

Corporate Governance Code

India – Nomura Fixed Income Securities Limited

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This code is issued pursuant to Nomura Fixed Income Securities Limited's registration with Reserve Bank India as Standalone Primary Dealer ("SPD") and Non Banking Finance Company ("NBFC") (the "Company" or "SPD" or "NBFC" or "NFIS")

Reference Reserve Bank of India ('RBI') Master Directions issued Standalone Primary Dealers and Non Bank Finance Companies and guidelines issued from time to time.

1. Preamble

Corporate Governance is the key to protecting the interests of the stake-holders in the corporate sector and has universal applicability. In order to enable SPDs and NBFCs to adopt best practices and greater transparency in their operations Reserve Bank of India has from time to time proposed various guidelines for corporate governance for consideration by SPDs and NBFCs.

2. Guidelines on Corporate Governance

2.1 Constitution of Audit Committee

Presently, all SPDs or NBFC's are required to constitute an Audit Committee, consisting of not less than three members of its Board of Directors. Accordingly, the Company has constituted an Audit Committee in accordance with the requirements. If the SPD or NBFC is required to constitute Audit Committee under section 177 of the Companies Act, 2013 the Audit Committee so constituted by it shall be treated as the Audit Committee for the purpose of this paragraph. The Audit Committee constituted under this paragraph shall have the same powers, functions and duties as laid down in Section 177 of the Companies Act, 2013.

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 SPDs.

2.2 Appointment of statutory auditors audit firm

The Company shall comply with Reserve Bank of India guidance to SPDs or NBFCs for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, as amended from time to time

The Company shall appoint the SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year.

The Company has formed Board approved Policy for appointment of Statutory Auditors.

2.3 Constitution of Nomination and Remuneration Committee

Reserve Bank of India vide its Master Direction issued to SPDs/NBFCs guided that it shall form a Nomination and Remuneration Committee (NRC) which shall have the constitution, powers, functions and duties as laid down in section 178 of the Companies Act, 2013.

If the SPD is required to constitute NRC under section 178 of the Companies Act, 2013, the NRC so constituted by it shall be treated as the NRC for the purpose of this paragraph.

The NRC, inter alia, shall also have the mandate to oversee the framing, review and implementation of compensation policy of the company with the approval of the board. The NRC will work in close coordination with Risk Management Committee (RMC) of the SPD to achieve effective alignment between compensation and risks. Further, the NRC may ensure that compensation levels are

supported by the need to retain earnings of the SPD and the need to maintain adequate capital based on ICAAP. NRC may also ensure 'fit and proper' status of proposed/existing directors and that there is no conflict of interest in appointment of directors on Board of the company, KMPs and senior management.

Accordingly, the Board constituted a Nomination & Remuneration Committee (NRC). The Nomination & Remuneration committee will function under the directions of the Board. It will be convened atleast once in a financial year and on a need basis and voting is on a consensus basis, with quorum at one third of the members.

Primary responsibility of the Nomination & Remuneration committee is to ensure that the Company adheres to the policy prescribed by the RBI from time to time for ascertaining the fit and proper criteria at the time of appointment of Directors and on a continuing basis. The Board can also ask the Nomination & Remuneration Committee to look into any other related activity. Any change to the existing members of the Nomination & Remuneration Committee will have to be approved by the Board.

It is here by clarified that from the date of this policy coming into force, the nomination of an employee, belonging to the Nomura group, to the Board of the Company will require approval from the Nomination & Remuneration committee.

2.4 Fit and Proper Criteria

The Company has put in place a policy with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The policy on the fit and proper criteria is based on the guidelines contained in RBI directions;

Further, the Company shall:

- i. obtain a declaration and undertaking from the directors giving additional information on the directors. The declaration and undertaking shall be on the lines of the format prescribed by RBI from time to time;
- ii. obtain a Deed of Covenant signed by the directors, which shall be in the format prescribed by RBI from time to time;
- iii. furnish to the Bank a quarterly statement on change of directors, and a certificate from the Managing Director of the SPD that fit and proper criteria in selection of the directors has been followed. The statement must reach the Regional Office of the Department of Supervision of the Bank where the company is registered, within 15 days of the close of the respective quarter. The statement submitted by SPD for the quarter ending March 31, shall be certified by the auditors.

2.5 Constitution of Risk Management Committee

In order that the Board is able to focus on risk management, SPDs shall constitute a Risk Management Committee (RMC) either at the Board or executive level. The RMC shall be responsible for evaluating the overall risks faced by the SPDs including liquidity risk and shall report to the Board. Accordingly, the Company has constituted Risk Management Committee (RMC)

Further, If the asset size of the Company exceeds Rs. 50 billion, the Company would also be required to comply with instructions under RBI circular no. RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 circular dated May 16, 2019 regarding appointment of CRO and other obligations as mentioned in the said circular. Accordingly, the Company has appointed the CRO.

2.6 Disclosure and transparency

The following information shall be placed before the Board of Directors of the Company on an annual basis

- progress made in putting in place a progressive risk management system, and risk management policy and strategy followed
- conformity 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.

Effective March 31, 2015, the following information, if applicable, shall be disclosed in the Annual Financial Statements of the Company:

- I. registration/ licence/ authorization, by whatever name called, obtained from other financial sector regulators;
- II. ratings assigned by credit rating agencies and migration of ratings during the year;
- III. penalties, if any, levied by any regulator;
- IV. information namely, area, country of operation and joint venture partners with regard to Joint ventures and overseas subsidiaries and
- V. 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 be required from time to time.

The Code of Corporate Governance will be put up on the web-site of the Company for the information of various stakeholders.

Version History

Versions

Version	Release date	Description
2.1	Sep 2012	Updated policy
3.1	Feb 2014	Annual review
3.2	Mar 2015	Annual review
3.3	Jun 2016	Annual Review
3.4	Oct 2016	Updated Policy
3.5	Dec 2017	Annual Review
3.6	Jan 2019	Annual Review
3.7	Mar 2020	Annual Review
3.8	Mar 2021	Annual Review
3.9	Mar 2022	Annual Review
4.0	June 2023	Annual Review
4.1	April 2024	Updated Policy
4.2	Dec 2024	Annual Review

Author and Approval

Version	Release date	Author / Reviewer	Approver
2.1	Sep 2012	India Compliance	India Compliance
3.1	Feb 2014	India Compliance	India Compliance
3.2	Mar 2015	India Compliance	India Compliance
3.3	Jun 2016	India Compliance	India Compliance
3.4	Oct 2016	India Compliance	India Compliance
3.5	Dec 2017	Sanjeet Singh / Pratiksha Tondwalkar	Jyoti Tandon
3.6	Jan 2019	Sanjeet Singh / Pratiksha Tondwalkar	Jyoti Tandon
3.7	Mar 2020	Pratiksha Tondwalkar/ Atul Agrawal/ Sanjeet Singh	Leon D'Souza
3.8	Mar 2021	Pratiksha Tondwalkar/ Atul Agrawal/ Sanjeet Singh	Veena Gadia
3.9	Mar 2022	Atul Agrawal/ Sanjeet Singh	Veena Gadia

Version	Release date	Author / Reviewer	Approver
4.0	June 2023	Indranil Chakravorty, Pratiksha Tondwalkar/ Prashant Pangam	Ravi Sureka
4.1	Apr 2024	Prashant Pangam	Ravi Sureka
4.2	Dec 2024	Prasanna Bandal	Pratiksha Tondwalkar