' status for the proposed/existing Directors.

The Nomination Committee shall be primarily responsible to appoint directors with 'fit and proper' credentials so as to ensure that the management is not prejudicial to the interest of the investors.

**IV. *Corporate Social Responsibility Committee (CSR)***

The Company shall have a Corporate Social Responsibility Committee in place according to provisions of Companies Act, 2013.

## **COMPOSITION:**

The Committee shall consist of at least 2 directors as members as per the provisions of Companies Act, 2013.

### **Role of CSR Committee**

The Committee shall take into consideration the activities mentioned under Companies Act, 2013 and ensure that Company can accomplish its CSR objectives.

## **V. Information Technology (IT) Strategy Committee**

The IT Strategy Committee (the "IT Strategy committee") is appointed by the Board to review and amend IT strategies in line with corporate strategies, the IT Policies, cyber security arrangements and any other matters related to IT governance.

### **Composition**

The IT Strategy committee shall comprise of at least three (3) members appointed by the Board out of which at least two will be from IT. The members of the said committee shall serve for such term as the Board determines. The Chief Information Officer (CIO) / Chief Technology Officer (CTO) shall be the permanent member of the said committee.

### **Frequency of IT Strategy committee meetings**

The IT Strategy committee shall meet at periodic intervals – at least once in 6 months.

### **Role of IT Strategy committee**

To approve IT policy documents and ensuring that there is an effective updation process in place;

To review various IT projects that the firm is working on which impacts the business

To institute an effective governance mechanism and risk management process for IT outsourced operations, if any;

To monitor any technology incident(s) that the firm has reported to RBI and any remediation thereof.

## **4. DISCLOSURE AND TRANSPARENCY:**

I. The Company shall at regular intervals place before the Board of directors a report regarding the following:

(a) progress made in putting in place a progressive risk management system, and risk management policy and strategy followed by the Company; and

- (b) confirmation with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

II. The Company shall disclose the following in its Annual Financial Statements:

- (a) registration/ licence/ authorisation, by whatever name called, obtained from other financial sector regulators;
- (b) ratings assigned by credit rating agencies and migration of ratings during the year;
- (c) penalties, if any, levied by any regulator;
- (d) information regarding name, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries; and
- (e) Asset-Liability profile, extent of financing of parent company products, NPAs and movement of NPAs, details of all off-balance sheet exposures, structured products issued by them as also securitization/ assignment transactions and other disclosures, as prescribed under applicable regulations.

## **6. AMENDMENT TO POLICY**

The Board of Directors of the Company shall review and may amend this Policy from time to time.

Any or all provisions of this Policy would be subject to revision / amendment in accordance with the Companies Act, 2013 and notifications issued by the Reserve Bank of India on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s), etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s), etc.