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022-26449253

No.: SEBI/HO/CFD/PoD2/OW/P/2025/10114/1

April 3, 2025

To

**DCB Bank Limited**

6<sup>th</sup> Floor, Tower A, Peninsula Business Park,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400013.

Madam,

*Kind attention: Ms. Rubi Chaturvedi, Company Secretary and Compliance Officer*

**Sub: Request for Informal guidance by way of an interpretive letter under the provisions of SEBI (Informal Guidance) Scheme, 2003 received from DCB Bank Limited (“DCB Bank”) seeking interpretation of Regulation 6 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

1. This is with reference to your letter dated January 9, 2025 read with clarification dated February 4, 2025 (“**Application**”) seeking interpretative letter under SEBI (Informal Guidance) Scheme 2003 in connection with the Proviso to Regulation 6(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) on the position of Compliance Officer in a listed entity.
2. The following information is gathered from your Application:
  - 2.1. DCB Bank Limited (“**DCB Bank**”) is a public limited company. The shares of DCB Bank are listed on BSE Limited and National Stock Exchange of India Limited.

- 2.2. The Bank presently has appointed Ms. Rubi Chaturvedi as its Company Secretary and Compliance Officer, designated as Key Managerial Personnel in terms of the provisions of Section 203 of the Companies Act, 2013 ("**Companies Act**"). Currently, Ms. Rubi Chaturvedi is placed at level 5 (grade) below the Board of Directors and reports to the Managing Director & CEO of the Bank.
3. In view of the above facts and circumstances, the Bank has sought clarity on the following queries:
- 3.1. *"Whether continuance of Ms. Rubi Chaturvedi (considering her existing grade / level in the Bank) as a Compliance Officer of the Bank, shall be considered to be in compliance with the provisions of Regulation 6 of the LODR Regulations, as amended vide notification dated December 12, 2024?"*
- 3.2. *Based on the understanding of Regulation 6(1), it is believed that being one level below the Board of Directors shall mean persons occupying the designation / grade one level below the Board of Directors and who report directly to such a person (being one of the Board members of the organisation). The intent of this provision is to ensure that the Compliance Officer possesses adequate authority and direct access to key decision-makers at the Board level. However, in light of recent amendments and the interpretations concerning corporate governance practices, clarification is sought from SEBI as to whether adjustments to the organizations grade hierarchy / reporting structure are necessary."*
4. With respect to your queries, we have considered the submissions made by you in your Application and without necessarily agreeing with your analysis, our views on the queries are given below:
- 4.1. The term 'level' has been used in the LODR Regulations in the context of *inter-alia* 'Compliance Officer' [Proviso to Regulation 6(1)], 'senior management' [Regulation 16(1)(d)], determining the number of independent directors required on the board [Regulation 17(1)(b)], information to be placed before the board of directors (Paragraph E of Part A of Schedule II) etc. It has also been used in Securities and Exchange Board of India (Prohibition of Insider Trading)

Regulations, 2015 (“**PIT Regulations**”) to determine applicability of code of conduct [Regulation 9(4)(iv)].

- 4.2. In contrast, the expressions ‘reporting to’, ‘reporting’, ‘report to’ are used in the LODR Regulations in the context of functions of the Compliance Officer [Regulation 6(2)(b)], policy on determination of materiality [Regulation 30(4)(ii)], internal auditor [Paragraph E of Part E of Schedule II]. It has also been used in PIT regulations with respect to the definition of compliance officer [Regulation 2(1)(c)] and code of conduct [Paragraph 1 of Schedule C].
- 4.3. The terms ‘level’ and ‘reporting’ have been used separately in LODR and PIT Regulations in different circumstances. When the same statute uses two different words then, *prima-facie*, one has to construe that these words must have been used to mean differently.
- 4.4. Therefore, the usage of the term ‘level’ in the Proviso to Regulation 6(1) of the LODR Regulations, refers to the position a person is occupying in the organizational hierarchy. On the other hand, usage of the expressions ‘reporting’ or ‘report to’ would mean the obligation of a person to communicate / submit his work or an issue to the concerned individual / body for consideration / approval.
- 4.5. The rationale given by the ‘Expert Committee for facilitating ease of doing business and harmonization of the provisions of ICDR and LODR Regulations’<sup>1</sup> (“**Expert Committee**”) on amendments to Regulation 6 of the LODR is reproduced below:

*“The Committee discussed the position of Compliance Officer under the LODR Regulations and other laws. While different statutes have cast numerous responsibilities on the Compliance Officer, it was informed that the position of the Compliance Officer in a listed entity is not commensurate to the responsibilities cast upon him. It was informed that in some companies*

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<sup>1</sup> [https://www.sebi.gov.in/sebi\\_data/commondocs/jun-2024/Expert%20Committee%20report%20on%20ICDR%20and%20LODR-new\\_p.pdf](https://www.sebi.gov.in/sebi_data/commondocs/jun-2024/Expert%20Committee%20report%20on%20ICDR%20and%20LODR-new_p.pdf)

*Compliance Officer is a junior level person, generally two levels below the board of directors and reporting to other KMPs / senior management (like CFO, legal head etc.). Therefore, the Committee recommends strengthening the position of Compliance Officer in order to effectively discharge his / her statutory duties and responsibilities.” (emphasis supplied).*

- 4.6. It is clear from the aforesaid, that the Expert Committee had specifically recommended to elevate the position of the Compliance Officer to a level just below the Board of Directors, and designate them as ‘key managerial personnel’ (“KMP”) to ensure that they are able to effectively discharge their statutory duties and responsibilities. The recommendation of Expert Committee along with the rationale mentioned above was accepted by the SEBI Board pursuant to which amendments to the LODR Regulations were notified.
- 4.7. In terms of Section 2(51) of the Companies Act, any officer designated as KMP by the board of directors cannot be more than one level below the whole-time director. Drawing a parallel from the same, in terms of the Proviso to Regulation 6(1) of the LODR Regulations, the Compliance Officer has been mandated to be positioned just one level below the board of directors in the organizational hierarchy of the listed entity.
- 4.8. Further, SEBI, vide circular no. SEBI/HO/CFD/PoD2/CIR/P/2025/47 dated April 1, 2025, has clarified that ‘one-level below the board of directors’ means one-level below the Managing director or Whole-time Director(s) who are part of the Board of Directors of the listed entity.
5. In view of the above, with respect to your queries noted at paragraph 3.1 and 3.2, it may be noted that in order to comply with the requirements under the proviso to the regulation 6(1) of the LODR Regulations, read with SEBI Circular dated April 1, 2025, the Compliance Officer has to be placed not more than one level below the Managing Director or Whole-time Director(s) in the organizational hierarchy of the listed entity. Accordingly, appropriate steps may be taken to ensure compliance with the said provision.

6. The above position is based on the facts and circumstances described by you in your Application. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference in respect of the applicability of Proviso to Regulation 6(1) of the LODR Regulations and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,

s/d-

**Raj Kumar Das**