



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER ON PROVISIONS PERTAINING TO APPOINTMENT OF PUBLIC INTEREST DIRECTORS

Consultation Paper on provisions pertaining to appointment of Public Interest Directors

Objective

This paper seek public comments on various proposals connected with the process adopted by SEBI for appointment of Public Interest Directors (PIDs) on Stock exchanges, Clearing Corporations and Depositories (collectively herein referred to as “Market Infrastructure Institutions” or “MIIs”), and for improving the ease of doing business for PIDs. The suggestion relating to the appointment process aims to achieve better shareholder participation in the appointment process of PIDs. For improving ease of doing business for PIDs, the proposals include easing documentation requirement when being considered for PID appointment, allowing payment of fixed stipend to PIDs in addition to sitting fees, and reducing cooling off period for appointment of PIDs.

A. Process for appointing PIDs

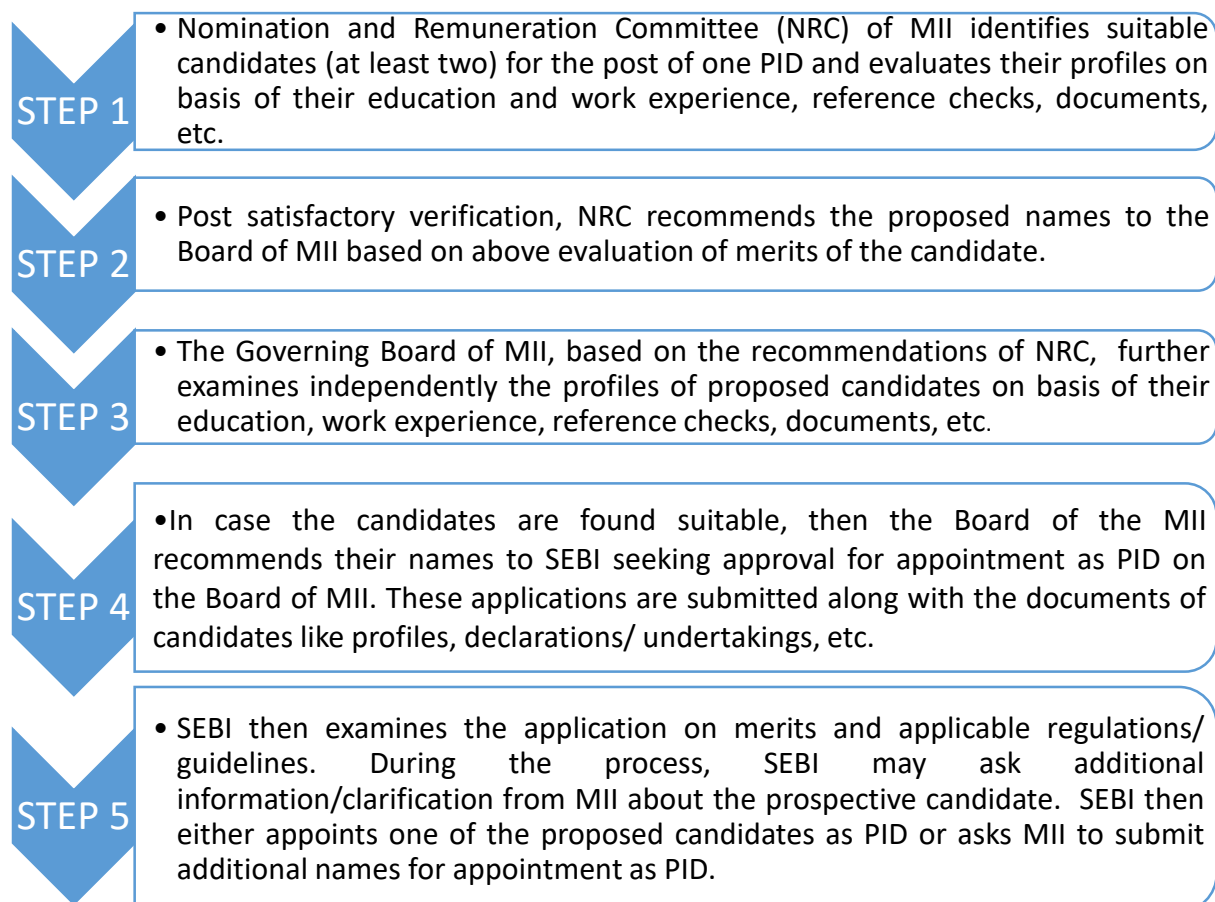
Background

1. MIIs are unique institutions providing vital market infrastructure of trading, settlement and record keeping. They help in enforcing market regulations and supporting regulatory initiatives aimed at enhancing investor protection, market transparency, fair access and treatment to all stakeholders, and managing risk, while pursuing commercial objectives.
2. The governing board of MIIs play a critical role towards ensuring that the objective of Public Interest is given primacy in the operation of an MII. The governing board of MIIs consists of Managing Director, Non-Independent Directors (NIDs) and Public Interest Directors(PIDs). The role of PIDs is vital in enhancing corporate integrity and governance standards in any MII. PIDs, especially, play a vital role in balancing the interests of MII’s management, its shareholders and more importantly ensuring the safety, efficiency and integrity for the market participants using the infrastructure of these MIIs. PIDs ensure that in pursuance of their business objectives, MIIs do not lose sight of responsibilities vested upon them as public utility infrastructure institutions.
3. Regulation 2(1)(o) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (hereinafter referred to as “SECC Regulations, 2018”) and Regulation 2(1)(m) of the SEBI (Depositories and Participants) Regulations, 2018 (hereinafter referred to as “D&P Regulations, 2018”) inter-alia define PID as an independent director representing the interests of investors in securities market. As per regulatory provisions, the number of PIDs shall not be less than the number of NIDs on

the Board of the MII, which aim to ensure that the decisions taken by the governing board of MII consider the interest of the investing public.

Existing Process for appointment of PIDs

4. The diagram below shows the extant process followed for appointment of PIDs:



Need for Review

5. As per SECC Regulations, 2018 and D&P Regulations, 2018, PIDs are appointed with the prior approval of SEBI. Shareholder's approval in this regard shall not be necessary.
6. The provisions of The Companies Act, 2013, however, mandates that independent directors shall be appointed with the approval of the shareholders in the general meeting.
7. While PIDs in MIIs can be considered akin to independent directors in a company, their role includes, amongst others, to look after the interest of the investing public. PIDs, unlike independent directors, do not require shareholder approval for their appointment at any stage, before or after SEBI approval. This dichotomy has been by design as MIIs, which are public utility infrastructure

institutions, have been kept on a higher pedestal than other companies. SEBI as the regulatory body under the statute is bestowed with adequate powers and has the ability to exercise oversight in respect of operations of an MII, including approval of appointment of directors in MIIs whether PID or NID, to ensure that the interest of all stakeholders are protected.

8. SEBI has, however, received feedback that, under the current regulatory regime, shareholders do not have material oversight powers with respect to the functioning of the Board of MIIs. In case of decisions of governing board impacting shareholder wealth, shareholders, in hindsight, may feel aggrieved about not being included in the PID appointment process.

Deliberations and recommendations of the Working Group

9. A Working Group (WG) consisting of 3 members was formed to deliberate on the existing process of appointment of PIDs on the governing board of MII and to recommend modification in the aforesaid process, if deemed appropriate. The Working Group was chaired by Smt. Usha Thorat, Former Deputy Governor, RBI. Other members of the Working Group were Shri Mohan Shenoi, Ex-COO, Kotak Mahindra Bank Ltd. and current non-independent director of The Multi Commodity Exchange of India Limited and Shri Sunil Gulati, Chairman, SBI Mutual Fund Trustee Board.
10. The WG noted the observations and recommendations made by the past Committees viz. Kania Committee in 2002 (relevant extracts at Annexure-1), Bimal Jalan Committee in 2012 (relevant extracts at Annexure-2), Gandhi Committee in 2017 (relevant extracts at Annexure-3) and G. Mahalingam Committee in 2022 (relevant extracts at Annexure-4).
11. After considering the views of the past committees in this regard, the WG evaluated two approaches involving shareholders in the appointment of PIDs (Relevant extracts of deliberations of the WG at Annexure-5):-
 - 11.1. **Where only shareholder's approval is required:** The WG felt that if only shareholders' approval is obtained for appointing PIDs and SEBI's approval is removed, it will make the process similar to appointment process of an independent director as per the Companies Act. Such appointments, therefore, may militate against the need for PIDs to be predominantly guided by public interest considerations.
 - 11.2. **Where shareholder and SEBI's approval are required:** The WG felt that a process involving shareholders' and SEBI's approval would make it similar to appointment of a NID (appointment process of NID is given at **Annexure-6**). Further potential differences between regulator's and shareholders'

selection of appropriate candidate may prolong the process of filling up such vacancy.

12. The WG, however, felt that it was important to have shareholders' feedback during the appointment process of PIDs, as they are an important stakeholder in the MII, and the decisions taken by PIDs affect the financial performance of MII, and hence shareholder's interest. At the same time, they felt that SEBI should have the powers to always approve such important appointments.
13. The WG noted the recommendations of the "Committee on Strengthening Governance of the MII" (*copy of the report is available at https://www.sebi.gov.in/reports-and-statistics/reports/nov-2022/strengthening-governance-of-market-infrastructure-institutions_64806.html*) that the NIDs should be permitted to be members of all statutory committees including Nomination and Remuneration Committee (NRC). This recommendation was implemented by SEBI vide circular dated June 25, 2024. Since NRC, which is entrusted with the process of shortlisting and recommending names to the governing board of MII, would have NIDs as part of its composition, thus would have sufficient representation of shareholders to provide requisite contribution to the appointment process of PIDs.
14. Therefore, the WG recommended that there is no need to change the process for appointing PIDs to the governing board of an MII and present process of SEBI approval may continue.

An alternate process for appointment of PIDs

15. While representation of NIDs on NRC enables shareholders' views to be heard during the appointment process of PIDs, it could still be worthwhile to explore if the appointment process can benefit from greater involvement and participation of shareholders. The details of the alternative process, involving shareholder approval as part of the PID appointment, is described under Option 2 in Table A below.
16. However, such a process involving shareholder approval may lead to delays in appointment of PIDs. To guard against such delays and avoid any vacuum at MII, if suitable candidates are not found acceptable to shareholders after two rounds of exercise as described under Option 2 by MIIs, SEBI can directly appoint a director deemed as PID on the board of MII. SEBI may do so under Regulation 23A of the SECC Regulations, 2018 which state inter alia as:

"The Board may appoint one or more persons not exceeding three in number, as director(s) on the governing board of any recognised stock exchange or

recognised clearing corporation and such director(s) shall enjoy the same status and power as the other directors of the governing board.”

17. SEBI would like public feedback to gauge if the shareholders should be more directly involved in the process of appointing PIDs, or would the enablement of NIDs in NRC be adequate for the purpose.
18. Further, to enable objective decision making on such appointments (irrespective of the process followed), SEBI proposes to establish a High Level Appointment Committee (HLAC) consisting of reputed external experts. This would be along the lines of the extant High Powered Advisory Committee (HPAC) that recommends outcomes of settlement applications to SEBI. The candidates suggested for PIDs and MD & CEOs by the MII's Governing Board could be considered by such an HLAC independently, for recommending a name to SEBI. This suggestion was also deliberated by the WG, which felt that such a step could be pursued by SEBI if deemed appropriate.
19. Accordingly, the following two options are suggested for the appointment and reappointment of PIDs:

Table A

Option 1	Option 2
The existing process of appointment and reappointment of PIDs shall continue	On receipt of names from MIIs, SEBI examines the application in terms of SECC Regulations, 2018 or D&P Regulations, 2018 and gives NOC to MIIs to take it to their shareholders for approval.
Addition of non-independent directors to NRC shall ensure adequate representation of shareholders at the identification stage of finding a suitable candidate both at NRC as well as at the Governing Board.	On receipt of NOC from SEBI, shareholders' approval will be taken by the MII.
	Once shareholders approve a candidate, application will come back to SEBI for final approval.
	If suitable candidates are not found acceptable to shareholders after two rounds of the above exercise by MIIs, SEBI shall appoint PID under Regulation 23A of SECC Regulations, 2018.

20. In addition, for ease of doing business, and to ensure wider shareholder participation, the following are additionally proposed to be adopted, irrespective of whether Option 1 or Option 2 above is chosen.
- 20.1. If eligible, existing PIDs should be offered for reappointment by the MII to SEBI, unless the said PID chooses to opt out of such reappointment. In such cases, MIIs can provide just the name of the eligible PID, unless SEBI requires names of more candidates to be sent alongside.
- 20.2. MIIs should strive to have NIDs on their Governing Board representing minority shareholders of the MII. MIIs should also strive to have as many NIDs as are permitted within the overall ceiling as prescribed by extant regulations.

Questions for Public

1. Whether SEBI should continue with Option 1 for appointing or reappointing PIDs?
2. Whether Option 2 should be adopted for appointing or reappointing of PIDs?
3. For option 2, whether SEBI should suo-moto appoint PIDs on the Governing Board of MII if suitable candidates are not found acceptable to shareholders after two rounds of exercise by MIIs?
4. Whether SEBI should constitute a High Level Appointment Committee for appointment or reappointment of PIDs and MD&CEO irrespective of process at Option 1 or Option 2 above?
5. Whether an existing PID, if eligible, should be a default candidate for reappointment with approval of SEBI?
6. Should SEBI encourage the MIIs to increase the NIDs in their Governing Board, including NIDs representing minority shareholders?

B. Reduction in documentation and names to be sent to SEBI

Background

1. Paragraph (I)(1) of Part-H under Schedule II of SECC Regulations, 2018 inter alia states that:

“All directors while seeking approval shall submit to the stock exchange/clearing corporation the following details:-

- a) Name*
- b) Address*
- c) Educational qualification*
- d) Details of employment/ Occupation, past and present*
- e) Details of other directorships*
- f) DIN No.*

- g) Declaration regarding the fulfillment of requirements specified under regulation 20 of these Regulations.
- h) Declaration confirming compliance of Regulation 23 (6) read with Regulation 2 (1) (b) of these Regulations, in respect of non-association with trading member or clearing member.
- i) Details of regulatory action taken against by any statutory authority in India.
- j) Details of activities that may in the opinion of the director, lead to his disqualification.
- k) Association with trading members/clearing members of stock exchanges/clearing corporations.
- l) Disclosure of the names of his dependents associated with the securities market as member, sub-broker, authorized person or holding any SEBI registration.
- m) An undertaking that he shall abide by the code of conduct and code of ethics prescribed in Part A and Part B of Schedule II to these Regulations.
- n) In the case of public interest directors, consent letters for acting as a public interest director.
- o) Pending / completed criminal cases pending before any authority in India or abroad, if any.”

2. Paragraph (III) (1) of Part-H under Schedule II of SECC Regulations, 2018 inter alia states that:

“(1) The names of the public interest directors shall be forwarded to the Board after the approval of the governing board of the recognised stock exchange or recognised clearing corporation. The shareholders’ approval shall not be necessary. A minimum of two names shall be submitted to the Board for each vacancy of public interest directors, two months before such vacancy”.

3. Paragraph (III) (4) of Part-H under Schedule II of SECC Regulations, 2018 inter alia states that:

“(4) In case of reappointment of the public interest director, the recognised stock exchange or recognised clearing corporation shall apply to the Board four months before the expiry of the term. In addition to the other requirements specified herein, the application for reappointment of the public interest director shall be accompanied with, their attendance details on meetings of various mandatory committees and on the governing board of the recognised stock exchange or recognised clearing corporation, performance review and the reasons for extension of term.”

Similar provisions as stated at paragraphs B(1), (2) and (3) above are also applicable to depositories under SEBI (Depositories Participants) regulations, 2018 (D & P Regulations, 2018).

4. Candidates proposed by MIIs to SEBI for the purpose of appointment of PID have to go through detailed scrutiny including having to sign and submit multiple declarations/ undertakings to the MII at the time of submitting their candidature for the proposed appointment. Thereafter, SEBI receives at least two names from the MIIs for appointment of one candidate as PID along with the details as mentioned above.

Need for review

5. The selection of one candidate over other(s) may cause feeling of rejection to non-selected candidates especially after going through detailed scrutiny in terms of paper-work, presentation given to Board, etc. Since the proposed candidates are professionals of high stature and calibre, such non-selection also may cause embarrassment to non-selected candidates. As per the feedback received from MIIs and PIDs, subjecting the senior officials to such detailed paperwork along with the ambiguity with respect to their selection seems unfair and onerous and could be reviewed.
6. Note that the proposal as elaborated in A(20.1), viz., requiring only one name of the eligible PID at the time of reappointment, would also remove the above issue to an extent.

Proposal

7. The following two stage process is suggested for the appointment of PIDs: -

Stage 1: MIIs shall submit names of at least 2 candidates and their brief profiles to SEBI after approval of their NRC and Governing Board. SEBI shall shortlist one candidate and seek further details. However, in case of reappointment, the name of the existing eligible PID whose term is going to expiry may be forwarded to SEBI for consideration.

Stage 2: MIIs shall then collect all the documents/details as stated from time to time by SEBI from the shortlisted candidate, submit the same to SEBI and seek SEBI's approval.

Question for public comments

1. Should SEBI continue with existing process for documentation at the time of shortlisting of PIDs or adopt two-stage process for shortlisting at the time of appointment of PIDs?

C. Payment of remuneration to PIDs

Background

1. Regulation 24 (9) of the SECC Regulations, 2018 inter alia state that

“Public interest directors shall be remunerated only by way of sitting fees as admissible to independent directors in the Companies Act, 2013.”

Similar provisions also exist for depositories under D & P regulations, 2018.

2. Therefore, currently the remuneration of PIDs on the governing board of MIs is limited up to the sitting fees payable as per The Companies Act, 2013. Additionally, they are reimbursed cost for attending meetings of the Board and its committees.
3. RBI, vide its circular dated April 26, 2021, allowed banks to provide for fixed remuneration to Non-Executive Directors (NEDs), including Independent Directors, other than Chair of the Board, which shall not exceed Rs. 20 lakh per annum. The ceiling limit was subsequently increased by RBI to Rs. 30 lakh per annum vide its Circular dated February 9, 2024. Pursuant to the same, the NEDs of banks are being paid in the form of a fixed remuneration commensurate with an individual director’s responsibilities and demands on time.

Need for review

4. There is no provision in SEBI Regulations with regard to payment of similar fixed remuneration to PIDs of MIs over and above sitting fees.
5. Considering the crucial role of PIDs in efficient functioning of MIs, the demands on their time, and in order to attract competent individuals on MI Governing Boards, the current amount payable to PIDs may be reviewed.

Proposal

6. Each PID of MIs in addition to sitting fees and expenses relating to attending meeting of the Board and its committees may be paid fixed remuneration of upto Rs. 30 lakhs per annum, as commensurate with the PID’s responsibilities and demands on their time.

Question for public comments

1. Whether PIDs of MIs may also be paid fixed remuneration subject to the upper limit as prescribed under RBI Circular for NEDs, in addition to sitting fees and expenses relating to attending meeting of the Board and its committees?

D. Review of cooling off period

Background

1. Regulation 24 (3) of the SECC Regulations, 2018 inter alia state that

“(3) Public interest directors shall be appointed for a term of three years, extendable by another term of three years, subject to performance review in the manner as may be specified by the Board:

Provided that post the expiry of term(s) at the recognized stock exchange or the recognized clearing corporation, a public interest director may be appointed with the prior approval of for a further term of three years in other recognized clearing corporation or recognized stock exchange, or a depository, only after a cooling-off period of one year”

Similar provisions as stated above also exist for depositories under D&P Regulations, 2018.

2. Therefore, PIDs after completion of their two terms in one MII and seeking appointment as PID into another MII have to wait a period of one year before such appointment. Additionally, they cannot join the subsidiary of the existing MII before a cooling off period of three years.

Need for review

3. As per feedback received from MIIs and PIDs, there is shortage of quality PIDs in the market. Further, there is skilled and well-trained PIDs available that cannot be utilized because of this blanket restriction of one year cooling off period.

Proposal

4. It is proposed that the cooling off period of one year shall be applicable if a PID is proposing to join a competitor MII or associate of competitor MII only.

Question for Public Comments

1. Whether, one year cooling off period for PIDs be applicable for joining other competitor MIIs and associates of the competitor MIIs only?

Submission and Timeline

Considering the implications in the governance of MIs, public comments are invited on the proposal. Comments may be sent to the following, latest by September 12, 2024 via online web-based platform through the following link:

[SEBI | Public Comments](#)

In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: "Appointment of PIDs"

Manish Tekriwal, AGM (manisht@sebi.gov.in)

Annexure-1

Excerpts from Committee on Corporatisation & Demutualisation of Stock Exchanges in India headed by Justice M.H. Kania, former Chief Justice of India

*“the representatives of the investing public would be nominated by SEBI from among a panel comprising of academics, professionals, industry representatives, public figures and investors association, **none of whom should have any interest in any broking firm,**”*

Annexure-2

Excerpts from report of Committee on “Review of Ownership and Governance of Market Infrastructure Institutions” headed by Shri Bimal Jalan, former governor of RBI

“Demutualization was aimed at allowing a stock exchange to operate as an entity in its own right – rather than as an extension of its members/users business. Ownership and control in the stock exchange of the trading members has been restricted severely. This in a sense has shifted the governance fulcrum away from the trading members to the shareholders and public interest directors.

Moreover, in institutions which are subject to dispersed shareholding requirements or where the shareholders consist of mainly public sector financial institutions, the board may end up being a little more than a ‘rubber stamp’ for management’s decisions.

*Internationally, the appointment of independent directors (previously public interest directors) to the board of a market infrastructure institutions SRO is undertaken typically to ensure that the board responds to inherent conflicts that is a consequence of the entity pursuing both private and public interests simultaneously. In order to effect this, such directors need to be **independent** both of the market infrastructure institution on whose board they sit and also of other relevant parties, including participants using the facilities of the market infrastructure institution and issuers listed or whose stock is traded on the exchange.”*

Annexure-3

Excerpts from report of Committee on “Review of regulations and relevant circulars pertaining to Market Infrastructure Institutions (MIIs)” headed by Shri R. Gandhi, former Deputy Governor of RBI stated the following:-

“The Committee took note of the present process of approval of Public Interest Directors (PIDs) / Independent Directors laid down in the SECC Regulations/Companies Act, 2013. The process of appointment of nominee directors by the companies in terms of Companies Act 2013 was also taken into consideration.

The Committee, on an examination of the provisions of Securities and Exchange Board of India Act, 1992 (SEBI Act), Securities Contracts (Regulation) Act, 1956 (SCR Act) and the Companies Act finds that the Board is empowered to appoint PIDs in MIIs and such appointment shall not necessitate ratification by the shareholders of the company.

The Committee noted that SEBI nominated PIDs are sui generis, in view of the position that SCRA is a special Act and the SECC Regulations thereunder. However, to have greater legal clarity, SEBI may promote appropriate amendments in the SCRA/Companies Act.

*The Committee analysed the qualification prescribed for Public Interest Directors and qualification prescribed for Independent Directors under Companies Act. The Committee also examined the issue of tenure and role of PIDs. **The Committee is of the view that PIDs, given their special role, will have to be governed by higher tenets than those applicable to Independent Directors”***

Annexure-4

Excerpts from report of Committee on “Strengthening governance of MIs” under the Chairmanship of Shri G. Mahalingam, Former Whole Time Member SEBI, stated as under:-

“Under the existing SEBI norms, the PIDs are stated to be “nominees” of SEBI, who represent the interests of investors in securities market. In fact and practice, however, the names of PIDs are submitted by the MI themselves, and SEBI only selects out of the pool of names proposed by the MI. Accordingly, the approval of the proposed names does not reflect a nomination process by SEBI.”

“The Committee deliberated on the above areas of concern. The view that emerged was that the phrase “nominated by” SEBI should be revised since SEBI was merely acting as an approving authority. The existing appointment process, however, may continue with minor changes to account for any delays or conflict of interest.”

In view of the above the aforesaid committee on strengthening governance of MIs inter alia recommended that

“The concept of PIDs as being “nominees” of SEBI in the current regulations should be replaced with being “appointed with the prior approval” of SEBI.”

Annexure- 5

Extracts of deliberations of the Working Group on Appointment of PIDs

A) On appointment process of PIDs

The WG noted that appointment process of PIDs on the Board of MIIIs have been deliberated by the previous expert committees in great detail where they were of the view that there was no need for shareholder's approval for PID appointment. The Gandhi Committee stated that PIDs ought to be governed by higher tenets than that applicable to independent directors. Further in the context of appointment of PID of MIIIs, the Gandhi Committee was of the opinion that they are sui generis (peculiar to themselves) and desired greater legal clarity in their appointment process through appropriate amendments in SCRA/Companies Act.

The WG evaluated two approaches for appointment of PIDs:

Where only shareholder's approval is required: While deliberating this approach, the WG noted that at present, for stock exchanges, the stock brokers or their associates can hold upto 49% of the shareholding. As on March 31, 2023, 44.15% of NSE's shareholders and 25.86% of BSE's shareholders are Trading Members and Associates of Trading Members. However, no broker can be part of the governing board of the MII. If the appointment of PIDs in an MII is limited to approval by shareholders, then there could be a scenario where nominees/proxies of brokers get appointed on the MII's Board. The WG noted that only approval of shareholders for appointment of PIDs may defeat the purpose of demutualization of MIIIs the objective of which was to eliminate conflicts of interest between the members of MII and the board/management of the MII.

If only shareholders' approval is obtained for appointing PIDs and SEBI's approval is removed, it will make the process similar to appointment process of an independent director as per Companies Act. Such appointments, therefore, may be contrary to public interest considerations.

Where shareholder and SEBI's approval are required: The WG noted that any process involving first regulator's NOC followed by shareholder's approval and then SEBI's final approval for appointment of PID would make it similar to appointment of a NID and there would be no difference in both the appointment processes. Further there could be conflict between regulator's and shareholder's choice of appropriate candidate which may cause delay in appointment of such vital position. This may also lead to undermining regulator's decision if any candidate from the NOC list is not approved by the shareholder. Hence, the two step process requiring approval of shareholder and subsequently of SEBI for

appointment of PID or vice versa seems impractical and may not be considered further.

The WG however felt that it was important to have shareholder's feedback during the appointment process of PIDs as they are an important stakeholder in the MII and the decisions taken by PIDs affect the financial performance of MII which in turn affects shareholder's interest. At the same time, they felt that SEBI should be required to have the powers to always approve such important appointments as SEBI is best placed to consider public interest and hence the power of SEBI for such appointments should not be diluted.

The WG noted the recommendations of the "Committee on Strengthening Governance of the MII" chaired by Shri G. Mahalingam. It had recommended that the Non-Independent Directors should be permitted to be members of all statutory committees. This recommendation has also been approved by the SEBI Board and shall be implemented soon by issuance of circular by SEBI. The WG felt that as rationalization of the terms of reference and composition of Statutory Committees shall be done by SEBI, all such committees including Nomination and Remuneration Committee (NRC) shall anyways have NIDs. NRC, which is entrusted with the process of shortlisting and recommending names to the governing board of MII, currently has only PIDs. With NIDs also part of the composition, there would be sufficient representation of shareholders to provide requisite contribution to the appointment process of PIDs. The Working Group recommended that specific comments of NIDs including any dissents or contradicting opinion should be recorded with reasons and sent to SEBI along with the names of candidate so that SEBI can take an informed decision.

Another alternative discussed by the Working Group was establishing a high level committee by SEBI consisting of external experts. The names suggested by the NRC/MII Board could be evaluated by this high level committee for independent examination of the candidates and recommending a name to SEBI for its consideration. The WG was of the view that the said option can be given a considered thought by SEBI and pursued if deemed appropriate.

The WG also enquired about the existing composition of PIDs and NIDs at all MIIs. After perusing the data, the WG felt that the MIIs should give active consideration to appointing more directors including NIDs representing smaller shareholders, on their governing board. However, the WG also emphasized that size of board may depend on the size of the MII and needs to be evaluated by each MII separately. This will not only give better voice to shareholder's views during the appointment process of PIDs but also aid the MIIs in other activities.

Recommendation

- I. Based on above deliberations and considering that process to include NIDs in the NRC is underway, the WG recommended that there is no need to change the process for appointing PIDs to the governing board of an MII and present process of SEBI approval may continue.

Annexure-6

