

POLICY ON RELATED PARTY TRANSACTIONS

I. INTRODUCTION

Clause 49 of the Listing Agreement mandates formulation of a policy on transactions with Related Parties and dealing with Related Party Transactions. As part of its corporate governance practices, the Board of Directors of MCX-SX Clearing Corporation Limited (MCX-SXCCL) has adopted the following policy and procedure with regard to Related Party Transactions and in order to set forth the procedures under which certain transactions must be reviewed and approved or ratified.

II. PURPOSE/OBJECTIVE

This Policy aims to comply with the provisions of the Section 188 of the Companies Act 2013 and rules framed thereunder and Clause 49 of the Listing Agreement read with Regulation 35 of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012. No Related-Party Transaction may be entered into by the Company, or any of its subsidiaries or associates, except in accordance with the provisions of this Policy. It is also intended to ensure correct reporting of transactions between the Company and its Related Parties.

III. DEFINITIONS

A. In this policy, unless the context otherwise requires:-

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circular or re-enactment thereof.

“Associate Company” in relation to another company means a company in which that other Company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation—For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

“Control” shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

“Key Managerial Personnel (KMP)” in relation to a company, means

- 1) the Managing Director or the Chief Executive Officer or the manager and in their absence, a Whole-time Director;
- 2) the Company Secretary; and
- 3) the Chief Financial Officer

“Related Party” is a person or entity that is related to the company in terms of Clause 49 (VII) (B) of Listing Agreement.

“Related-Party Transaction” means any transaction involving transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged.

“Material Related-Party Transaction” means any transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year above the threshold specified in the section below table:-

Transactions	Material Related-Party Transactions - Companies Act 2013	Material Related-Party Transactions - SEBI	Exceptions
Sale, purchase or supply of any goods or	10% of turnover or INR 100 crore, whichever is lower	10% of annual consolidated turnover of the company as per last audited financial statement	Where the transaction is entered in the ordinary course of business and at Arm's Length Price.
Selling or otherwise disposing of, or buying, property of any kind;	10% of net worth or INR 100 crore, whichever is lower		Where the transaction is entered in the ordinary course of business and at Arm's Length Price.
Leasing of property of any kind;	10% of net worth or 10% of turnover or INR		Where the transaction is entered in the ordinary course of business and at Arm's Length Price.
Availing or rendering of any services;	10% of turnover or INR 50 crore, whichever is lower		Where the transaction is entered in the ordinary course of business and at Arm's Length Price.
Such Related Party's appointment to any office or place of profit in the company, its	At a monthly remuneration exceeding INR 2.5 lakh		Where the transaction is entered in the ordinary course of business and at Arm's Length Price.

Transactions	Material Related-Party Transactions - Companies Act 2013	Material Related-Party Transactions - SEBI	Exceptions
subsidiary company or associate company			
Underwriting the subscription of any securities or derivatives thereof, of the Company	1% of net worth		Where the transaction is entered in the ordinary course of business and at Arm's Length Price.

Provided that any transaction is in excess of above limits shall require shareholders' approval.

Explanation: - The Turnover or Net worth referred above shall be computed on the basis of the Audited Financial Statements of the preceding Financial year.

“Policy” means Related Party Transaction Policy of the Company.

B. Any word or expression used but not defined herein shall have the same meaning as assigned to it in the Companies Act, 2013 or rules made thereunder, or Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2012 or Clause 49 of the Listing Agreement.

IV. REVIEW AND APPROVAL OF RELATED-PARTY TRANSACTION

➤ Audit Committee

1. Every Related Party Transaction (RPT) shall be subject to the prior approval of the Audit Committee.
2. Audit Committee may grant may grant omnibus approval for Related Party Transactions proposed to be entered into by the company which are repetitive in nature subject to the compliance with the condition specified in Clause 49 of the Listing Agreement.
3. Audit Committee will review, at least on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
4. Such omnibus approvals will be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

5. Transaction entered with between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval shall not require prior approval of the Audit Committee.

Provided that where such transaction is not in the ordinary course of business or not at Arm's length basis it shall require approval of Audit Committee and Board/Shareholders, under the Act.

➤ **Board of Directors**

1. The Audit Committee shall report all Related Party Transaction to the Board of Directors.
2. As per the provisions of Section 188 of the Companies Act, 2013 all kinds of transactions specified under the said section and which are not in the ordinary course of business or not at arm's length basis shall be placed before the Board for its approval.
3. Transactions where the Audit Committee is unable to determine whether or not they are in the ordinary course of business and/ or at arm's length basis and decides to refer the same to the Board for approval.
4. Transactions meeting the materiality thresholds laid down under this policy, which are intended to be placed before the shareholders for approval.

➤ **Shareholders Resolution**

1. All material Related Party Transactions shall require approval of the shareholders through special resolution.
2. The related parties shall abstain from voting on resolutions of material Related Party Transactions.

V. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of a Transaction with a Related Party that has not been approved under this policy prior to its consummation, the same shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee may examine the facts and circumstances of the case and take any such action it deems appropriate.

VI. DISCLOSURES

Disclosure will be made in the Company's Annual Report of the particulars of the contract and arrangement along with the justification for entering into such contracts/arrangements with the Related Parties as part of Directors' Report. This Policy will also be uploaded in the website of MCX-SXCCL and will be disclosed in the Annual Report of MCX-SXCCL in every year.

VII. AMENDMENTS IN LAW

A. Any subsequent amendment/modification in the Companies Act, 2013, rules made thereunder or in the listing agreement and/or other applicable laws in this regard shall automatically apply to amend this policy.

B. Reference and Reliance may be placed on the clarification issued by the Ministry of the Corporate Affairs, Government of India and the SEBI and other authorities from time to time on the interpretation of this policy.

C. In the event of any inconsistency between this policy and provision of the Companies Act, 2013, rules made thereunder or Clause 49 of the Listing Agreement, the latter shall prevail.