India International Depository IFSC Limited

Disclosures on Compliance with

Principles for Financial Market Infrastructures

Committee on Payments and Market Infrastructures

Board of the International Organization of Securities Commissions

Responding Institution	:	India International Depository IFSC Limited
Jurisdiction in which the FMI operates	:	GIFT IFSC (Special Economic Zone)
Authority(ies) regulating, supervising or overseeing the FMI	:	International Financial Services Centres Authority (IFSCA)
The date of disclosure	:	

This disclosure is made available at www.iidi.co.in

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Table of Contents

1. EXECUTIVE SUMMARY 4
1.1 Legal and Regulatory Framework 5
2. PRINCIPLES RELATED TO CSD 6
PRINCIPLE 1: Legal Basis 7
PRINCIPLE 2: Governance 9
PRINCIPLE 3: Framework for the Comprehensive Management of Risks 24
PRINCIPLE 10: Physical Deliveries 26
PRINCIPLE 11: Central Securities Depositories 27
PRINCIPLE 13: Participant-Default Rules and Procedures 31
PRINCIPLE 15: General Business Risk 33
PRINCIPLE 16: Custody and Investment Risks 36
PRINCIPLE 17: Operational Risk 37
PRINCIPLE 18: Access and Participation Requirements 41
PRINCIPLE 19: Tiered Participation Arrangements 43
PRINCIPLE 20: FMI Links 44
PRINCIPLE 21: Efficiency and Effectiveness 46
PRINCIPLE 22: Communication Procedure and Standards 47
PRINCIPLE 23: Disclosure of Rules, Key Procedures, and Market Data 48

1. EXECUTIVE SUMMARY

The India International Depository IFSC Limited (IIDI) was incorporated in March 2021 and is regulated by IFSCA. Prior to March 2021, the Central Depository Services (India) Limited (CDSL) sought approval from SEBI and IFSCA regarding commencement of depository operations through its Branch at GIFT IFSC vide its letter dated January 08, 2021, and January 25, 2021, respectively.

After formation of its Branch at GIFT IFSC, CDSL sought further approval for formation of its subsidiary from SEBI and IFSCA vide their letter dated March 03,2021, and March 12, 2021, respectively.

The said subsidiary company (CDSL IFSC Limited) commenced its operations as a depository at GIFT IFSC on April 06, 2021. Further, IFSCA vide its letter dated August 17, 2021, designated CDSL IFSC Limited as Bullion Depository under IFSCA (Bullion Exchange) Regulations, 2020, and later, the said company, through acquisition by consortium became the subsidiary company of India International Bullion Holding IFSC Limited which is owned by NSE, BSE, MCX, NSDL and CDSL. The name of the company was also changed from CDSL IFSC Limited to India International Depository IFSC Limited on May 14, 2022.

As a depository, IIDI is incorporated with the objective to provide unified depository services at IFSC for all classes of financial assets and create two-way bridge between Indian and Global investors while providing world class sophistication in terms of technology and services. The Company is a specialist financial organization holding securities such as equity shares in dematerialized form so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates. This allows brokers and financial companies to hold their securities at one location where they can be available for clearing and settlement. IIDI is the sole functional depository in IFSC which acts as the record keeper for securities including Bullion Depository Receipts.

1.1 Legal and Regulatory Framework

India International Depository IFSC Limited (IIDI) is a public limited company incorporated under the Companies Act, 2013. The depository operations of IIDI are mainly governed under International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021, read with International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020. The Regulations and IIDI's bye laws provide the legal basis for its operations.

2. PRINCIPLES RELATED TO CSD

The CPSS-IOSCO report on principles for financial market infrastructures (FMIs) recognizes that although most principles are applicable to all types of FMIs covered by the report, a few principles are relevant to specific types of FMIs. Accordingly, the principles which are generally applicable to Central Securities Depositories (CSDs) are listed below.

IIDI does not perform functions of a CCP and only facilitates securities settlement. Hence, certain principles related to CSDs are not applicable in the case of IIDI. The table below provides a summary of the applicability of the principles related to CSD.

Sr. no	Principles		Observance
1	Principle 1	Legal Basis	Observed
2	Principle 2	Governance	Observed
3	Principle 3	Framework for comprehensive management of risk	Observed
4	Principle 10	Physical deliveries	Not Applicable
5	Principle 11	Central Securities Depositories	Observed
6	Principle 13	Participant default rules and procedures	Observed
7	Principle 15	General business risk	Observed
8	Principle 16	Custody and investment risk	Observed
9	Principle 17	Operational risk	Observed
10	Principle 18	Access and participation requirements	Observed
11	Principle 19	Tiered participation requirements	Not Applicable
12	Principle 20	FMI Links	Observed
13	Principle 21	Efficiency and effectiveness	Observed
14	Principle 22	Communication procedures and std.	Observed
15	Principle 23	Disclosure of rules, key procedures and market data	Observed

- *The 24th principle is not applicable to CSDs, the same has not been considered.*

PRINCIPLE 1: Legal Basis

An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions

KC 1.1: The legal basis should provide a high degree of certainty for each material aspect of an FMI's activities in all relevant jurisdictions.

The activities of India International Depository IFSC Limited (IIDI) can be identified as unified depository services at IFSC for all classes of financial assets and a two-way bridge between Indian and Global investors, while providing world class sophistication in terms of technology and services. The principle jurisdiction for regulating the activities of the depositories is with International Financial Services Centres Authority (IFSCA). However, in order to facilitate the activities of the depositories, in addition to the provisions specified in the Depositories Act, 1996, certain provisions have also been incorporated in the Companies Act 2013 which is under the purview of Ministry of Corporate Affairs.

Legal framework governing securities consists of Companies Act, 2013 and International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021, read with International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, as amended from time to time. The Courts in India are bound to give verdict on the matters relating to securities within the scope of these Acts.

KC 1.2: An FMI should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.

The Bye-laws of IIDI and any subsequent amendments are approved by IFSCA. Further, IIDI needs to intimate IFSCA of any proposed instructions, specifications and guidelines, to be known as "Operating Instructions", relating to the functioning and operation of IIDI seven working days prior to releasing such instructions. In case IFSCA has no observations or does not communicate any observation within seven working days from the date of filing, IIDI can issue the operating instructions.

KC 1.3: An FMI should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way.

IIDI shall inform IFSCA for any repealing, deletion, amendment and/or alteration of the Bye Laws and Operating Instructions or any part thereof, or issue new or fresh Operating Instructions from time to time and submit a copy of the Operating Instructions or the amendment to or modification thereof, as the case may be, at least seven working days before the same are given effect to by IIDI.

KC 1.4: An FMI should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the FMI under such rules and procedures will not be voided, reversed, or subject to stays.

The Bye-laws of IIDI emanate from the Depositories Act 1996, International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021, read with International Financial Services Centres Authority (Bullion Exchange) Regulations, 2020, as amended from time to time, which are approved by IFSCA. Further, operating instructions issued by IIDI are also intimated to IFSCA prior to issuance. Further, there is no legal precedence where IIDI's actions under its rules, procedures, and contracts were held void.

KC 1.5: An FMI conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.

IIDI acts as a unified depository in IFSC jurisdiction for providing depository services in the International Financial Services Centre in a Special Economic Zone under the Gujarat International Finance Tec-City (GIFT) located at Gandhinagar, Gujarat, India. It doesn't operate in other jurisdictions. Thus, the issue pertaining to conflict of laws due to conducting business in multiple jurisdictions is not applicable.

PRINCIPLE 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

KC 2.1: An FMI should have objectives that place a high priority on the safety and efficiency of the FMI and explicitly support financial stability and other relevant public interest considerations.

The main objective of IIDI is to provide unified depository services at IFSC for all classes of financial assets and create two-way bridge between Indian and Global investors while providing world class sophistication in terms of technology and services.

Its financial transactions are audited by internal as well as statutory auditors. The auditors' reports are placed before the audit committee for review and minutes of audit committee are placed before the governing board.

IIDI places high priority on the safety and efficiency of its operations. Some of the measures are an investment in IT Infrastructure and Claims on Depository Participant (DP) i.e. If any DP of IIDI goes into liquidation, the creditors of the DP will have no access to the holdings of the BO. IIDI has obtained insurance to cover loss to a BO due to system failure or the negligence or fraud by the employees of IIDI or its DPs.

The financial stability of participants of IIDI is ensured through continuous eligibility requirements. Insurance cover has been obtained for any claims arising from negligence / errors / frauds of officials of IIDI and / or its participants.

IIDI has various Functional and Oversight Subcommittees like Standing Committee on technology, Risk Management Committee, Regulatory Oversight Committee, Advisory Committee etc. with representatives of participants / eminent persons from the field of finance, accounting, law or other disciplines related to capital market.

KC 2.2: An FMI should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.

IIDI is governed by various Acts and Regulations laid down by IFSCA, MCA etc.

The Managing Director and CEO is delegated with substantial powers of management and he operates under overall supervision and guidance of the Board of Directors and reports the performance to the Board. The Compliance Officer for depository Operations and Principal Officer under Prevention of Money Laundering Act have been appointed.

The Managing Director and CEO has the overall responsibility of Depository Operations. Different functional heads report to MD & CEO each being responsible for their functional area. The Compliance Officer reports to the MD & CEO, the Board and the Regulator.

A mix of shareholder directors who represent the interest of the owners and public interest directors who represent the interest of the investors in general have constituted the governing board of IIDI. The number of public interest directors is not less than the number of shareholder directors.
IIDI complies with Governance requirements as laid down by the Regulator under International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021, read with IFSCA (Bullion Exchange) Regulations, 2020, as amended from time to time. There are various committees viz. Member Selection Committee, Investor Grievance Redressal Committee, Audit committee, Risk management committee, Standing Committee on Technology, Advisory Committee, Nomination and Remuneration / Compensation Committee, Regulatory Oversight Committee, whose work is depicted in Minutes of the Board.

IIDI has a Board comprising of 12 directors. The Company's management team consists of Managing Director & CEO, Chief Technology Officer, Chief Financial Officer and Company Secretary.

IIDI has formed functional and oversight committees to assist the Board, as follows:

S No	Name of Committee	Brief terms of reference	Composition
FUNCTIONAL COMMITTEES			
1	**Member Selection Committee**	• To scrutinize, evaluate, accept or reject applications for admission of members, transfer of membership as well as approve voluntary withdrawal of membership. • Formulate policy to deal with any disciplinary matters relating to the Participants, Clients, Issuer or its Registrar and Transfer Agent, Clearing Members, Clearing Corporations and other users. This shall include termination / disciplinary action against participants, suspending, expelling or imposing penalties on the participant, freezing the account of the participant, among others. • Based on the laid down policy, consider the cases of violations observed during	• A maximum of two KMPs of the Depository can be on the Committee, one of which shall necessarily be the Managing Director of the Depository. • The Committee may also include independent external persons. • IFSCA may nominate members in the Committee, if felt necessary in the interest of the securities and bullion market. • The number of PIDs shall not be less than the total of number of Shareholder Directors, KMPs and independent external persons put together.

		inspection, etc. and impose appropriate regulatory measures on the members of the Depository. • While imposing the regulatory measure, the Committee shall adopt a laid down process, based on the 'Principles of natural justice'.	
2	**Investor Grievance Redressal Committee**	• Deal with the complaints referred to by the Depository, hear the parties and resolve their complaints.	• The IGRC shall comprise a single person for claims up to USD 35,000, whereas, for claims above USD 35,000, the IGRC shall comprise three persons. • The IGRC shall comprise independent external persons with qualifications in the areas of law, finance, accounts, economics, management or administration and experience in financial services, including securities and bullion market • The members of IGRC shall not be associated with a depository participant in any manner.

			• The disclosures and code of conduct, as prescribed by IFSCA from time to time shall be applicable to members of IGRC as well.
3	**Nomination and Remuneration Committee**	• Identifying a KMP, other than personnel as specifically provided in its definition under MII Regulations. • Lay down the policy for compensation of KMP in terms of the compensation norms prescribed by IFSCA from time to time. • Determining the compensation of KMPs in terms of the compensation policy. • Determining the tenure of a KMP, other than a director, to be posted in a regulatory department. • Selecting the Managing Director. • Framing & reviewing the performance review policy to carry out evaluation of every director's performance, including that of PID.	• The Committee shall include only PIDs. • However, independent external persons may be part of the Committee for the limited purpose of recommendation relating to selection of Managing Director; wherein the number of PIDs shall not be less than the independent external persons.

		• Recommending whether to extend the term of appointment of the PID. • Besides the above, it will also discharge the function as Nomination & Remuneration Committee under the Companies Act, 2013 as amended from time to time.	
OVERSIGHT COMMITTEES			
4	**Standing Committee on Technology**	• Monitor whether the technology used by the Depository remains up to date and meets the growing demands. • Monitor the adequacy of system capacity and efficiency. • Investigate the changes being suggested to the existing software/hardware. • Investigate the problems of computerized depository system, such as hanging/ slowdown/ breakdown • Ensure that transparency is maintained in disseminating information regarding slowdown/break down in the depository system.	• The Committee shall include at least two independent external persons proficient in technology. • The number of PIDs shall not be less than the total of number of Shareholder Directors and independent external persons put together.

		• The Committee shall submit a report to the Governing Board of the depository and the Governing Board will deliberate on the report and suitable action/remedial measure will be taken. • Explain any system outage related incidents to the Governing Board. • Review the implementation of Governing Board approved cyber security and resilience policy and its framework. • Such other matters in the scope as may be referred by the Governing Board of the depository and/or IFSCA.	
5	**Advisory Committee**	• To advise Governing Board of the Depository on non-regulatory and operational matters including inter alia technology, charges, and levies.	• The Committee shall comprise Depository Participants of the Depository. • The Chairperson of the Governing Board of the Depository shall be the Head of the Advisory Committee. • The Managing Director shall be a permanent invitee to every meeting of the Advisory Committee.

6	**Regulatory Oversight Committee**	• To lay down procedures for the implementation of the Code of Ethics and prescribe the reporting formats for the disclosure required under the Code of Ethics. • To oversee the implementation of the Code of Ethics. • To periodically monitor the dealings in securities of the KMP. • To periodically monitor the trading conducted by firms/corporate entities in which the directors hold twenty percent or more beneficial interest or hold a controlling interest. • To consider and decide on the criteria for admission, withdrawal of securities and continuous compliance requirements. • To declare any security admitted into Depository as ineligible. • To review complaint resolution process and status of redressal of grievances of	• The Committee shall comprise PIDs and independent external persons. • The number of PIDs shall not be less than the total of number of independent external persons put together. • Shareholder Directors and KMPs may be invited to the Committee.

		demat account holders, depository participants and Issuers with respect to depository operations (This shall inter alia include review of complaints remaining unresolved over long period of time, estimate the adequacy of resources). • Annual review of arbitrators and arbitration awards (both quantum and quality of the awards). • To monitor compliance with MII Regulations as amended from time to time and other applicable rules and regulations along-with IFSCA Circulars and other directions issued thereunder. • To review the fees and charges levied by the Depository. • Review the actions taken to implement the suggestions of IFSCA's Inspection Reports, place the same before the Governing Board of the depository • To follow up and ensure	

		compliance/implementation of the inspection observations.	
7	**Risk Management Committee**	• To formulate a detailed risk management policy which shall be approved by the Governing Board. • To review the Risk Management Framework & risk mitigation measures from time to time. • To monitor and review enterprise wide risk management plan and lay down procedures to inform Board members about the risk assessment and minimization procedures. • The head of the risk management department shall report to the Risk Management Committee and to the Managing Director of the depository • The Risk Management Committee shall monitor the implementation of the risk management policy and keep the Authority and the Governing Board informed about its implementation and	• The Risk Management Committee shall comprise PIDs and independent external persons and shall report to the Governing Board. • The number of PIDs shall not be less than the number of independent external persons.

		deviation, if any. • Responsibilities and other requirements as prescribed by IFSCA from time to time.	
8	**Audit Committee**	• To recommend for appointment, remuneration and terms of appointment of auditors of the Depository. • To review and monitor the auditor's independence and performance, and the effectiveness of the audit process. • To examine the financial statement and the auditor's report thereon. • Approval or any subsequent modification of transactions of the Depository with related parties. • To scrutinize the inter-corporate loans and investments. • Valuation of undertakings or assets of the Depository, wherever it is necessary. • To evaluate the internal financial controls and risk management systems. • To monitor the end use of	• The Audit Committee shall comprise a minimum of three directors with PIDs forming a majority. • The Chairperson shall be a person with an ability to read and understand the financial statement.

		funds raised through public offers and related matters. • In addition to the above, it will also discharge the function as Audit Committee under the Companies Act, 2013.	

The Annual Report is placed before all shareholders in the Annual General Meeting. The Board reviews the financial and operational performance of the company at least once in a quarter. Information relating to the ownership and management is published on the website.

The disclosure is made through Annual Reports which is approved by the Board of Directors and the same is uploaded on the website.

KC 2.3: The roles and responsibilities of an FMI's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly.

The Board is responsible for the achievement of objectives of IIDI and it reviews the performance of IIDI. The primary responsibility of the board of directors is to ensure that the depository operations are carried out as per the Act, Regulations and Bye Laws. The Board of directors is the highest governing authority with a responsibility to review the risk profile of the business and to evaluate the effectiveness of internal controls. It selects and evaluates the performance of the company's chief executive officer (CEO) and Key Management Personnel. The Board of Directors meets at least 4 times during the year and reviews the financial and operational performance of the company quarterly.

Various committees consisting of Board members and of eminent personalities viz: Audit Committee, Risk Management Committee, Nomination and Remuneration / Compensation Committee, etc. have been formed to facilitate smooth functioning of the company, corporate governance and in order to take such decision for which Board of Directors cannot meet frequently. The powers and functions of these committees have been outlined.

Every Director is required to disclose his interest and shareholding including that of his close relatives in other companies every year and as and when he becomes interested in other companies. The directors and the Key Management Personnel are also required to give a declaration every year that they continue to be a “fit and proper” person.

IIDI has a documented policy for evaluation of the performance of the individual directors, the Board and its committees. The stakeholders review performance of the board through Annual General Meeting.

KC 2.4: The board should contain suitable members with the appropriate skills and incentives to fulfill its multiple roles. This typically requires the inclusion of non-executive board member(s).

The Board comprises:

(a) Shareholder Directors
(b) Public Interest Directors; and
(c) Managing Director

In terms of IFSCA Regulations, the number of public interest directors on the board of directors of a depository cannot be less than the number of shareholder directors. The public interest directors are nominated by IFSCA for a term of three years, or for such extended period, as may be approved by IFSCA. The appointment and re-appointment of all shareholder directors is with the prior approval of IFSCA.

Nomination and Remuneration / Compensation Committee consisting of majority of public interest directors recommends to the Board suitable candidates for various director positions.

The Candidates evaluated by it are not aligned with any particular promoter group. Experience and expertise of the candidates in the capital market and other related areas are taken into consideration for this purpose. They are experts with requisite experience in the capital market or other related areas. Except sitting fees within the ceiling limits provided under the Companies Act, no other incentive is paid to the non-executive directors.

The appointment, renewal of appointment and termination of service of the Managing Director is also subject to the prior approval of the Regulator (i.e., IFSCA)

The information on shareholder directors and public interest directors is disclosed on IIDI website.

KC 2.5: The roles and responsibilities of management should be clearly specified. An FMI's management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the FMI.

The management has the delegated responsibility of development of capital market, and framing business strategies in furtherance of the objectives of IIDI. Management is responsible for carrying out business / day to day operations within the legal framework and by complying with all applicable laws. It is also responsible to ensure continuity of business / operations /services so that no client or stakeholder is put to loss or inconvenienced. The management also plays crucial role in motivating employees by defining clear goals for the team and providing training and development opportunities for overall growth of employees.

Senior management personnel are responsible for achieving their targeted goals. Their performance is assessed every year on behavioral and functional parameters. While assigning performance ratings, emphasis is given to achievement of goals and rightful behavior. Incentives are linked to the ratings. Quantitative as well as qualitative parameters are used for evaluation of performance.

KC 2.6: The board should establish a clear, documented risk-management framework that includes the FMI's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision making in crises and emergencies. Governance arrangements should ensure that the risk-management and internal control functions have sufficient authority, independence, resources, and access to the board.

IFSCA has prescribed the risk management framework for depositories. IIDI has complied with IFSCA directions in this regard and has also developed it further.

Functional and Operational Risks are reviewed and assessed by the Risk Management committee which is a committee of the Board.

As a depository, IIDI does not undertake clearing and settlement functions of CCP. Hence, risk decisions such as limits on risk exposures are not required to be taken. IIDI has laid down clear lines of responsibility and authority which helps in accountability for decisions. The risks posed by IIDI's depository participant are managed inter alia by net worth restrictions and annual submission of net worth, inspections, internal audits etc.

KC 2.7: The board should ensure that the FMI's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.

The Advisory Committee headed by public interest director and representatives of depository participants advises the Management on the matters of business strategies. Interested member / director does not participate in the discussion and decision on the matter in which he is interested.

Circulars are issued on all important operational matters for the benefit of stakeholders. They are also posted on the website. Major decisions of the Board are disclosed in the Annual Report. The same is uploaded on the website.

PRINCIPLE 3: Framework for the Comprehensive Management of Risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

KC 3.1: An FMI should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the FMI. Risk-management frameworks should be subject to periodic review.

IIDI being a depository does not undertake function of clearing and settlement and has identified financial, system and operational risks applicable to it. To continuously identify and assess risks that arise in depositories business, IIDI has constituted a Risk Management Committee**.** The Risk Management committee directly reports to the Board. This Committee reviews the operational procedures and their adequacy taking into account fluctuations in risk intensity, changing environments, and market practices. IIDI also has in place Risk management policy analyzed and reviewed annually for effectiveness.

KC 3.2: An FMI should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the FMI.

IIDI prescribes its Bye-laws to participants and, where relevant, to their customers to manage and contain the risk to IIDI. Further, IIDI mandates audit arrangements to its participants that cover their operations and also mandates participants to submit such report to IIDI. IIDI also conducts inspection of its participants.

KC 3.3: An FMI should regularly review the material risks it bears from and poses to other entities (such as other FMIs, settlement banks, liquidity providers, and service providers) as a result of interdependencies and develop appropriate risk-management tools to address these risks.

IIDI has identified operational risk due to failure of systems and connectivity as the major risk which it may pose to another FMIs. The said risk is mitigated by providing for alternative system and ensuring that there is no single point of failure in systems.

KC 4.4: An FMI should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. An FMI should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, an FMI should also provide relevant authorities with the information needed for purposes of resolution planning.

IIDI has identified the following scenarios that may disrupt its critical operations:

- External and environmental threats
- Damage from fire, flood, earthquake, explosion, civil unrest, and other forms of natural or man-made disaster
- Loss of Information
- Breach of information security
- Events that can cause interruptions to business processes
- Frauds or errors / delays by IIDI employees
- Frauds or errors / delays by employees of Depository Participants
- Risks associated with physical security
- Non-availability of services on account of problems associated with systems, human resources, infrastructure, vendors, etc.

PRINCIPLE 10: Physical Deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

KC 10.1: An FMI's rules should clearly state its obligations with respect to the delivery of physical instruments or commodities.

KC 10.2: An FMI should identify, monitor, and manage the risks and costs associated with the storage and delivery of physical instruments or commodities.

IIDI does not settle transactions using physical delivery (delivery of an asset, such as an instrument or a commodity, in physical form). Hence, this principle is not applicable to IIDI.

PRINCIPLE 11: Central Securities Depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimize and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry.

KC 11.1: A CSD should have appropriate rules, procedures, and controls, including robust accounting practices, to safeguard the rights of securities issuers and holders, prevent the unauthorized creation or deletion of securities, and conduct periodic and at least daily reconciliation of securities issues it maintains.

The Issuer or its agent Registrar and Share Transfer Agent (RTA) maintains the records of total securities issued (i.e., securities held in dematerialized form with the depositories.)

The issuer is required to record the name of the depository as a registered owner in respect of physical securities converted into dematerialized form or securities allotted in dematerialized form. Thus, the issuer or its agent (RTA) maintains record of the securities held in dematerialized form and maintains the balances of securities held in dematerialized form in the name of registered owner i.e., depositories.

Depositories maintain the record of beneficial ownership of securities held in dematerialized form and maintain the register and index of the beneficial owners.

IIDI has implemented systems to handle creation and deletion of scripts. IIDI has prescribed documentation requirements such as Memorandum and Articles of Association, Balance sheet for last three years, Board resolution, in-principle approval from stock exchanges etc., which are obtained and checked. IIDI follows a maker-checker principle for creation and deletion of securities. The system entries are checked against the documents submitted by the Issuer / RTA.

With respect to the rights of holders, corporate actions where no option needs to be exercised by the beneficial owner (BO), are processed through 'auto corporate action' wherein on the basis of information like ratio and benefit, ISIN entered by the RTA / Issuer and checked by IIDI with documents submitted by the Issuer / RTA, the corporate action is executed. Other corporate actions are executed on the basis of information about allotment and supporting documents submitted by the RTA and Issuer.

IIDI also provides the issuers / RTAs the beneficial owner position (BO Name, ID, address, quantity of securities held, etc.) on periodic basis (weekly and at every month end) free of charge. If any Issuer / RTA requires the information on ad-hoc basis, the same is also provided by IIDI.

Additionally, IIDI makes the rules and procedures available to participants and Issuer / RTA through its website.

KC 11.2: A CSD should prohibit overdrafts and debit balances in securities accounts.

IIDI system does not allow overdraft or debit balances in securities account. Debit from securities account is only allowed to the extent of credit balance of securities available in the account.

KC 11.3: A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry. Where appropriate, a CSD should provide incentives to immobilize or dematerialize securities.

As an incentive, the transfer of ownership in electronic form has been exempted from stamp duty reducing the transaction cost for transfer in electronic form. To promote and develop the market IIDI does not charge account opening charges and waives certain transaction fee to encourage larger participation.

KC 11.4: A CSD should protect assets against custody risk through appropriate rules and procedures consistent with its legal framework.

IFSCA regulations prescribe depository to indemnify loss in certain cases (1) Without prejudice to the provisions of any other law for the time being in force, with respect to any loss caused to the beneficial owner due to the wrongful act, negligence or default of IIDI or the participant, the depository shall indemnify such beneficial owner.
(2) Where the loss due to the negligence of the participant under sub- regulation (1) is indemnified by the depository, the depository shall have the right to recover the same from such a participant.
IIDI Bye-laws empowers IIDI to require the DP to replenish the relevant securities / pay cash to enable IIDI to replenish. Further, IIDI obtains Comprehensive Package insurance policy for ₹ 25 crores covering losses incurred due to system failure, negligence, errors, and frauds by employees of IIDI and DPs.

KC 11.5: A CSD should employ a robust system that ensures segregation between the CSD's own assets and the securities of its participants and segregation among the securities of participants. Where supported by the legal framework, the CSD should also support operationally the segregation of securities belonging to a participant's customers on the participants' books and facilitate the transfer of customer holdings.

IIDI Bye law 5.4.6 requires a Depository Participant (DP) to maintain a separate account for each Beneficial Owner and ensure that the securities of the Beneficial Owner are not mixed with its own securities. IIDI maintains demat accounts at beneficial owner level in its systems. Due to the beneficial owner level accounting system adopted, the segregation of securities is ensured. The Beneficial Owner can decide to close its demat account with a Depository Participant and open another account with other Depository Participant and transfer securities to such an account. IIDI as well as the Depository Participant does not levy any charge on closure of an account or such transfer instructions.

KC 11.6: A CSD should identify, measure, monitor, and manage its risks from other activities that it may perform; additional tools may be necessary in order to address these risks.

As per IFSCA regulation IIDI is only permitted to carry activities of depository or activities incidental to depository, provided that IIDI may carry out an activity which is not incidental to its activities as a depository, as may be assigned to the depository by the Central Government or by a regulator in the financial sector, through the establishment of Strategic Business Unit(s) specific to each activity with the prior approval of IFSCA and subject to such conditions as may be prescribed by IFSCA.

PRINCIPLE 13: Participant-Default Rules and Procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

IIDI acts as a depository and does not act as a CCP. Further, the depository structure requires maintenance of beneficial owner-wise accounts. Separate accounts are to be maintained by every DP in the name of each beneficial owner and segregate securities of each beneficial owner so that it is not mixed with the securities of other beneficial owners or with the DP's own securities. Thus, even in case of a participant becoming insolvent, the securities of beneficial owners are not affected as the same are maintained separately in separate beneficial owner-wise accounts.

K.C 13.1: An FMI should have default rules and procedures that enable the FMI to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.

KC 13.2: An FMI should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.

IIDI Bye laws and the agreement between IIDI and DP clearly define the procedure to be followed in case of termination or suspension of a DP. The Bye Laws require that in the event of default / insolvency of the DP, it shall forthwith inform IIDI. IIDI will then evaluate and follow the procedure for termination of the DP and arrange for transfer of investors' accounts from the concerned DP to another DP.

IIDI does not carry out clearing and settlement of securities. Further, as securities balances are maintained at beneficial owner level and are segregated from securities balances of participants, the default or insolvency of a participant does not affect the investors whose assets are held in a depository system. On the insolvency of a participant, a depository can terminate the agreement with the participant and arrange for transfer of investors' accounts to another participant.

IFSCA has laid down the eligibility criteria for Depository Participants which specifies the type of entity which can become a Depository Participant. The Depository Participant has to satisfy "fit and proper person" criteria.

As a risk management measure, lest the participant may default, at the time of admission of a participant, depository takes security deposit, and it can ask for additional security deposit whenever it deems fit.

As regards the use and sequencing of financial resources(to use promptly any financial resources that IIDI maintains for covering losses and containing liquidity pressures arising from default, including liquidity facilities and the order in which the financial resources can be used) the same is "Not applicable" to IIDI as it does not carry out clearing and settlement function.

KC 13.3: An FMI should publicly disclose key aspects of its default rules and procedures.

The procedure for termination and withdrawal of a Depository Participant has been laid down in IIDI Bye laws. The Bye-laws are available on IIDI website.

PRINCIPLE 15: General Business Risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

KC 15.1: An FMI should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.

Risk is managed under a comprehensive risk framework, with policies related to each of the relevant risks. All critical functional areas of the company are under audit, which is carried out by an independent firm of Chartered Accountants. IIDI has adopted the policy of preparing a budget for revenue as well capital expenses which is approved by the Board. All the expenses are incurred within the limits of the approved Budget.

Business risk can arise due to system failure, an error / fraud by an employee of the depository. IIDI has obtained an Insurance Policy covering losses arising out of such risks. The employees are adequately trained. Maker-checker principle has been implemented to reduce chances of errors and frauds. IIDI has broadened its business by inducting large number of depository participants having widespread reach in the country.

IIDI has an investment policy which ensures safety of the corpus with good returns. The costs / expenses are monitored and controlled.

KC 15.2: An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by

equity an FMI should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.

As per IFSCA Regulations, a depository is required to have a net worth of USD 3 million.

IIDI has adopted operational insurance policy which is sufficient to cover unforeseen losses. IIDI investments are into safe bank fixed deposits.

KC 15.3: An FMI should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, an FMI should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.

IFSCA has prescribed a minimum net worth of USD 3 million for a depository. IIDI has a net worth of more than prescribed limit by the regulator as on 31st March 2023.

KC 15.4: Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the FMI to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions.

Investment of Funds would be done as per the investment policy laid down by the Board of Directors. The investment policy is reviewed periodically.

IIDI investments are in bank fixed deposits which provide fixed income and the assets are fairly liquid and can be liquidated as required.

KC 15.5: An FMI should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.

IIDI has adequate net worth above prescribed limit by IFSCA and a viable plan for raising additional equity if required by the approval of board of directors.

PRINCIPLE 16: Custody and Investment Risks

An FMI should safeguard its own and its participants' assets and minimize the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

KC 16.1: An FMI should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices, safekeeping procedures, and internal controls that fully protect these assets.

IIDI has its investments in bank fixed deposits, and these are with minimal credit, market, and liquidity risks.

KC 16.2: An FMI should have prompt access to its assets and the assets provided by participants, when required.

As IIDI investments are in bank fixed deposits these ensure prompt access to funds.

KC 16.3: An FMI should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each.

Not applicable to IIDI.

KC 16.4: An FMI's investment strategy should be consistent with its overall risk- management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.

As IIDI investments are in bank fixed deposits it allows quick liquidation of the assets.

PRINCIPLE 17: Operational Risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfillment of the FMI's obligations, including in the event of a wide-scale or major disruption.

KC 17.1: An FMI should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.

The Board of Directors of IIDI has constituted a Risk Management Committee to identify, assess and mitigate risks involved in depository business.

The internal auditors of IIDI (an independent Chartered Accountant firm) check efficacy of procedures on an on-going basis.

IIDI has identified the following sources of operational risks which include internal sources, external sources as well as its participants -

- External and environmental threats
- Damage from fire, flood, earthquake, explosion, civil unrest, and other forms of natural or man-made disaster
- Loss of Information
- Breach of information security
- Events that can cause interruptions to business processes

- Frauds or errors / delays by IIDI employees
- Frauds or errors / delays by employees of Depository Participants
- Risks associated with physical security
- Non-availability of services on account of problems associated with systems, human resources, infrastructure, vendors, etc.

To ensure proper implementation of procedures, policies and controls, activities of each department are monitored.

For fraud prevention, IIDI has adopted maker-checker principle for performing all important activities.

KC 17.2: An FMI's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the FMI's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes.

IIDI Board of Directors has given the responsibility to assess, monitor and review risks in depository and depository participant operations to the Risk Management Committee.
The responsibility to review IIDI's controls, systems, procedures and safeguards has been placed with the internal auditor. The task of reviewing the adequacy of internal control system and internal audit function is assigned to the Audit Committee.

Any major change in the systems is tested with selected participants in a controlled environment. Before implementation of any change, adequate notice is given to the participants to incorporate the change in their systems / procedures.

KC 17.3: An FMI should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.

Regarding operational reliability, IIDI's objective is to ensure uninterrupted system availability with operational efficiency. Performance standards have been laid down for each operational activity and the same is monitored through MIS reports which are reviewed by MD & CEO at periodic intervals.

KC 17.4: An FMI should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.

IIDI ensures that it has scalable capacity adequate to handle increased stress volumes and to achieve its service level objectives.

KC 17.5: An FMI should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.

IIDI office is housed in a building having multi layered physical security. Further, IIDI office regulates physical access through access control systems. The access to data centers, console room and network room is restricted, and the entire office premises and data centers are under CCTV surveillance.

While drawing the project management plan for changes and major projects, Information security and physical security are among the aspects considered.

KC 17.6: An FMI should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the FMI to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The FMI should regularly test these arrangements.

IIDI has effective communications internally and with key external stakeholders and authorities in crisis situations to address events posing a significant risk of disrupting operations.

KC 17.7: An FMI should identify, monitor, and manage the risks that key participants, other FMIs, and service and utility providers might pose to its operations. In addition, an FMI should identify, monitor, and manage the risks its operations might pose to other FMIs.

IIDI requires all its participants to maintain an alternate means of connectivity and allows its participants to upload transactions by using its web-based application. Additionally, IIDI can also set up contingency terminal for the concerned participant for execution of transactions. IIDI also accepts transactions from participants through the established procedure of accepting files through registered e-mail ids.

IIDI has identified operational risk due to failure of systems and connectivity as a major risk which it may pose to another FMI. The said risk is mitigated by providing alternative system and ensuring that there is no single point of failure in systems.

PRINCIPLE 18: Access and Participation Requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

KC 18.1: An FMI should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements.

Criteria to access depository (i.e., IIDI) has been prescribed in the IFSCA Regulations as well as the Bye Laws of IIDI. The IFSCA (Capital Market Intermediaries) Regulations, 2021. provide broad categories for entities who may be eligible to become a Depository Participant (DP).

Further IIDI Bye-laws also provides additional criteria:

i) For participation, the applicant should furnish information and details pertaining to its business and equity holding relating to a minimum period of 3 years immediately preceding the date of the application or from the date of its inception, if less than 3 years.
ii) The applicant or its key officials holding substantial interest or otherwise in a position to control the affairs of the applicant should not have been convicted in any of the 5 years immediately preceding the filing of the application in any matter involving misappropriation of funds and securities, theft, embezzlement of funds, fraudulent conversion, forgery or any other offence involving moral turpitude.
iii) The applicant or its key officials holding substantial interest or otherwise in a position to control the affairs of the applicant should not have been expelled, barred, or suspended by the regulator or any recognized stock exchange.
iv) The applicant should have a net worth as specified by IIDI / IFSCA whichever is higher.
v) The applicant should furnish details of directors, and key personnel responsible for the conduct of business.
vi) Applicant should have trained staff who have sufficient skills and knowledge in

operational, functional, and technical aspects.

vii) Applicant should have adequate office space and arrangements for conducting effective and safe operations including software and hardware requirements, risk containment and insurance requirements.

All eligible participants meeting the above criteria are provided fair and equitable access to the IIDI systems.

KC 18.2 An FMI's participation requirements should be justified in terms of the safety and efficiency of the FMI and the markets it serves, be tailored to and commensurate with the FMI's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, an FMI should endeavor to set requirements that have the least-restrictive impact on access that circumstances permit.

The eligibility criteria prescribed by IFSCA and IIDI, allows screening of entities, so that only fit and proper persons are permitted to act as participants. It also enables limiting access to participants who are systemically essential.

IIDI has formed a Membership Committee to scrutinize, process, evaluate, accept, or reject applications for admission to IIDI of intending participants. Further, the Membership Committee constituted by the Board also reviews the criteria as per market conditions and risk environment.

KC 18.3: An FMI should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.

IIDI has implemented a mechanism wherein the net worth of the participant is checked every year based on the net worth certificate and audited financial statements submitted by it.

PRINCIPLE 19- Tiered Participation Arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

KC 19.1: An FMI should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the FMI arising from such tiered participation arrangements.

KC 19.2: An FMI should identify material dependencies between direct and indirect participants that might affect the FMI.

KC 19.3: An FMI should identify indirect participants responsible for a significant proportion of transactions processed by the FMI and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the FMI in order to manage the risks arising from these transactions.

The Depository structure, as mandated by the legal framework, only provides direct participation. The beneficial owners hold their demat accounts with Depository Participants who act as agents of the Depository.

Hence, this principle is not applicable to IIDI.

PRINCIPLE 20: FMI Links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

KC 20.1: Before entering into a link arrangement and on an ongoing basis once the link is established, an FMI should identify, monitor, and manage all potential sources of risk arising from the link arrangement. Link arrangements should be designed such that each FMI is able to observe the other principles in this report.

Not applicable to IIDI.

KC 20.2: A link should have a well-founded legal basis, in all relevant jurisdictions, that supports its design and provides adequate protection to the FMIs involved in the link.

IFSCA Regulations mandate the depository to maintain continuous electronic means of communication with all its participants, issuers or issuers' agents, as the case may be, clearing houses and clearing corporations of the stock exchanges and with other depositories.

KC 20.3: Linked CSDs should measure, monitor, and manage the credit and liquidity risks arising from each other, any credit extensions between CSDs should be covered fully with high quality collateral and be subject to limits.

The depository system does not allow for overdraft or credit facilities. Debit is allowed only when the total of securities for debit is less than or equal to the shares available in the account.

KC 20.4: Provisional transfers of securities between linked CSDs should be prohibited or, at a minimum, the retransfer of provisionally transferred securities should be prohibited prior to the transfer becoming final.

Not applicable to IIDI.

KC 20.5: An Investor CSD should only establish a link with an issuer CSD if the arrangement provides a high level of protection for the rights of the investor CSD's participants.

Not applicable to IIDI.

KC 20.6: An investor CSD that uses an intermediary to operate a link with an issuer CSD should measure, monitor, and manage the additional risks (including custody, credit, legal and operational risks) arising from the use of the intermediary.

Not applicable to IIDI.

KC 20.7: Before entering into a link with another CCP, a CCP should identify and manage the potential spill-over effects from the default of the linked CCP. If a link has three or more CCPs, each CCP should identify, assess, and manage the risks of the collective link arrangement.

Not applicable to IIDI.

KC 20.8: Each CCP in a CCP link arrangement should be able to cover, at least on a daily basis, its current and potential future exposures to the linked CCP and its participants, if any, fully with a high degree of confidence without reducing the CCP's ability to fulfill its obligations to its own participants at any time.

Not applicable to IIDI.

KC 20.9: A TR should carefully assess the additional operational risks related to its links to ensure the scalability and reliability of IT and related resources.

Not applicable to IIDI.

PRINCIPLE 21: Efficiency and Effectiveness

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

KC 21.1: An FMI should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.

IIDI has constituted advisory committees viz. Standing Committee on technology, Advisory Committee, and Risk Management Committee, to enable a feedback process from the different stakeholders while formulating policies / enhancing or changing systems.

KC 21.2: An FMI should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk-management expectations, and business priorities.

Performance standards for IIDI's activities and systems are reviewed by MD & CEO periodically and deviations in processing time of critical system processes (e.g., settlement processing, EOD processing, etc.) are monitored on a daily basis.

KC 21.3: An FMI should have established mechanisms for the regular review of its efficiency and effectiveness.

IIDI appoints an independent Chartered Accountant firm to conduct an internal audit of its operations The auditors also review compliance with laid down SLAs and report non-compliance, if any.

PRINCIPLE 22: Communication Procedure and Standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

KC 22.1: An FMI should use, or at a minimum accommodate, internationally accepted communication procedures and standards.

IIDI uses multi-factor authentication system at the user login of depository application. The said system is accessible through a private network (point to point connectivity) as well as the Internet. Once the user is authenticated successfully using simultaneous mutual authentication between user terminal and IIDI, users get connected to depository application through the secure encrypted channel. It enables protocol-level authentication of both the user and his access device before providing access to the Depository application.

The data communication between CSD and DP through Internet is through secure HTTPS protocol.

PRINCIPLE 23: Disclosure of Rules, Key Procedures, and Market Data

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

KC 23.1: An FMI should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.

For Depository Participants (DPs) and Issuers, Bye Laws, Operating Instructions, Circulars comprise IIDI's rules and procedures. They are also governed by the IFSCA regulations and circulars issued from time to time. The Bye Laws are approved by the regulator (IFSCA).

The above-mentioned documents are also available on website of IIDI. Non routine matters are generally managed on case-to-case basis after getting appropriate approvals from the concerned authority. The procedure approved for a particular non routine matter is followed for similar matter in future.

KC 23.2: An FMI should disclose clear descriptions of the system's design and operations, as well as the FMI's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the FMI.

The Rights and obligations are disclosed in the Bye laws. The circulars issued by IIDI, and the agreements required to be executed are also disclosed to the participants which enables them to assess the risks they would incur by participating in the FMI.

Bye Laws contain information regarding Rights and Obligations of Participants and Rights and Obligations of Beneficial Owners. It also contains the procedure to be followed for redressal of investors' grievance.

KC 23.3: An FMI should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the FMI's rules and procedures and the risks they face from participating in the FMI.

Training programs are conducted for employees / Compliance Officers of DPs and internal / concurrent auditors of DPs. Two employees of each DP are mandatorily required to undergo training.

KC 23.4: An FMI should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The FMI should provide clear descriptions of priced services for comparability purposes.

Charges payable by the participants, issuers, RTAs are available on the website. Any revision thereof is advised to all concerned 30 days in advance by way of a circular. The same is displayed on the website.
Nomenclatures used for various services offered by IIDI are commonly used in the industry and easily understandable by the users and therefore offer easy comparability.

KC 23.5: An FMI should complete regularly and disclose publicly, responses to the CPSS-IOSCO Disclosure framework for financial market infrastructures. An FMI also should, at a minimum, disclose basic data on transaction volumes and values.

Basic data disclosure on transactions volumes and values is disseminated in the annual report of the company.