

### 3. IT Committee for REs

- 3.1. In order to address various technology related issues of REs, SEBI has issued circulars for composition of technical committees for MIs, and MFs/ AMCs summarized as below:

Table 14: SEBI circular for REs and composition of their technical committees

S. no.	Regulated Entity	Name of the Committee	Circular subject (Circular number)	Date
1.	MIs	Standing Committee on Technology (SCOT)	Committees at Market Infrastructure Institutions (MIs) (SEBI/HO/MRD/DOP2DSA 2/CIR/P/2019/13)	January 10, 2019
			Statutory Committees at Market Infrastructure Institutions (MIs) (SEBI/HO/MRD/MRD-PoD-3/2024/088)	June 25, 2024
2.	MFs/ AMCs	Technology Committee	Technology Committee for Mutual Funds/ Asset Management Companies (AMCs) (SEBI/HO/IMD/DF2/CIR/ P/ 2019/058)	April 11, 2019

- 3.2. With the rapid technological advancements, maintaining robust cybersecurity and cyber resilience has become a crucial and integral part of IT solution deployment. Hence, to strengthen the above mentioned committees with adequate knowledge base on cybersecurity matters, the above-mentioned committees, henceforth, shall also include one (01) external independent expert on cybersecurity matters.

- 3.3. Following the same approach as MIs and MFs/ AMCs, rest of the REs which fall into the following categories-

- Market Infrastructure Institutions (MIs)
- Qualified REs
- Mid-size REs

Shall constitute an '*IT Committee*' which shall mandatorily include at least one (01) external independent expert on cybersecurity. For common reference in CSCRF, all the above-mentioned committees (SCOT, Technology Committee, and IT Committee) shall be termed as '*IT Committee for REs*'.

- 3.4. While it is not mandatory for Small-size REs and Self-certification REs to setup an *IT Committee for REs*, it is desirable to include and IT expert in

decision-making given the ever expanding role of IT in securities market. In the absence of *IT Committee for REs* for Small-size REs and Self-certification REs, the compliance to CSCRF shall be reviewed and approved by MD/ CEO/ Board member/ Partners/ Proprietor.

- 3.5. The brief<sup>15</sup> Terms of Reference (ToRs) of *IT Committee for REs* with respect to CSCRF shall be as follows:
- i. The committee shall undertake periodic reviews of implementation of cybersecurity and cyber resilience policy of the RE.
  - ii. The committee shall also perform periodic reviews of cybersecurity incident (if any), its impact, RCA and plans to strengthen the cyber resilience in order to mitigate re-occurrence of such incidents in future.
  - iii. The committee shall deliberate on the matters which may be referred by the Board/ Partners/ Proprietor of the RE and/ or SEBI.
  - iv. The committee shall review various compliances as part of CSCRF and make recommendations to the Board/ Partners/ Proprietor of the RE.

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<sup>15</sup> In case of existing SCOT/ IT Committees, the above-mentioned ToRs shall be considered as an addendum (and not a replacement) to the existing ToRs of the committees.