

EXTRACTS OF THE MINUTES OF THE 100TH MEETING OF THE BOARD OF DIRECTORS OF NATIONAL SECURITIES DEPOSITORY LIMITED HELD ON SATURDAY, MAY 17, 2025, AT 02.30 P.M. AT THE BOARD ROOM, NSDL, 6TH FLOOR, NAMAN CHAMBERS, G BLOCK, PLOT NO- C-32, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI- 400051.

1. To approve SEBI compliances for quarter –January to March 2025.

The Board was informed of the status of compliance with the SEBI prescribed SOPs/Guidelines under the following heads:

i) Status of Compliance with SEBI CSCRF for reporting of Cyber Security incidents / breaches / deficiencies by MIIs.

SEBI, vide master circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024 had communicated incident reporting requirements. Any cyber-attack, cybersecurity incident and/ or breach falling under CERT-In Cybersecurity directions shall be notified to SEBI and CERT-In within 6 hours of noticing/ detecting such incidents or being brought to notice about such incidents.

The Board was informed that there were NIL cyber incidents during the quarter (January - March 2025).

The Board, after deliberations, took note of the same.

ii) Cyber Capability Index for the period January – March 2025

SEBI, vide circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, had advised to implement the Cyber Capability Index to gauge the cyber security preparedness of the MII covering the 23 parameters based on the CSCRF issued by SEBI on half year basis.

The Board was informed that NSDL had reviewed and assessed the cyber maturity level rating as per the guidelines provided in the circular. As per the assessment for the half year ended March 2025, NSDL Index Score was 97.6% (rated as Category Exceptional Cyber Security Maturity).

The Board, after deliberations, took note of the same.

iii) Cybersecurity scenario-based drill exercise for testing adequacy and effectiveness of recovery plan for January – March 2025

SEBI vide its circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, advised MIIs to conduct Cybersecurity scenario-based drill exercise for testing adequacy and effectiveness of recovery plan on half yearly basis.

It was informed that the cyber drill “Phishing simulation” was conducted during January - March 2025 and there were no observations to report.

The Board, after deliberations, took note of the above.

iv) ISMS program (ISO 27001)

The Board was informed that the NSDL is certified for ISO27001:2013 Standard till the period up to July 2025. Further the process for migration and certification for ISO 27001: 2022 was in progress and it would be completed by June 2025.

The status with regards to activity for the said ISM Program was discussed and the Board took note of the same.

v) Cyber Security Assessment – VAPT

The Board was apprised that the VAPT assessment during Financial Year 2023-24 was conducted by CERT-IN empanelled vendor. The network/ security devices, critical applications and servers/databases were covered. All the identified vulnerabilities were closed.

The VAPT assessment during Financial Year 2024-25 was conducted by CERT-IN empanelled vendor - AKSIT. The network/ security devices, critical applications and servers/databases were covered. The report was submitted; remediation and validation of vulnerabilities were completed. The revalidation was done by VAPT vendor, and it confirmed that all identified vulnerabilities were closed.

The Board, after deliberations, took note of the same.

vi) Status of annual system and network audit

SEBI vide Circular No. SEBI/HO/MRD1/MRD1_DTCS/P/CIR/2022/58 dated May 02, 2022, had directed Depositories to conduct an Annual System and Network Audit for Depository System as per the audit framework specified in the said circular.

Further, Depositories shall submit the report along with management responses to SEBI within a month of completion of audit after placing the same before the Board of Directors.

The last system and network audit was conducted for Financial Year 2023-24 by CERT-In empaneled vendor Deloitte. Further revalidation audit was conducted.

The Board took note of the same.

vii) Status of Cyber Audit & Functional Efficacy of SOC

SEBI, vide circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, had advised MIIs to conduct a detailed review / audit of the implementation of the SEBI circular and also issued advisories at least twice in a year with respect to Cyber Security.

Cyber audit covering all aspects of cyber security including functional efficacy of SOC was covered under the cyber audit for period April 2024 to September 2024 by Deloitte. NSDL is under process to engage auditors for conducting audits for the period October 2024 to March 2025.

It was informed that there was a total of 7 observations, among which 3 were closed and 4 were open, for which the management explained the status to the Board.

The Board took note of the same.

viii) Threat Hunting

SEBI, vide master circular SEBI/HO/ ITD-1/ITD_CSC_EXT/P/CIR/2024/113 dated August 20, 2024, had recommended to conduct quarterly threat hunting.

It was informed that the threat hunting team conducted proactive investigations from January 2025 to March 2025 across various data sources, aiming to detect and respond to potential threats. The primary objective was to identify indicators of compromise (IOCs) and suspicious behaviour that may have evaded existing security controls.

Threat hunting activities conducted from January 25 to March 25 concluded with no evidence of malicious activity or indicators of compromise.

The SCOT, in its meeting held on April 28, 2025 had reviewed the aforesaid items (i to viii) and recommended to the Board for approval.

The Board after deliberations approved the aforesaid proposal and passed the following resolution.

“RESOLVED THAT based on the recommendation of SCOT, the Board be and hereby approves the SEBI compliances for quarter – January 2025 to March 2025.

2. To review the status of investor grievances received by NSDL.

Month-wise details, along with Quarterly details of grievances received directly by NSDL and from SEBI (other than CAS), were placed before the Board.

The trend observed in grievances between the current quarter/s as compared to the previous year's same quarter. i.e., Q4- FY2023-24 (Jan to Mar) Vs Q4- FY2024-25 (Jan to Mar) and the Turn Around Time (TAT), i.e., details of ageing analysis were presented to the Board.

The Quarter-wise counts of CAS grievances were also presented along with the agenda. Statistics of CAS grievances corresponding to CAS dispatched in Q4 (FY 2024- 25), Segregation of eCAS & pCAS grievances for Jan 2025 to Mar 2025, and Summary of Turn Around Time (TAT) for CAS-related grievances for Jan 2025 to Mar 2025 were presented to the Board. Report on the functioning of the Online Dispute Resolution (ODR) mechanism for complaints against Depository Participants was presented to the Committee. Summary of grievances related to allegations of UT of securities for the Q4 (January 2025 to March 2025) was presented to the Board.

The Regulatory Oversight Committee, in its meeting held on May 16, 2025 had considered the said matter and recommended it to the Board for its Noting.

The Board reviewed and noted the same.

3. To approve the amendment in Business Rules relating to the dispatch of Consolidated Account Statement (CAS) for all securities assets.

The Board was informed that SEBI, vide circular no. SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 1, 2024, had amended the provisions for the dispatch of Consolidated Account Statement (CAS) of all types of securities assets. It had also revised the mode of dispatch of account statements with email as a default mode, leveraging digital technology as a green initiative measure. It was further informed that for the implementation of the above SEBI Circular, NSDL was required to make corresponding amendments to its Business Rules regarding the dispatch of Consolidated Account Statement (CAS) for all types of securities assets.

The Board was further briefed that ROC in its meeting held on 11th November 2024 had approved the amendment to the Business Rules subject to certain drafting suggestions to be incorporated as per SEBI circular dated 1st July 2024. Thereafter, the Business Rules after incorporating the suggested changes was placed before the Board. Based on the recommendations of ROC the Board approved the Business Rules as mentioned below:

- Amendments to Business Rules Section 14.3.1, 14.3.2, 14.3.3, 14.3.4, 14.3.5 & 14.3.6
- Changes in Annexure – K (Rights and Obligations of the Beneficial Owner and Depository Participant General Clause) in Business Rule and as per SEBI Master Circular no. SEBI/HO/MRD/MRD-PoD-2/P/CIR/2023/166 dated October 6, 2023, of Master Circular for Depositories (refer Annexure-3, Point nos. 14 & 15).

The Board then passed the following resolution:

“RESOLVED THAT pursuant to SEBI circular no. SEBI/HO/MRD-PoD2/CIR/P/2024/93 dated July 1, 2024, the Board approves amendment in Business Rules relating to the dispatch of Consolidated Account Statement (CAS) for all securities assets.

RESOLVED FURTHER THAT Managing Director & CEO, Chief Regulatory Officer, Compliance Officer, Chief Financial Officer and Company Secretary are severally authorised to do all such acts and things as may be required for giving effect to this resolution.

RESOLVED FURTHER THAT any Director or Company Secretary are severally authorised to furnish a certified true copy of the said resolution for necessary action, reference and record.”

4. To consider the Compliance Certificate for the quarter ended March 31, 2025.

The Board took note of the Compliance Certificate for the quarter ended March 31, 2025 on various compliances under SEBI Regulations, Companies Act, 2013, rules made thereunder and other laws applicable to the Company. The Board was briefed about certain compliances that were in progress.

The Board was briefed about the requirements of regulation 81(3) of the SEBI (Depositories and Participants) Regulations, 2018 regarding the submission of a compliance report by the compliance officer with SEBI. Accordingly, the Compliance Report of NSDL for the quarter ended March 31, 2025 was placed before the Board. The said report covered the status of compliance with the SEBI D&P Regulations applicable to a depository and certain important SEBI Circulars.

The Regulatory Oversight Committee, in its meeting held on May 16, 2025 had considered the said matter and recommended it to the Board for its noting.

The Board reviewed and took note of the said Compliance Report.

5. **A. To review the status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated June 19, 2024 and letter dated October 4, 2024 relating to SEBI Inspection for FY 2023-24.**

B. To review status of open observations relating to SEBI Warning, Deficiency, Advisory Letter dated April 03, 2023 for Inspection period October 1, 2021 to September 30, 2022

A) To review the status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated June 19, 2024 and letter dated October 4, 2024 relating to SEBI Inspection for FY 2023-24.

The Board was informed that SEBI for inspection period August 01, 2023 to July 31, 2024, had sought the Action Taken report for warning/deficiency/advisory letters dated June 19, 2024 and October 04, 2024 for inspection period October 01, 2022 to July 31, 2023 as on November 30, 2024.

It was further informed that upon submission of the ATR, SEBI discussed the ATR with the respective teams to verify the corrective steps taken, and based on the discussions, SEBI had suggested changes to the Action Taken Report and asked all the concerned teams to resubmit the same. Since the said ATR was under discussion with SEBI, it was informed in the previous Board meeting dated January 31, 2025, that the updated ATR for both the aforesaid letters would be presented in the next Quarterly meeting.

The summary of the number of warnings/deficiencies/Advisories received pursuant to the said letters dated June 19, 2024, and October 04, 2024, was presented to the Board.

It was further informed that SEBI vide letter dated March 04, 2025, issued the Inspection report for the period August 01, 2023- July 31, 2024, wherein certain warnings, deficiencies, and advisories had been kept open by SEBI as Under process, Not Complied, and Not Implemented. The details of the same were presented to the Board.

Accordingly, NSDL vide letter dated April 01, 2025, had responded to all the previous open Observations w.r.t the inspection period October 01, 2022 to July 31, 2023. The details of the open Warning, Deficiency, and Advisory, and the implementation status as of April 30, 2025, basis the response submitted, were enclosed along with the agenda. A tabular summary of the implementation status of the open warnings, deficiencies, and advisories for the inspection period from October 01, 2022 to July 31, 2023, was presented to the Board.

B) To review status of open observations relating to SEBI Warning, Deficiency, Advisory Letter dated April 03, 2023 for Inspection period October 1, 2021 to September 30, 2022

The Board was further informed that SEBI vide letter dated March 04, 2025, issued the Inspection report for the period August 01, 2023 - July 31, 2024, wherein 1 deficiency and 1 advisory had been kept open by SEBI for the Inspection period from October 1, 2021 to September 30, 2022. The details of the observations and the response submitted were enclosed along with the agenda.

The Regulatory Oversight Committee, in its meeting held on May 16, 2025 had reviewed the implementation status of open observations for inspection period October 01, 2022 to July 31, 2023 (SEBI letters dated June 19 2024 and October 04, 2024) and SEBI Letter dated April 03, 2023 for Inspection period October 1, 2021 to September 30, 2022 and recommended it to the Board for its noting.

The Board took note of the same.

6. To review status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated February 06, 2025.

The Board was informed that as per the quarterly data tables submitted to SEBI for Q2 of FY 2024-2025, one of the Director/ Committee Member (Prof. Rajat Moona) had transacted in the securities and submitted the disclosure beyond the timeline of 15 days of the transaction/dealing, as prescribed under the SEBI (Depositories and Participants) Regulations 2018. In this regard, SEBI sought comments from NSDL for the same, and NSDL had submitted its response.

It was further informed that SEBI, vide letter dated February 06, 2025, issued a warning w.r.t automated compliance verification on the Organizational structure and Governance of NSDL for Q2 FY 2024-2025. The details of the warning and NSDL response dated March 12, 2025 were presented to the Board.

The Regulatory Oversight Committee, in its meeting held on May 16, 2025 , took note of the aforesaid SEBI warning and the response submitted to SEBI by NSDL and recommended it to the Board for its noting.

The Board reviewed and took note of the said SEBI Warning, Deficiency, Advisory Letter dated February 06, 2025.

7. To review the status of implementation of corrective steps relating to SEBI Warning, Deficiency, Advisory Letter dated March 28, 2025.

The Board was informed that SEBI, vide its letter dated March 12, 2025, issued the inspection report w.r.t the inspection of the Centralized database of corporate bonds/debentures hosted by the Depositories for the period January 01, 2024 – December 31, 2024.

In this regard, NSDL, vide email dated March 25, 2025, responded to the observation in the aforesaid inspection report. The details of the observations and comments of NSDL were placed before the Board along with the agenda.

Subsequently, SEBI, vide its letter dated March 28, 2025, issued the following administrative warnings w.r.t. Inspection of Centralized database of corporate bonds/debentures hosted by the Depositories for the period January 01, 2024 - December 31, 2024

- 1) Failure to synchronize the Centralized Database for corporate bonds/debentures hosted by NSDL and directed to rectify and complete the synchronization of the entire database in consultation with CDSL by June 30, 2025 (Observation 1)
- 2) Failure to display investor categories on its Centralized Database for corporate bonds/debentures (Observation 2)
- 3) Failure to synchronize the NCRPS and SDI database with CDSL and directed to comply with the synchronization in consultation with CDSL by May 31, 2025. (Observation 3)

Further, it was informed that in this regard, NSDL submitted its action taken report, vide email dated April 30, 2025, inter alia stating the corrective steps taken. The details of NSDL's response to the aforesaid administrative warning were presented to the Board.

Further, regarding Observation 2 pertaining to the administrative warnings and their responses, both the Depositories had a meeting with SEBI, and SEBI had advised both the Depositories to work on defining the format for publishing of ISIN wise holding data. Once the format was defined, SEBI would review it and, if required, issue a circular for giving direction to depositories for publishing of the data on the centralized database.

SEBI, vide its letter dated March 28, 2025, had advised NSDL to place before the Governing Board the findings of inspection, corrective steps taken by NSDL to rectify all the deficiencies, and the aforesaid SEBI letter. Further, to forward the comments of the Board to SEBI, as to whether they were satisfied with the corrective steps taken by NSDL within two weeks of the Board meeting.

The aforesaid matter was reviewed by the Regulatory Oversight Committee at its meeting held on May 16, 2025 and recommended to the Board for further review.

Accordingly, the Board, after deliberations, reviewed and took note of the same.

8. To take note of SEBI inspection report for the period August 01, 2023 to July 31, 2024

The Board was informed that SEBI had carried out an onsite inspection of NSDL (For Non-IT and IT) for the inspection period from August 01, 2023, to July 31, 2024. During the inspection, SEBI officials had verified processes followed by Regulatory and non-regulatory departments in operations as well as systems areas. In addition, SEBI officials had verified compliance with the provisions of the SEBI (Depositories and Participants) Regulations, 2018, including any amendments thereon, various circulars issued by SEBI, and compliance with Bye Laws and Business Rules of NSDL.

Subsequently, SEBI, vide its letter dated March 04, 2025, issued its Inspection Report for IT and Non-IT areas, and advised NSDL to provide its comments/ replies on the factual findings of the Inspection Report within 15 days from the date of the SEBI letter. Upon request, SEBI granted an additional 13 days for submission of comments/ replies.

It was informed that the Management had reviewed the observations/ findings, prepared its replies/ comments, and submitted the response to SEBI in two tranches vide emails dated March 19, 2025, and April 01, 2025.

It was further informed that an exit meeting was held with SEBI WTM to discuss the observations of SEBI and replies submitted by NSDL on April 16, 2025. It was further informed that the responses submitted for the IT inspection report would also be presented before the Standing Committee on Technology for noting.

The Regulatory Oversight Committee at its meeting held on May 16, 2025 took note of the inspection report and responses submitted to SEBI and recommended to the Board for further noting.

The Board, after deliberations, reviewed and took note of the same.

9. Levying fees for the platform for Security and Covenant Monitoring for Corporate Bonds.

The Board was informed that NSDL had launched its Security & Covenant Monitoring (SCM) DLT platform on April 1, 2022, as mandated by SEBI circulars dated August 13, 2021, and March 29, 2022. The platform was used by Issuers of Listed Bonds/Debentures and Debenture Trustee as per the prescribed guidelines. This significant initiative was further underscored by its official launch on May 7, 2022, by the Chairperson of SEBI in the presence of the Honourable Union Finance Minister, marking a key milestone in NSDL's Silver Jubilee. Further, over the past three years, NSDL has diligently developed and enhanced the SCM platform, actively seeking SEBI's guidance and fostering collaboration with Issuers and Debenture Trustees to introduce new modules and functionalities. This collaborative approach underscored our commitment for creating a robust and effective platform for all stakeholders.

The functionality released by NSDL on the SCM platform, key Benefits of the SCM platform for the corporate bond ecosystem, details of platform adoption, justification, and expected revenue were presented to the Board.

The Regulatory Oversight Committee at its meeting held on May 16, 2025 approved the proposal, with an advice to drop the annual infrastructure cost, and recommended it to the Board for its approval.

The Board, after deliberations, approved the same by passing the following resolution.

“RESOLVED THAT based on the recommendation of Regulatory Oversight Committee, the Board be and hereby approves to levy fees on Issuers towards usage of the platform effective from June 16, 2025 on a prospective basis as follows:

Particulars	Amount (Rs.)
One Time Entry Fees	1,00,000/-

RESOLVED FURTHER THAT the on the recommendation of Regulatory Oversight Committee, the Board be and hereby approves to levy Annual Usage fees applicable to Issuers as per below slabs:

Slab Range based on the total Outstanding Issue Size as on the end of the financial year	Annual Fees Per entity (Rs.)
Upto 250 Crs	25,000
Above 250 - 500 Crs	50,000
Above 500- 1000 Crs	1,00,000
Above 1000 Crs- 5000 Crs	3,00,000
Above 5000 Crs	10,00,000

Further, taxes as applicable, will be payable on the aforesaid fee.

RESOLVED FURTHER THAT the Managing Director & Chief Executive Officer, Compliance Officer, Chief Regulatory Officer and Company Secretary are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution.”

10. To revise settlement fees levied on pool account transfers

It was proposed to waive the settlement fees levied to Clearing Corporation (CC) in February 2025 for CC Pool to Clearing Member Pool transfers for the direct payout process. NCL was charged ₹2,43,88,222.30 (incl. GST) for pool-to-pool transfers, and ICCL was charged ₹12,09,187.30 (incl. GST) for pool-to-pool transfers in February 2025.

It is also proposed not to levy settlement fees to CCs from March 2025 onwards for CC Pool to CM Pool transfers for the direct payout process. Accordingly, NSDL Business Rule 21.2.2.1(iv) is proposed to be amended, **as shown in the table below.**

Existing Business Rule: Further, as per NSDL Business Rule 21.2.2.1(ii), currently, the Settlement fee is levied to CM for the payout process as per the rule below that was last amended on April 1, 2008	Proposed Business Rule
<p><u>21.2.2.1 (ii) A settlement fee at the rate of Re. 1.00 per instruction in respect of securities received from the Clearing Corporation into the Pool account of each Clearing Member, Trading Member or Portfolio Managers maintained with the Participant subject to a minimum of ₹ 1500 and a maximum of ₹ 5,000 per quarter per CM, TM or Portfolio Manager Account shall be charged to the Participant.</u></p>	<p><u>21.2.2.1(ii) A settlement fee at the rate of Re. 1.00 per instruction in respect of securities received from the Clearing Corporation and credited into the Pool account of each Clearing Member, Trading Member, or Portfolio Managers maintained with the Participant shall be charged to the Participant.</u></p> <p><u>21.2.2.1(iii) Provided further that the settlement fee mentioned in 21.2.2.1(ii) shall be subject to a minimum of ₹ 2500 and a maximum of ₹ 10,000 per quarter per CM, TM, or Portfolio Manager Account if the securities received from the Clearing Corporation are credited to</u></p>

Existing Business Rule: Further, as per NSDL Business Rule 21.2.2.1(ii), currently, the Settlement fee is levied to CM for the payout process as per the rule below that was last amended on April 1, 2008	Proposed Business Rule
	<u>the client account maintained with the Participant</u>
<u>21.2.2.1 (iii) A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities by way of inter-settlement transfers in the CM Account(s) shall be charged to the Participant.</u>	<u>21.2.2.1 (iv) A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities by way of inter-settlement transfers in the CM Account(s) shall be charged to the Participant.</u>
<u>21.2.2.1(iv) A settlement fee at the rate of ₹5.00 per debit instruction for transfer of securities from the CM, TM or Portfolio Manager account of a Clearing Member, Trading Member or Portfolio Manager to the CM, TM or Portfolio Manager account of another Clearing Member, Trading Member or Portfolio Manager shall be charged to the Participant of the delivering Clearing Member, Trading Member, or Portfolio Manager.</u>	<u>21.2.2.1(v) A settlement fee at the rate of ₹5.00 per debit instruction other than mentioned in 21.2.2.1(ii), for transfer of securities from the CM, TM or Portfolio Manager account of a Clearing Member, Trading Member or Portfolio Manager to the CM, TM or Portfolio Manager account of another Clearing Member, Trading Member or Portfolio Manager shall be charged to the Participant of the delivering Clearing Member, Trading Member, or Portfolio Manager.</u>

The Regulatory Oversight Committee (ROC) vide circular resolution has approved on April 10, 2025, the revision in Settlement Fees levied on Pool Account as stated in the proposal and recommended it to the Board for its approval.

The Board approved the same by passing the following resolution:

“RESOLVED THAT based on the recommendations of ROC, the Board approved the revision in Settlement Fees levied on Pool Account as mentioned in the proposal.

RESOLVED FURTHER THAT based on the recommendations of ROC, the Board approved the waiver of settlement fees levied to Clearing Corporation (CC) in February 2025 for CC Pool to Clearing Member Pool transfers for the direct payout process.

RESOLVED FURTHER THAT the Managing Director & Chief Executive Officer, Compliance Officer, Chief Regulatory Officer, Company Secretary and Executive Vice President - Operations be and are hereby severally authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution

XXXXXX