



**Consultation Paper on
appointment of Public
Interest Directors on the
Governing Board of Market
Infrastructure Institutions**

Objective

1. The objective of this consultation paper is to seek comments/views from the public on the provisions related to the appointment of Public Interest Directors (PIDs) on the Governing Board of the Market Infrastructure Institutions (MIIs) in IFSC.

Background

2. The MIIs are unique institutions that provide vital infrastructure of trading, settlement and record keeping. The MIIs, while pursuing their commercial interests like other profit-oriented entities, are also vested with regulatory responsibilities. In such a scenario, it is imperative that in pursuance of their business objectives, the MIIs do not lose sight of their regulatory roles. The MIIs are the first-line regulators for various intermediaries such as Broker-Dealers, Clearing Members and Depository Participants. Due to the “conflicting” nature of their roles, it is felt that the governance standards of MIIs need to be robust to enhance and maintain market confidence and deter malpractice. Moreover, corporate governance becomes even more significant in an IFSC context, where MIIs engage in cross-border arrangements.
3. Prior to the establishment of IFSCA and notification of the IFSCA (Market Infrastructure Institution) Regulations, 2021, the functioning of the Market Infrastructure Institutions (Stock Exchanges, Clearing Corporations and Depositories) in IFSC was governed through the SEBI (IFSC) Guidelines, 2015, SEBI (Stock Exchanges and Clearing Corporations) Regulations, 2018 (SECC Regulations) and the various circulars issued thereunder by SEBI.
4. The SEBI (IFSC) Guidelines provided an exemption to the MIIs in IFSC from :
 - a. Chapter V of the SECC Regulations and
 - b. Chapter-IIA of the SEBI (Depositories and Participants) Regulationswhich specify the Governance norms for the respective MIIs.

5. IFSCA notified the IFSCA (Market Infrastructure Institutions) Regulations, 2021 (hereinafter referred to as “MII Regulations”) in April 2021. IFSCA had made certain amendments to the MII Regulations in 2024 wherein certain recommendations made by the “*Committee on Strengthening Governance of Market Infrastructure Institutions*” constituted by SEBI under the chairmanship of Shri G. Mahalingam [hereinafter referred to as “*Mahalingam Committee*”] were implemented.
6. Chapter III of the MII Regulations specifies the governance norms applicable for an MII in IFSC. The MIIs are required to adopt the broader principles of governance prescribed by the International Organization of Securities Commissions (IOSCO) and the Principles for Financial Market Infrastructures (PFMI). This chapter, *inter-alia* prescribes the requirements related to appointment of Shareholder Directors (Non-Independent Director), Public Interest Directors (PIDs) and Managing Director on the Governing Board of an MII.
7. Considering the dual role of the MIIs (regulatory as well as commercial), the role of the PIDs assumes great significance. The PIDs are required to balance the interests of the MII and its shareholders while simultaneously ensuring the safety, efficiency and integrity for the market participants that are using the infrastructure of these MIIs. Regulation 2 (1) (m) of the MII Regulations defines a Public Interest Director as:

Public Interest Director means an independent director representing the interests of investors in securities market in an IFSC and who is not having any association, directly or indirectly, which in the opinion of the Authority, is in conflict with his role;

8. As per regulation 24 of the MII Regulations, the number of PIDs cannot be less than the number of Non-Independent Directors (NIDs). The Chairperson of the Governing Board of an MII is required to be elected from amongst the PIDs only. This ensures that the decision taken by the Governing Board of an MII factors in the interests of the investors and market participants in the securities market.

Existing process for appointment of PIDs in IFSC

9. Typically, the process for appointment of PIDs on the Governing Board of MIIs, entails the following:

I. Recommendation by the Nomination and Remuneration Committee (NRC)

The NRC of an MII recommends the name of a proposed PID to the Governing Board after evaluating the qualification and expertise of the candidate.

II. Evaluation by the Governing Board of an MII

After recommendation of the NRC, the Governing Board of an MII, independently evaluates the profile of the candidate(s) recommended by the NRC based on their educational qualification, work experience, reference checks, etc. Once the Governing Board is satisfied with the proposed candidate, the request for approval for appointment of that candidate as a PID is placed before the shareholders.

III. Approval by Shareholders

The appointment of a PID is then approved by the shareholders of the MII.

IV. Approval by IFSCA

The MII then files an application with IFSCA requesting for approval to appoint the said candidate. IFSCA examines the application on merit. IFSCA may ask for additional information/clarification from the MII. IFSCA either approves the appointment of said candidate or may ask the MII to submit alternate candidates for consideration.

Need for specifying the appointment process and skill-set of Board members

10. The Governing Board of the MIIs is a mix of NIDs and PIDs. The Stock Exchanges and Clearing Corporation in IFSC are the subsidiaries of the MIIs in India. The Depository in IFSC is the subsidiary of a consortium of five MIIs based in India.

11. The NIDs in the MIIs in IFSC are generally the nominees of the MIIs in India. These NIDs usually hold the position of KMP in the MIIs in India. They bring in expertise in the areas of technology, finance and management.

12. The PIDs form the majority of the Governing Board of an MII. They are expected to be well-versed with the functioning of the MII, the technicalities involved therein and the extant regulatory framework.

13. It has been observed that the majority of the PIDs on the Governing Boards of the MIIs (in IFSC) have extensive experience in the areas related to Administration and Management. However, in certain MIIs, there is a dearth of PIDs having adequate experience in the areas of technology, finance, legal and securities markets.

14. With respect to the skill set for the Board members, the explanatory note to PFMI Principle 2 on Governance states the following:

“The board should be composed of suitable members with an appropriate mix of skills (including strategic and relevant technical skills), experience, and knowledge of the entity (including an understanding of the FMI’s interconnectedness with other parts of the financial system).”

15. It has been noted that the Governing Boards of international FMIs, such as NASDAQ, NYSE and LSE have constituted their boards in such a way that it has experts from the fields of technology, finance, economic, management/administration, legal and risk management.

16. For instance, the composition of the Governing Board of NASDAQ, as on July 01, 2025, is as under:

Name of the member of Board	Role assigned	Area of Expertise/skill-set	Full Biography available at
Melissa M. Arnoldi	1. Finance Committee 2. Management Compensation Committee	Technology	https://www.nasdaq.com/about/our-people/melissa-m-arnoldi

Name of the member of Board	Role assigned	Area of Expertise/skill-set	Full Biography available at
Charlene T. Begley	Audit and Risk Committee Nominating & ESG Committee (Chair)	Finance	https://www.nasdaq.com/about/our-people/charlene-t-begley
Adena T. Friedman	Chair and Chief Executive Officer	Management and Finance	https://www.nasdaq.com/about/our-people/adena-t-friedman
Essa Kazim	Finance Committee	Economics	https://www.nasdaq.com/about/our-people/essa-kazim
Thomas A. Kloet	Audit and Risk Committee (Chair)	Securities Markets (Held senior positions at global exchanges including CEO of SGX)	https://www.nasdaq.com/about/our-people/thomas-kloet
Kathryn A. Koch	Management Compensation Committee	Securities Markets (Asset Management)	https://www.nasdaq.com/about/our-people/kathryn-koch
Holden Spaht	Finance Committee	Business Development	https://www.nasdaq.com/about/our-people/holden-spaht
Michael R. Splinter	1. Lead Independent Director 2. Management Compensation Committee 3. ESG Committee	Technology (Majority of experience being in semi-conductor industry and as a chairman of NASDAQ)	https://www.nasdaq.com/about/our-people/michael-r-splinter
Johan Torgeby	Finance Committee (Chair)	Banking and Financial Services	https://www.nasdaq.com/about/our-people/johan-torgeby
Toni Townes-Whitley	1. Audit & Risk Committee 2. Management Compensation Committee	Business Development (Experience of leading the sales team in large corporates)	https://www.nasdaq.com/about/our-people/toni-townes-whitley

Name of the member of Board	Role assigned	Area of Expertise/skill-set	Full Biography available at
Jeffery W. Yabuki	1. Management Compensation Committee (Chair) 2. Nominating & ESG Committee	Financial Services and Technology	https://www.nasdaq.com/about/people/jeffery-w-yabuki
Alfred Zollar	1. Audit & Risk Committee 2. Nominating & ESG Committee	Management (Experience of holding senior position at large corporate firms)	https://www.nasdaq.com/about/people/alfred-w-zollar

17. The current regulatory framework in IFSC does not specify the detailed qualification or experience requirements for the appointment of PIDs. Further, the regulations are silent about the minimum skill-set requirement for the NIDs. Considering the evolving need and challenges in the securities market in IFSC, it is felt that the skill-set requirements for the members of the Governing Board of an MII, including the PIDs, be specified.

18. Regarding the appointment of PIDs, Regulation 24 (2) (h) of the MII Regulations states that

Public interest director shall be nominated for a term of three years, extendable by another term of three years subject to performance review as may be specified by the Authority;

[Provided that a public interest director may be appointed for a maximum of three terms across recognised market infrastructure institutions, subject to a maximum age limit of seventy five years.

Provided further that, the existing public interest director(s) may continue in office till the expiry of their current term.]

The extant MII Regulations do not specify the process for appointment / reappointment of a PID.

19. Accordingly, IFSCA proposes to specify detailed skill-set criteria and process for the appointment of PIDs on the Governing Board of an MII.

Proposed process for Appointment of a PID

Skill-set requirement for PIDs

20. With respect to skill-set requirements for the members of the Governing Board, the Mahalingam Committee had, inter alia, recommended the following:

(1) The board members of MIIs should be required to have a sufficient mix of the following six (6) areas of expertise/skill-sets:

(i) technology;

(ii) finance and accounts;

(iii) legal and regulatory;

(iv) risk management;

(v) capital markets; and

(vi) management/ administration.

In addition, each MII may also decide to place due regard to other areas of expertise/skill-sets which may be specific to the requirements of the MII and evolve with the changing nature of the business and environment in which the MII operates. The minimum skill-set prescribed above for MIIs can be tested on a collective basis at the level of the Board of the MII.

(2) At least one PID each must possess dominant expertise/skill-sets in the following four areas:

(i) technology,

(ii) legal and regulatory;

(iii) finance and accounts; and

(iv) capital markets.

To clarify, in any MII, at least one PID should be mapped to each of the above expertise/skill-sets.

(3) The NRC shall be responsible for ensuring that the PIDs have the skill sets mentioned in the above four areas and shall be required to certify such compliance while seeking the approval of SEBI of a new PID at the time of fresh appointment and re-appointment as well as at the time of an existing PID ceasing to be the member of the Board of the MII. SEBI, however, may provide a timeline for compliance for unforeseen circumstances.

Evaluation criteria for fresh appointment of a PID

21. The Mahalingam Committee had recommended skill-based evaluation metrics with indicative parameters for objectively assessing the applicants for the position of a PID. Such criteria include the following:

Criterion	Weightage	Indicative Parameters
Value Assessment (Core personal attributes)	20%	Proven and demonstrated, <ul style="list-style-type: none"> ▪ High standards of ethical behaviour ▪ Independence and soundness of judgement ▪ Integrity and commitment ▪ Strong interpersonal and communication skills ▪ Availability
General Competencies (General skillsets for MII Board level appointment)	20%	<ul style="list-style-type: none"> ▪ Qualification, experience and knowledge in the relevant skill set ▪ Leadership responsibilities, ▪ Corporate Governance, ▪ Stakeholder relationship ▪ Strategy and Planning
Domain Expertise in Technology/ Legal/ Accounting/ Capital	20%	Background and experience:

Criterion	Weightage	Indicative Parameters
markets (Specialised competencies)		<ul style="list-style-type: none"> ▪ Technology (Fintech/ Block chain/Cyber Security/ Artificial Intelligence/ Machine Learning etc.) ▪ Legal and Regulatory ▪ Finance and Accounts ▪ Capital Market understanding (including Market risk management)
Role Synergy	20%	<ul style="list-style-type: none"> ▪ Credible Contribution as -PID/ID on the Board of other Organization/ Executive Director/ Nominee Director. ▪ Member in committees of other Organization
MII Board alignment (Reduce Skill gap in the MII Board)	20%	Based on requirement as per regulatory norms and desired skillset matrix of Board of Directors prepared by the MII. Based on new skill requirement assessment vis-à-vis skills and experiences of existing Board of Directors of an MII.

Knowledge upgradation of the PIDs

22. To ensure that the PIDs contribute effectively, it is imperative that the PIDs are abreast with the ongoing developments in the capital markets and related technology and regulatory space.

23. Accordingly, it is felt that there should be a regulatory mandate to ensure that the PIDs of the MIIs are up to date in their knowledge and regulatory responsibilities. In this regard, the MIIs, in coordination with reputed institutions, may organize training programs accordingly.

24. It is proposed that the MII provide adequate training to all PIDs every year.

Proposal

25. In view of the amendments proposed as above, IFSCA proposes to issue a circular placed at **Annexure-I**, *inter alia*, specifying the following:

- a. skill set for Board members,
- b. appointment process of PIDs and
- c. knowledge upgradation requirement for PIDs.

Public Comments

26. Public comments are invited on the following:

- i. Process for appointment of PIDs, skill-set, evaluation criteria and knowledge upgradation requirements being proposed by IFSCA as detailed in the circular placed at **Annexure-I**.
- ii. Comments may be sent by email to Shri Praveen S Kamat, General Manager at praveen.kamat@ifsc.gov.in, Shri Shubham Goyal, AGM at goyal.shubham@ifsc.gov.in and Shri Priyansh Raj Purohit at priyansh.purohit@ifsc.gov.in latest by August 02, 2025.
- iii. The comments may be provided in the following format:

S. No.	Paragraph no. as per annexure 1	Comments /Suggestion / Proposed amendment	Detailed Rationale	Other supporting information#

#such as practices in global jurisdictions, IOSCO or PFMI principles, potential impact of the suggestion etc.



Annexure-I

CIRCULAR

IFSCA/CMD-DMIIT/PID-MII/2025-26/XX

July XX, 2025

To,

**All the Stock Exchanges in the International Financial Services Centres (IFSC)
All the Clearing Corporations in the International Financial Services Centres (IFSC)
All the Depositories in the International Financial Services Centres (IFSC)**

Dear Sir/Madam,

Sub: Members of the Governing Board of Market Infrastructure Institutions (MIIs)

1. Chapter III of the IFSCA (Market Infrastructure Institutions) Regulations, 2021 (MII Regulations) specify the governance norms for MIIs including the composition of the Governing Board of an MII.

Composition of Governing Board of an MII

2. The composition of the Governing Board of an MII, has been specified in the MII Regulations as under:

The governing board of a recognised market infrastructure institution shall include non-independent directors, public interest directors, and managing director.....

3. With respect to the qualification and expertise of the members of the Governing Board of an MII, following is hereby clarified:

- (i) The Governing Board shall consist of directors having the requisite qualifications and experience in the areas of capital markets, finance and accountancy, legal and regulatory practice, technology, risk management and management or administration:



The Governing Board shall consist of at least one Public Interest Director (PID) having the requisite qualification and experience in each of the areas of

- a) capital markets,
 - b) finance and accountancy,
 - c) legal and regulatory practice, and
 - d) technology.
- (ii) The MII may also appoint directors having qualification and experience in other areas which may be specific to them. The MII shall ensure that the Governing Board collectively consists of directors with qualifications and experience as specified at clause (i) above.

Appointment/reappointment process of a PID

4. The following process shall be followed by the MII for appointment of PIDs:
 - a. The NRC shall identify 3-5 potential candidates for each vacancy of a PID, as per the eligibility criteria and other factors stipulated herein. Prior consent shall be obtained from all the candidates before shortlisting them.
 - b. The NRC shall assess the suitability of the candidates based on their profile, *inter alia*, including educational background, work experience, skill-set as per regulatory norms and recommend their names to the Governing Board in the order of preference. The NRC shall follow skill-based evaluation criteria for assessing the application for appointment of the PID.
 - c. The Governing Board shall carry out an independent assessment of the candidates based on the information provided by the NRC and seek additional information, if required. The Governing Board may instruct the NRC to replace any candidate if it is not satisfied with his/her candidature.



The Governing Board of an MII shall be free to change the order of preference recommended by the NRC with the reasons recorded in writing.

- d. The Governing Board shall recommend names of at least 2 candidates in the order of preference, along with their profiles and detailed assessment, to the Authority.
 - e. The Authority shall approve one of the candidates for appointment as PID. In the event the Authority is not satisfied with either of the shortlisted candidates, the Authority shall instruct the MII to submit the details of alternate candidates, for consideration.
 - f. In the event the Authority is not satisfied with the candidature proposed by the Governing Board, the Authority may choose to appoint a Nominee Director in accordance with regulation 24 (2A) of the MII Regulations.
 - g. Such a Nominee Director appointed by the Authority shall have the same status and powers of a PID.
 - h. Subsequent to the approval/nomination by the Authority, the MII shall submit the required documents and supporting information of the proposed candidate, to the Authority. The MII shall complete the appointment process within 30 days from the nomination/approval by the Authority (including the approval of shareholders) and shall intimate such an appointment to the Authority.
5. In the case of reappointment of a PID, the MII shall make an application to the Authority at least two months prior to the expiry of the term. Such an application shall be submitted after considering the following:
- i. Diversity of experience/expertise in the Governing Board as per the regulatory norms (para 3 (i) of this Circular)
 - ii. Performance review by the NRC as specified in para 9 of this circular



6. Additionally, such an application for reappointment shall be accompanied with data pertaining to the participation of the PID in the meetings of various internal Committees and the Governing Board.
7. The existing PID, may continue to hold the post for a maximum period of three months from the date of expiry of their term or till a new PID is appointed/nominated, whichever is earlier, only if the Governing Board does not meet the mandatory regulatory requirements on its composition.

Performance review of PIDs

8. With respect to the appointment of Directors, Regulation 24 (2) of the MII Regulations states that

(g) The appointment of directors of a market infrastructure institution shall be subject to the prior approval of the Authority and the fulfilment of other requirements as may be specified by the Authority.

(h) Public interest director shall be nominated for a term of three years, extendable by another term of three years subject to performance review as may be specified by the Authority;

.....

9. For the performance review of a PID, the MIIs are required to consider the following:
 - i. The Nomination and Remuneration Committee (NRC) shall frame the performance review policy for the PIDs.
 - ii. The performance review policy shall, inter alia, include criteria and calculation methodology for such an evaluation.



- iii. The performance review policy and changes made therein shall be approved by the Governing Board.
- iv. A comprehensive and objective approach shall be devised by the MII, which include criteria such as :
 - a. Prior responsibilities as a PID,
 - b. Domain expertise in technology/ law/ finance and accounts/ capital market and
 - c. Sufficient mix of skillsets on the Governing Board,
 - d. General competencies and personal attribute-related parameters

Skill based evaluation metrics

10. The NRC shall develop skill-based evaluation metrics with indicative parameters for objectively assessing the applicants for the position of PID. An indicative list of criteria is as follows:

Criterion	Weightage	Indicative Parameters
Value Assessment (Core personal attributes)	20%	Proven and demonstrated, <ul style="list-style-type: none"> ▪ High standards of ethical behaviour ▪ Independence and soundness of judgement ▪ Integrity and commitment ▪ Strong interpersonal and communication skills ▪ Availability
General Competencies (General skillsets for MII Board level appointment)	20%	<ul style="list-style-type: none"> ▪ Qualification, experience and knowledge in the relevant skill set ▪ Leadership responsibilities, ▪ Corporate Governance, ▪ Stakeholder relationship ▪ Strategy and Planning



Criterion	Weightage	Indicative Parameters
Domain Expertise in Technology/ Legal/ Accounting/ Capital markets (Specialised competencies)	20%	Background and experience: <ul style="list-style-type: none"> ▪ Technology (Fintech/ Block chain/Cyber Security/ Artificial Intelligence/ Machine Learning etc.) ▪ Legal and Regulatory ▪ Finance and Accounts ▪ Capital Market understanding (including Market risk management)
Role Synergy	20%	<ul style="list-style-type: none"> ▪ Credible Contribution as -PID/ID on the Board of other Organization/ Executive Director/ Nominee Director. ▪ Member in committees of other Organization
MII Board alignment (Reduce Skill gap in the MII Board)	20%	Based on requirement as per regulatory norms and desired skillset matrix of Board of Directors prepared by the MII. Based on new skill requirement assessment vis-à-vis skills and experiences of existing Board of Directors of an MII.

Knowledge upgradation of PIDs

11. The MIIs, in coordination with reputed institutions, may organize training programs in the areas of capital markets, technology, regulatory responsibilities, etc. for the PIDs.
12. The MIIs shall provide adequate training to all their PIDs, every year.
13. The provisions of this circular shall apply to all prospective appointments of PIDs by MIIs in an IFSC.



This circular is issued in exercise of powers conferred by Section 12 of the International Financial Services Centres Authority Act, 2019, read with regulation 24 (2) (h) and regulation 72 of International Financial Services Centres Authority (Market Infrastructure Institutions) Regulations, 2021, to issue clarifications for the purposes of implementation of these regulations.

A copy of this circular is available on the website of the International Financial Services Centres Authority at www.ifsc.gov.in.

Yours faithfully,

Praveen Kamat
General Manager
Division of Market Infrastructure Institutions and Technology
Capital Markets Department
email: praveen.kamat@ifsc.gov.in
Tel: +91-79-61809820



Annexure-1

(1) MIIs shall obtain the following details regarding the appointment of PIDs and submit to the Authority: -

- (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 fulfilment of requirements specified under regulation 23 of the MII Regulations.
- (h) Declaration confirming compliance of Regulation 24(2)(e)/(f) read with Regulation 2 (1) (a) of the MII Regulations, in respect of non-association with Broker Dealer or Clearing Member or Depository Participant.
- (i) Details of regulatory action taken against by any statutory authority.
- (j) Details of activities that may in the opinion of the director, lead to his disqualification.
- (k) Association with Broker Dealers /Clearing Members/ Depository Participants in IFSC.
- (l) Disclosure of the names of his dependents associated with the securities market in IFSC.
- (m) An undertaking that he shall abide by the code of conduct as prescribed in Part B of Schedule I to MII Regulations.
- (n) Consent letters for acting as a public interest director.
- (o) Pending / completed criminal cases pending before any authority in India or abroad, if any.