

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

## **CORPORATE GOVERNANCE POLICY**

(Last reviewed: June 2025)

### **1. INTRODUCTION**

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

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

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

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

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

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

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

##### **COMPOSITION:**

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

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

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

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

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

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

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

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

It shall also carry out such other activities as specified in the Audit Committee Charter (as amended from time to time)

#### **POWERS OF THE COMMITTEE:**

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

#### **II. *Asset Liability Management Committee (ALCO)***

The Company shall have an Asset Liability Management Committee (ALCO) in accordance with para 15(3) of Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016.

The composition, frequency of meetings and the role of ALCO shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

#### **III. *Risk Management Committee (RMC)***

The Company shall have a Risk Management Committee (RMC) in accordance with para 15(3) of Master Direction - Standalone Primary Dealers (Reserve Bank) Directions, 2016.

The composition, frequency of meetings and the role of RMC shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

#### **IV. *Nomination and Remuneration Committee (NRC)***

The Company shall have a Nomination and Remuneration Committee (NRC) in accordance with Scale Based Regulatory framework specified by Reserve Bank of India.

The composition, frequency of meetings and the role of NRC shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

#### **V. *Corporate Social Responsibility Committee (CSR):***

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

#### **COMPOSITION:**

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

#### **Role of CSR Committee**

The Committee shall take into consideration the activities mentioned under Companies Act, 2013 and ensure that Company can accomplish its CSR objectives. It shall carry out such other activities as specified in the CSR Committee Charter (as amended from time to time)

**VI. Information Technology (IT) Strategy Committee**

The Company shall have an IT Strategy Committee in accordance with para 6 of Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023 (as amended from time to time).

The composition, frequency of meetings and the role of IT Strategy Committee shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

**VII. Information Technology (IT) Steering Committee**

The Company shall have an IT Steering Committee as a sub-committee of IT Strategy Committee in accordance with para 7 of Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023 (as amended from time to time).

The composition, frequency of meetings and the role of IT Steering Committee shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

**VIII. Information Security Committee**

The Company shall have an Information Security Committee as a sub-committee of IT Strategy Committee in accordance with para 24 of Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 dated November 7, 2023 (as amended from time to time).

The composition, frequency of meetings and the role of Information Security Committee shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

**IX. The Committee for Monitoring and Follow-up of cases of Fraud (Fraud Risk Committee)**

The Company shall have the Committee for Monitoring and Follow-up of cases of Fraud as a sub-committee of RMC as required under Reserve Bank of India's Master Directors on Fraud Risk Management dated July 15, 2024 (as amended from time to time). Fraud Risk Committee would oversee the effectiveness of the fraud risk management by the Company.

The composition, frequency of meetings and the role of the Fraud Risk Committee shall be specified in the charter of the committee, which shall be reviewed and approved by the Board from time to time.

**4. DISCLOSURE AND TRANSPARENCY:**

- I. The Company shall at regular intervals place before the Board of directors a report regarding the following:
  - (a) progress made in putting in place a progressive risk management system, and risk management policy and strategy followed by the Company; and
  - (b) confirmation with corporate governance standards viz. in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.

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

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

## **5. AMENDMENT TO POLICY**

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

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