

FORM OF DEED OF COVENANTS WITH MD/WTD

(Refer circular DOR.GOV.REC.25/12.10.000/2021-22 dated June 25, 2021)

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____
BETWEEN _____, having its registered office at _____ (hereinafter
called the 'Bank') of the one part and Mr. / Ms. _____ of _____
(hereinafter called the 'MD/WTD') of the other part.

WHEREAS

A. As a term of his / her appointment as MD/WTD of the Bank, Mr/Ms.-----is required to enter into a Deed of Covenants with the Bank.

B. Mr/Ms. ----- has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. Mr/Ms.-----acknowledges that his / her appointment as MD/WTD is subject to applicable laws and regulations including the bye laws of the Bank and the provisions of this Deed of Covenants.

2. Mr/Ms.-----covenants with the bank that:

(i) he/she shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the Bank and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if he/she was not at the date of that meeting concerned or interested in such proposed contract or

arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the he/she becomes concerned or interested in the contract or arrangement.

(ii) he/she shall disclose by general notice to the Board his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) he/she shall provide to the Bank a list of his / her relatives as defined in RBI guidelines and to the extent he/she is aware directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) he/she shall in carrying on his / her duties as MD/WTD of the Bank:

(a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;

(b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the Bank;

(c) shall keep himself / herself informed about the business, activities and financial status of the Bank to the extent disclosed to him / her;

(d) attend meetings of the Board and Committees (of which he/she is part of) thereof (collectively for the sake of brevity hereinafter referred to as ' Board ') with fair regularity and conscientiously fulfil his / her obligations as MD/WTD of the Bank;

(e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the Bank;

(f) shall bring independent judgment to bear on all matters affecting the Bank brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control

systems and procedures, key executive appointments and standards of conduct;

(g) shall in exercise of his / her judgment in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgment; and

(h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgment;

(v) he/she shall have:

(a) fiduciary duty to act in good faith and in the interests of the Bank and not for any collateral purpose;

(b) duty to act only within the powers as laid down by the Bank's bye laws and by applicable laws and regulations; and

(c) duty to acquire proper understanding of the business of the Bank.

(vi) he/she shall:

(a) not evade responsibility in regard to matters entrusted to him / her by the Board;

(b) not interfere in the performance of their duties by the other officers of the Bank and wherever the MD/WTD has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board; and

(c) not make improper use of information disclosed to him / her as MD/WTD of the Bank for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the Bank in his / her capacity as MD/WTD of the Bank only for the purposes of performance of his / her duties as a MD/WTD and not for any other purpose.

3. The Bank covenants with Mr/Ms-----that:

(i) the bank shall apprise Mr/Ms.-----about the:

(a) Board procedures including identification of legal and other duties of MD/WTD and required compliances with statutory obligations;

(b) control systems and procedures;

(c) matters in which MD/WTD should not participate because of his / her interest, direct or indirect therein;

(d) qualification requirements and provide copies of bye laws;

(e) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

(f) appointments of Senior Executives and their authority;

(g) deliberations of committees of the Board, and

(h) communicate any changes in policies, procedures, control systems, applicable regulations including bye laws of the Bank, delegation of authority, Senior Executives, etc.

(ii) the Bank shall disclose and provide to Mr/Ms----- all information which is reasonably required for him/her to carry out his/her functions and duties as the MD/WTD of the Bank and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the MD/WTD by the Board or any committee thereof;

(iii) the disclosures to be made by the Bank to Mr/Ms.----- shall include but not be limited to the following:

(a) all relevant information for taking informed decisions in respect of matters brought before the Board;

(b) Bank's strategic and business plans and forecasts;

(c) organisational structure of the Bank and delegation of authority,

- (d) corporate and management controls and systems including procedures;
- (e) economic features and marketing environment,
- (f) information and updates as appropriate on Bank's products;
- (g) information and updates on major expenditure;
- (h) periodic reviews of performance of the Bank; and
- (i) report periodically about implementation of strategic initiatives and plans;

(iv) the bank shall communicate the outcome of Board deliberations to MD/WTD and concerned personnel and prepare and circulate minutes of the meeting of Board to MD/WTD and directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the MD/WTD about the levels of authority delegated in matters placed before the Board.

4. The Bank shall provide to the MD/WTD periodic reports on the functioning of internal control system including effectiveness thereof.

5. Mr/Ms-----shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as MD/WTD of the Bank to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including bye laws of the Bank.

6. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

7. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by Mr/Ms----- and the duly authorized representative of the Bank.

8. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR MENTIONED ABOVE.

For the Bank	MD/WTD
By
Name:	Name:
Title:	
In the presence of:	
1.....	2.....