BHARAT WEB3 ASSOCIATION

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BWA Self-Regulatory Body (SRB) Governance Framework

CONTENTS

1 Background and Purpose

2 Constitution, Composition, and Tenure of SRB

3 Mandate and Core Functions

4 BWA Member Engagement

5 Resolutions and Meetings

6 Compliance Review Framework

7 Implementation Actions

8 Non-Liability of SRB

9 Confidentiality

10 Transition Period

11 Review and Reconsideration

Governance Framework

1. BACKGROUND AND PURPOSE

1.1 This Annexure sets out the complete charter, governance structure, mandate, functions, and limitations of the BWA Self-Regulatory Body (in short, SRB), including its governance framework, scope of activities, operating processes, and the boundaries within which it shall operate as an industry-led self-regulatory mechanism.

1.2 The Virtual Digital Asset (VDA) and Web3 sectors represent a rapidly evolving frontier of technological innovation. Given the cross-border, highly technical, decentralised, and permissionless nature of virtual digital assets, traditional regulatory frameworks face systemic friction in keeping pace with market developments without inadvertently stifling growth and innovation. The SRB is an industry-led, specialised intermediary that bridges the gap between the State and market participants, formulating and supervising granular practices that mitigate systemic risk, combat financial crime, and protect consumers.

1.3 The objective is that the SRB shall work towards obtaining formal recognition by the Government of India under an appropriate legal framework (as and when introduced) and, concurrently, transitioning into an independent Section 8 company or registered trust with its own membership, governance, secretariat, and funding, whilst retaining a structured arm's-length relationship with the BWA. The final legal form shall be determined by the BWA Board in consultation with the SRB and external legal counsel or as directed / notified by the Government of India. The period until such reconstitution of the SRB shall be termed the Initial Period in this Annexure.

1.4 Capitalised terms used in this Annexure but not defined herein shall have the meanings ascribed to them in the Rule Book of the Bharat Web3 Association (Rule Book).

1.5 In the event of any inconsistency between this Annexure and the Rule Book in the description of persons availing of the Service, the Rule Book shall prevail. For the purposes of this Annexure only, the term "BWA Member" means an “Affiliate Partner” or Associate Partner” as defined in Paragraphs 2.1.2 and 2.1.5 of the Rule Book, and any reference to a "BWA Member" or to "BWA membership" in this Annexure shall be construed accordingly. This terminology has been adopted solely for convenience of reference within the SRB governance framework and does not amend, replace, or otherwise affect the definitions of "Associate Partner" "Affiliate Partner" and "Partner" of the Rule Book, which shall continue to apply for all purposes of the Rule Book.

2. CONSTITUTION, COMPOSITION, AND TENURE OF SRB

2.1 Composition and Location

2.1.1 The SRB shall comprise three (3) members (defined in this Annexure as Members-SRB), including a chairperson (defined in this Annexure as Chairperson-SRB), who shall be pre-eminent independent individuals with experience and expertise, and who shall be appointed at such remuneration and upon such conditions as the BWA Board deems fit.

2.1.2 The office of the SRB will be nested within the BWA Secretariat at its registered office.

2.2 Appointment

2.2.1 Upon the constitution of the SRB, the initial Members-SRB (including the Chairperson-SRB) shall be appointed by the BWA Board within [180] days of the date of adoption of the amended Rule Book, including this Annexure, subject to each appointee satisfying the selection and eligibility criteria set out in Clause 2.3. Such appointments shall take effect from the Official Launch Date, which date shall be notified in writing by the BWA Chairperson to each appointee.

2.2.2 The Chairperson-SRB shall be appointed by the BWA Board from amongst the Members-SRB. At the time of the Official Launch Date, the BWA Board shall designate one of the initial Members-SRB as the Chairperson-SRB.

2.3 Selection and Eligibility Criteria

2.3.1 Members-SRB shall be pre-eminent, independent individuals not associated with BWA Members, and shall not hold, directly or indirectly, any financial interest in, or directorship, employment, or advisory role with, any BWA Member. Independence shall be assessed at the time of appointment and shall be maintained throughout the Member-SRB's tenure; any circumstance arising during a term that compromises independence shall be disclosed immediately to the remaining Members-SRB and the BWA Board and shall be treated as a ground for termination of appointment. For the purposes of this Clause, circumstances compromising a Member-SRB's independence shall include:

(a) any financial interest, whether by way of shareholding, debt instrument, profit-sharing arrangement, or otherwise, in a BWA Member;

(b) any current or prior employment, consultancy, or advisory engagement with a BWA Member within the preceding [one (1)] year;

(c) any close personal relationship with a principal officer, director, any key managerial personnel, or beneficial owner of a BWA Member; and

(d) any circumstance in which the Member-SRB's impartiality could reasonably be called into question by an objective and informed observer, as may be determined by the BWA Board.

For the purpose of sub-clause (c), a close personal relationship shall mean a relationship satisfying the definition of 'relative' under the Companies Act, 2013.

2.3.2 Every Member-SRB must be an individual of high integrity and exceptional professional standing, with proven expertise, including but not limited to, in one or more of the following fields relevant to the SRB's mandate:

(a) policy formulation, administration and regulation, including financial services;

(b) virtual asset or digital asset regulation, technology, or market infrastructure;

(c) anti-money laundering, counter-terrorist financing, or financial crime compliance;

(d) financial auditing, forensic accounting, or risk management; or

(e) technology governance, law, cybersecurity, or distributed ledger technology.

Candidates shall demonstrate a minimum of [ten (10) years] of senior-level professional experience in at least one such field, and shall demonstrate verifiable evidence of relevant qualifications, publications, regulatory appointments, or equivalent professional recognition upon nomination.

2.3.3 Without prejudice to the generality of Clause 2.3.1, a Member-SRB who becomes aware of an actual or potential conflict regarding any compliance review, investigation, corrective proceeding, or other matter being conducted by the SRB (Ongoing Matter) shall recuse themselves immediately and notify the remaining Members-SRB and the BWA Board in writing without delay.

2.3.4 Only Fit and Proper Persons, as defined in Paragraph 2.1.13 of the Rule Book, may be appointed to the SRB. In the event that a Member-SRB ceases to be a Fit and Proper Person during their term, their appointment shall terminate forthwith, and a replacement shall be appointed in the manner set out in this Annexure.

2.4 Terms of Office, Re-appointment and Termination

2.4.1 Every Member-SRB shall be appointed for a tenure of three (3) years from the date of appointment, except as otherwise provided herein. The tenure of each initial Member-SRB shall be calculated from the Official Launch Date / date of appointment. Each Member-SRB may serve a maximum of two (2) consecutive three (3)-year terms.

2.4.2 A Member-SRB may resign by giving not less than sixty (60) days' prior written notice to the BWA Chairperson. The resignation shall take effect automatically upon expiry of the sixty (60) day notice period.

2.4.3 The term of a Member-SRB may end prior to the expiry of the three (3)-year tenure in any of the following circumstances:

(a) the Member-SRB ceases to meet the criteria set out in Clause 2.3;

(b) the Member-SRB is found to have a material conflict of interest that, in the reasonable opinion of the BWA Board, compromises the integrity of the SRB's functions; where the determination remains disputed, BWA Board shall obtain an opinion from independent external legal counsel before a final decision

(c) the Member-SRB is convicted of a criminal offence involving fraud, dishonesty, or moral turpitude;

(d) the Member-SRB becomes of unsound mind or is otherwise incapacitated and is unable or unwilling to discharge their duties for a continuous period of three (3) months; or

(e) the Member-SRB materially breaches any obligation owed to the SRB or the BWA, including any confidentiality obligation under Clause 9 of this Annexure, and fails to remedy such breach within thirty (30) days of receiving written notice from the BWA Board requiring such remedy.

For avoidance of doubt, no Member-SRB shall be removed, terminated or otherwise disadvantaged solely by reason of any bona fide opinion, vote, Resolution, recommendation, finding or guidance made in the proper discharge of the SRB Functions.

Prior to invoking this Clause 2.4.3, the BWA Board shall provide the Member-SRB with written notice of the grounds for proposed discontinuation and afford them a reasonable opportunity, of not less than thirty (30) days, to respond. The BWA Board shall consider any such representations before making a final determination. Such discontinuation of a Member-SRB shall not affect the validity of any Resolution (as defined hereafter) passed or action taken by the SRB prior to such discontinuation.

2.4.4 Where a Member-SRB ceases to hold office during the course of any Ongoing Matter, the following shall apply:

(a) *Continuity of proceedings:* the Ongoing Matter shall not be suspended, invalidated, or discontinued solely by reason of such cessation, and the remaining Members-SRB shall continue to conduct and progress the Ongoing Matter to the extent possible;

(b) *Deferral of vote:* where the participation or affirmative vote of the discontinued or outgoing Member-SRB is required to constitute quorum or to pass a Resolution in connection with the Ongoing Matter, any such vote or determination shall be deferred until a replacement Member-SRB has been appointed in accordance with Clause 2.5.1, provided that such deferral shall not unreasonably prejudice the BWA Member under review or unduly delay the conclusion of the Ongoing Matter;

(c) *Expedited replacement:* where a deferral under sub-clause (b) above is required, the BWA Board shall use reasonable endeavours to appoint a replacement Member-SRB on an expedited basis;

(d) *Interim measures:* pending the appointment of a replacement, the remaining Members-SRB may, with the prior written approval of the BWA Board, take such interim procedural steps, issue such interim information requests, and conduct such preparatory work as is necessary to preserve the integrity and continuity of the Ongoing Matter, without making any final determination or passing any substantive Resolution; and

(e) *Records:* all materials, evidence, deliberations, and working papers relating to the Ongoing Matter that were generated prior to the discontinuation of the outgoing Member-SRB shall be made available to the replacement Member-SRB upon appointment, subject to the confidentiality obligations set out in Clause 9 of this Annexure.

2.4.5 Notwithstanding anything contained in Clause 2.4.3, the BWA Board may, by passing a resolution at any time, discontinue, remove, or terminate the appointment of one or more Members-SRB including the Chairperson-SRB, due to any exceptional circumstances which may include financial constraints, as determined by the BWA Board at their discretion. The exercise of this power shall be independent of, and without the need to establish, any of the grounds set out in Clause 2.4.3 Where the BWA Board exercises its powers under this Clause 2.4.4, it may simultaneously resolve to reconstitute the SRB. Any such discontinuation, removal, termination, or reconstitution shall take effect on the date specified in the relevant resolution of the BWA Board. The exercise of power under this Clause 2.4.4. shall not affect the validity of any Resolution passed or action taken by the SRB prior to the effective date of such discontinuation, removal, termination, or reconstitution. Where a resolution has been passed for the reconstitution of the SRB, the BWA Board shall appoint the reconstituted SRB within [60] days from the effective date of the relevant resolution and in accordance with Clause 2.3.

2.5 Vacancy and Replacement

2.5.1 The BWA Board shall appoint new Members-SRB to the SRB where required by reason of: (a) the expiry of a Member-SRB's term of office; (b) the resignation of a Member-SRB pursuant to Clause 2.4.2; (c) the discontinuation of a Member-SRB appointment pursuant to Clause 2.4.3; or (d) vacancy arising out of any other reason, such as the death or incapacity of a Member-SRB. Any such appointment shall be made at the earliest of the relevant event and shall be subject to the selection and eligibility criteria set out in Clause 2.3. Where the appointment is made to fill a vacancy, the appointee shall serve for the remainder of the tenure of the Member-SRB they replace. Where the appointment is made upon the expiry of a term, the appointee shall serve a fresh three (3)-year term from the date of appointment, subject to the consecutive term cap set out in Clause 2.4.1

2.5.2 Upon the expiry of the Chairperson-SRB's term of office, resignation, or cessation of Fit and Proper status, the BWA Board shall designate a replacement Chairperson-SRB from amongst the remaining or newly appointed Members-SRB at the earliest. Where no eligible Member-SRB is available to serve as Chairperson-SRB at any given time, the BWA Board shall expedite the appointment of a new Member-SRB in accordance with Clause 2.5.1 and simultaneously designate such appointee as the Chairperson-SRB.

2.6 Administrative Assistance

2.6.1 The BWA Secretariat shall provide administrative and operational support to the SRB. The BWA Secretariat shall be responsible inter alia for meeting coordination, records management, communication support, and providing other administrative and operational assistance to the SRB.

3. MANDATE AND CORE FUNCTIONS

3.1 Overseeing Guidelines

3.1.1 The SRB shall serve as the primary body responsible for overseeing self-regulatory guidelines for BWA Members as issued and agreed upon by the BWA and BWA Members from time to time, including interpretative guidance on BWA Guidelines (SRB Guidance). Through this process, the SRB will promote uniform levels of compliance, transparency, consumer protection, and accountability in the Web3 sector.

3.2 Compliance Monitoring and Supervision

3.2.1 To strengthen industry credibility and encourage adherence to established guidelines, the SRB may undertake periodic compliance reviews of BWA Members in the manner set out in Clause 6.

3.2.2 Any monitoring, assessment or review undertaken by the SRB shall be regarded as an industry self-regulatory / assurance activity and shall not constitute statutory supervision by the SRB or confer upon the SRB any regulatory power not otherwise vested in it by law.

3.2.3 Any monitoring, assessment or review undertaken by the SRB shall not constitute a determination that the BWA Member is compliant with any statutory or regulatory requirement, nor shall it relieve the BWA Member, its management or its designated compliance officer of any obligation or liability under applicable law.

3.2.4 These reviews shall focus on:

(a) adherence to BWA Guidelines;

(b) adherence to any additional themes or guidelines as notified by the BWA Board or the Members-SRB; and

(c) recommendation on implementation of additional risk management, governance, and consumer protection measures.

3.2.5 The objective of these reviews shall be corrective and capacity-building in nature rather than punitive.

4. BWA MEMBER ENGAGEMENT

4.1 The SRB shall engage with BWA Members on an ongoing basis through circulars, guidance notes, consultations, information requests, implementation notes, townhalls, and other modes of engagement as it may decide from time to time.

4.2 Each BWA Member shall nominate its Founder / Co-Founder / CEO or any other senior and responsible leader from amongst its management / leadership team, or a function head, to be the single point of contact (SPOC) for the SRB for the purposes of such BWA Member engagement and for the SRB's operational functioning.

4.3 Engagement between the SRB and BWA Members may take place through email, secure digital platforms, virtual meetings, document repositories, guided questionnaires, working sessions, or in-person interactions, as appropriate to the nature of the matter.

4.4 The BWA Secretariat shall maintain records of all material engagement with BWA Members, including notices, submissions, meeting notes, findings, recommendations, and communications, subject to the confidentiality obligations set out in Clause 9 of this Annexure.

4.5 The SRB shall organise a half-yearly townhall for BWA Members either in person or over video conference, inter alia to:

(a) clarify implementation expectations;

(b) respond to BWA Member queries; and

(c) discuss recurring compliance themes and sectoral developments.

4.6 Notice of each townhall shall be issued to all BWA Members by the BWA Secretariat not less than fourteen (14) days prior to the date of the townhall.

5. RESOLUTIONS AND MEETINGS

5.1 The SRB shall meet as and when the need arises but at least once every quarter. The meetings may occur physically or virtually, based on the decision of the Members-SRB.

5.2 For the purposes of this Annexure, a Resolution means any formal determination, recommendation, review finding or procedural decision, other than SRB Guidance, adopted by the SRB in the discharge of its mandate.

5.3 Resolutions of the SRB are private decisions of the Members-SRB. All Resolutions (including related deliberations, draft findings, internal votes, working papers, and other records of the SRB) shall be strictly confidential, subject to the restricted disclosure provisions in Clause 9 of this Annexure.

5.4 The quorum for a meeting of the SRB at which a Resolution is to be passed shall be two (2) of the three (3) Members-SRB, provided that: (a) no Member-SRB who has disclosed a conflict of interest in relation to the matter concerned shall be counted towards quorum for that matter; (b) where one or more Members-SRB are conflicted, the remaining non-conflicted Members-SRB shall constitute quorum, provided there are at least two (2) such non-conflicted Members-SRB available; and (c) where fewer than two (2) non-conflicted Members-SRB are available, the matter shall be deferred until a replacement Member-SRB is appointed in accordance with Clause 2.5.1.

5.5 The SRB shall, to the extent possible, decide on any Resolution by consensus. Failing consensus, a Resolution shall be passed by a majority of the non-conflicted Members-SRB present and eligible to vote, subject to at least two (2) such Members-SRB being present; otherwise, the matter shall be deferred to the next meeting at which this requirement is met. In case of a tie, the SRB shall reconsider the matter. If the tie persists the differing views of the Members-SRB will be formally recorded. Thereafter, the matter shall be referred to the BWA Governing Council, if unresolved, the matter shall be referred to the BWA Board. If the BWA Board is unable to reach a conclusion, the decision of the BWA Chairperson shall be final.

5.6 Every Resolution shall be accompanied by a written record prepared by the BWA Secretariat, stating: (a) the issue considered; (b) materials reviewed; (c) conflicts disclosed, if any; (d) the determination made; and (e) the reasons supporting the determination. Such records shall be maintained by the BWA Secretariat and shall be open for inspection by the BWA Board or its authorised representatives. No BWA Member's proprietary or business-critical information shall be disclosed to any other BWA Member.

5.7 Urgent procedural or administrative Resolutions may be passed by circulation, including over secure electronic means, provided that: (a) the text of the proposed Resolution and supporting reasons are circulated to Members-SRB; (b) the voting position of each participating Member-SRB is recorded in writing by the BWA Secretariat; and (c) the Resolution is confirmed at the next meeting of the SRB.

5.8 Where a Resolution concerns findings, recommendations, or action in relation to a BWA Member, the same shall first be issued to the BWA Governing Council and thereafter be shared with the concerned BWA Member through the channel designated by the BWA Board. A Resolution concerning a particular BWA Member shall be disclosed only on a need-to-know basis and shall ordinarily be known only to: (a) the BWA Board; (b) the concerned BWA Member (if any); and (c) the BWA Governing Council, where escalated in accordance with Clause 7 of this Annexure. No BWA Member's proprietary or business-critical information shall be disclosed to any other BWA Member, whether directly or through the BWA Governing Council or the BWA Board.

6. COMPLIANCE REVIEW FRAMEWORK

6.1 Compliance Review Cadence

6.1.1 The SRB shall conduct compliance reviews (of the scope set out in Clause 6.1.4 below) on a periodic basis. In each quarter, the SRB shall undertake the compliance reviews of three (3) BWA Members which it shall select on a randomised basis, in consultation with the BWA Board and the BWA Governing Council.

6.1.2 In addition to periodic compliance reviews as provided above, the SRB may, at its discretion, initiate an ad hoc compliance review of any BWA Member at any time where it has reasonable grounds to believe that there is a credible and material risk of a BWA Member being in breach of applicable BWA Guidelines and the periodic compliance review mechanism is insufficient to address the matter (an Ad Hoc Review).

6.1.3 The BWA Secretariat shall provide the relevant BWA Member with not less than one (1) month's prior written notice of a periodic compliance review and not less than five (5) Business Days' prior written notice of an Ad Hoc Review. The BWA Member shall submit a periodic compliance data sheet at least seven (7) days prior to the date of the periodic compliance review.

6.1.4 A compliance review shall examine the extent to which a BWA Member is adhering to applicable BWA Guidelines, and may include a review of any or all of the following, as determined by the SRB in its discretion: (a) the BWA Member's internal policies, procedures, and controls relevant to its obligations as a BWA Member; (b) the BWA Member's governance and oversight arrangements; (c) the BWA Member's anti-money laundering, counter-terrorist financing, and sanctions compliance frameworks; and (d) any other area of compliance that the SRB considers relevant having regard to the BWA Member's activities and applicable guidelines. The SRB shall notify the BWA Member of the intended scope of the review at the time of issuing the notice of review and may expand the scope during the review where information obtained gives reasonable grounds to do so, provided that the BWA Member is notified of any such expansion promptly.

6.2 Information Requests

6.2.1 For the limited purpose of administering the applicable guidelines and review framework, the SRB may issue requests for information and documentation from BWA Members. Such requests shall specify the information or documents required, the format in which they are to be provided, and the deadline for compliance, which shall not be less than ten (10) Business Days from the date of the request unless the SRB determines that a shorter period is justified by the circumstances of an Ad Hoc Review. The SRB may also require BWA Members to make relevant personnel available for interview, and may inspect a BWA Member's premises and records where it considers this necessary for the purposes of the review, subject to reasonable prior notice and following the BWA Member's premises policies. BWA Members shall cooperate in good faith with such requests, subject to applicable confidentiality, privilege, and legal limitations. Where a BWA Member fails to cooperate with an information request, interview request, or inspection without reasonable justification, the SRB may communicate the same to the BWA Governing Council for suitable action in terms of Clause 7 below.

6.2.2 The SRB shall not require BWA Members to disclose proprietary business information, trade secrets, personal data, or confidential financial information beyond what is voluntarily provided for the limited purpose of administering the applicable guidelines and compliance review framework, or where such disclosure is required by law or pursuant to a request from a competent government authority, regulator, or ministry.

6.3 Review Process

6.3.1 Upon completing a compliance review, the SRB shall formally record its findings and provide the compiled evidence to the BWA Governing Council (excluding any proprietary or business-critical information about the concerned BWA Member) and in doing so may issue a written statement of such findings, along with reasons, recommendations and the factual basis for the SRB's determination.

6.3.2 Where the SRB finds a compliance gap under Clause 6.3.1, the following shall apply:

(a) the written statement shall specify the nature of each compliance gap identified, the corrective action required, and the deadline by which such corrective action must be completed, which shall not be less than thirty (30) days from the date of the compliance gap note unless the SRB determines that a shorter or longer period is appropriate having regard to the nature and severity of the gap;

(b) the BWA Member shall provide the SRB, via the BWA Secretariat, with written confirmation of the corrective actions taken within the specified deadline;

(c) the SRB may conduct a follow-up review of the BWA Member's corrective actions within sixty (60) days of the expiry of the remediation deadline;

(d) where the SRB is satisfied that the compliance gaps have been adequately remediated, it shall issue a closure note in respect of the relevant Review Cycle; and

(e) where the BWA Member fails to remediate the identified compliance gaps within the specified deadline, or where the SRB determines following the follow-up review that remediation is inadequate, the SRB shall escalate the matter under the implementation process set out in Clause 7 of this Annexure by way of a reasoned written order setting out: (i) the compliance gaps originally identified; (ii) the remediation deadline given; (iii) the corrective actions taken or not taken by the BWA Member; (iv) the SRB's assessment of why such actions are inadequate or absent; and (v) the specific implementation action recommended and the reasons for that recommendation.

6.4 Compliance Review Procedure

6.4.1 The SRB may appoint external experts to support and guide it in effectively carrying out its functions, particularly where matters are highly technical, sector-specific, or require specialised expertise. Such external experts may include, without limitation, blockchain and distributed ledger technology specialists, cybersecurity professionals, forensic specialists, and other relevant professionals (each, an External Expert). External Experts may be engaged to assist with one or more of the following: (a) overseeing guidelines and the development of SRB Guidance; (b) compliance assessment and review of BWA Members; (c) monitoring and surveillance activities; and (d) capacity-building and technical assistance for BWA Members. Any External Expert engaged pursuant to this Clause 6.4.1 shall, prior to commencing any engagement, execute a written agreement with the BWA containing terms and conditions, including in relation to confidentiality, conflicts of interest, and data handling, in a form acceptable to the BWA Board.

6.4.2 The SRB shall maintain a complete and accurate record of each compliance review, to be compiled and retained by the BWA Secretariat.

6.4.3 At least two (2) of the three (3) Members-SRB shall actively participate in each compliance review, including in the review of information and materials obtained, the conduct or oversight of any interviews, and the deliberation and determination of the review output under Clause 6.3.1. No review output shall be issued unless it has been considered and approved by at least two (2) non-conflicted Members-SRB in accordance with the quorum and voting requirements set out in Clause 5 of this Annexure. Where a Member-SRB is conflicted in respect of a particular review, the remaining non-conflicted Members-SRB shall conduct that review, subject to the quorum requirements of Clause 5.4.

6.4.4 The SRB may, from time to time and in consultation with the BWA Governing Council, issue circulars to BWA Members on such procedural matters as it considers necessary for the effective conduct of its functions. The SRB may, in consultation with the BWA Governing Council, update any such circular from time to time, and any such update shall be notified to all BWA Members by the BWA Secretariat.

6.5 Compliance Report

6.5.1 The SRB shall, in consultation with the BWA Governing Council, publish an annual report containing aggregated and anonymised data in respect of its compliance review activities during the relevant year. Such annual report shall include, without limitation: (a) the total number of compliance reviews conducted during the year, including the number of periodic reviews and Ad Hoc Reviews; (b) a summary of the categories of findings identified across reviews; (c) a summary of the categories of recommendations and corrective actions issued; and (d) any thematic or sectoral observations the SRB considers relevant to the broader Web3 ecosystem. No annual report shall contain any BWA Member-specific information, or any information from which the identity of a BWA Member could reasonably be inferred.

7. IMPLEMENTATION ACTIONS

7.1 The SRB may consider making an implementation recommendation to the BWA Governing Council in the manner set out in Clause 6.3.2 where it reasonably believes there is:

(a) material non-compliance with BWA Guidelines or the SRB Guidance;

(b) failure to implement corrective guidance issued by the SRB;

(c) repeated or systemic non-compliance;

(d) conduct causing material consumer harm, market harm, reputational harm, or integrity concerns to the Web3 ecosystem; or

(e) concealment, misrepresentation, bad faith, failure to cooperate, or unlawful conduct.

7.2 Any non-compliance or appeals against SRB recommendations shall be resolved in accordance with the following procedure:

7.2.1 The BWA Governing Council shall liaise with the relevant BWA Member to seek resolution of the matter within fifteen (15) days of the non-compliance or appeal being raised. Where the BWA Member fails to co-operate or the matter remains unresolved within that period, the BWA Governing Council shall refer the matter to the BWA Board within seven (7) days of the conclusion of discussions with the BWA Member.

7.2.2 Upon referral, the BWA Board shall consider the matter, identify any gaps or areas of non-compliance, and seek to resolve the matter in discussion with the BWA Member within fifteen (15) days of receipt of the referral.

7.2.3 Where the BWA Board reaches a decision and the BWA Member remains dissatisfied with that decision, the BWA Member may refer the matter to the BWA Chairperson within seven (7) days of being informed of such decision.

7.2.4 *Direct Appeal on Confidentiality Grounds:* where a BWA Member has reasonable grounds to believe that consideration of the matter by the BWA Governing Council or the BWA Board would require disclosure of business-critical, proprietary, or commercially sensitive information, and that such disclosure may compromise the confidentiality of the same, it may request the Members-SRB to refer the matter directly to the BWA Chairperson. The Members-SRB shall assess the confidentiality concern and, where aligned with the BWA Member's concern, permit the BWA Member to bypass the BWA Governing Council and the BWA Board. In such circumstances, no information relating to the appeal shall be disclosed to the BWA Governing Council or the BWA Board.

7.2.5 The BWA Chairperson shall take a final internal decision in consultation with the SRB within thirty (30) days of such referral. The decision of the BWA Chairperson, taken in consultation with the SRB, shall be final and binding on the BWA Member.

7.3 In the event the BWA Chairperson is required to take a final decision in consultation with the SRB, in accordance with Clause 7.2.5 above, the SRB may recommend one or more of the following implementation actions, which may be executed by the BWA Chairperson:

7.3.1 *Written Warning:* recommend issuance of a formal written warning by the BWA to the offending BWA Member to cease the non-compliant act or omission.

7.3.2 *Remedial Directives:* recommend a specific course of action the BWA Member must take to remedy and redress the non-compliance.

7.3.3 *Suspension or Termination of Service:* recommend that the BWA suspend or terminate the BWA Member's Service for any specific period, depending on the nature and gravity of the non-compliance.

7.4 The SRB's function is purely recommendatory in nature. It shall have no power to impose any disciplinary action, sanction, suspension, expulsion, penalty, fine, or other adverse measure directly upon a BWA Member; any such measure may only be imposed by the BWA Chairperson, on behalf of the BWA Board, in accordance with its rules and procedures.

8. NON-LIABILITY OF SRB

8.1 Nature of SRB's Role

8.1.1 The SRB is constituted under the aegis of the BWA as an independent, industry-facilitated, membership-based self-regulatory body. Its functions are limited to overseeing Guidelines for BWA Members as recommended in consultation with the BWA and the BWA Members, including but not limited to guidelines, frameworks, codes, recommendations, best practices, guidance notes and interpretative guidance on BWA Guidelines, and to exercising a non-binding supervisory and advisory role in relation to those BWA Members.

8.1.2 For the avoidance of doubt, the SRB, the Members-SRB, and the External Experts, do not:

(a) exercise operational, managerial, or executive control over the day-to-day business operations, technical infrastructure, cybersecurity protocols, risk management systems, or compliance arrangements of BWA Members;

(b) manage, direct, control, or participate in the day-to-day business, technology, operations, security architecture, or commercial decisions of any BWA Member;

(c) act as an agent, trustee, custodian, guarantor, or fiduciary for or on behalf of any BWA Member; and

(d) exercise any statutory, governmental, or regulatory power, and hold no delegation, recognition, or authorisation from any governmental authority to regulate, license, or supervise BWA Members.

8.1.3 SRB Guidance is non-binding in nature and does not constitute legally enforceable obligations, regulatory directions, or statutory instruments.

8.1.4 There is no relationship of agency, partnership, delegate, representative, nominee, joint venture, or employer-employee between the SRB or a Member-SRB and any BWA Member.

8.1.5 No action taken by the SRB, including engagement, consultation, or correspondence with any governmental authority or law enforcement agency, shall be construed as the SRB acting as, or being recognised as, a regulator, quasi-regulator, or delegate of any governmental authority, unless and until the SRB is expressly so recognised in writing by the relevant governmental authority pursuant to an applicable statutory or regulatory framework.

8.1.6 Accordingly, neither the SRB nor any Member-SRB shall bear responsibility or liability for the operational mismanagement, technical failures, regulatory or tax non-compliance, financial losses, or business decisions of any BWA Member, whether or not such matters arise in connection with SRB Guidance.

8.1.7 Provisions of Section 18 of the BWA Rule Book (INDEMNIFICATION AND DEFENCE) shall be fully applicable to Member-SRB.

8.2 Exclusion of Liability for Cybersecurity Incidents and Technology Failures

8.2.1 The SRB and the Members-SRB shall have no liability whatsoever, whether direct, indirect, vicarious, or consequential, and whether to a BWA Member, a consumer, a regulator, or any other person, for any operational incident, cybersecurity incident or technology failure occurring within or affecting the infrastructure, systems, or operations of any BWA Member. This exclusion applies without limitation to: (a) cyber-attacks, hacking events, ransomware, phishing, or other malicious intrusions; (b) data breaches, loss, or unauthorised disclosure of personal data or proprietary information; (c) smart contract vulnerabilities, protocol exploits, or blockchain-layer failures; (d) wallet or key-management failures; (e) exchange outages, liquidity failures, or settlement disruptions; and (f) any other operational or technical failure arising from the inherently novel, experimental, and rapidly evolving nature of VDAs and distributed ledger technology.

8.2.2 The sole and exclusive responsibility for the design, implementation, maintenance, and continuous improvement of robust security, disaster recovery, business continuity, and regulatory compliance protocols lies with each BWA Member.

8.2.3 The issuance of any SRB Guidance relating to cybersecurity or operational resilience shall not be construed as a warranty, assurance, or certification of any BWA Member's security posture or operational capability, nor shall it give rise to any duty of care on the part of the SRB in respect of such matters. For the avoidance of doubt, the SRB: (a) shall have no role in the design, implementation, audit, certification, or monitoring of any BWA Member's cybersecurity systems or controls; and (b) shall not be a recipient of, and shall have no obligation to receive, verify, forward, or act upon, any cyber incident report that a BWA Member is statutorily required to make to a law enforcement agency or affected individual.

8.2.4 Each BWA Member is solely responsible for the security, integrity, and resilience of its own information technology systems and infrastructure, and for complying with all applicable cybersecurity and data protection laws.

8.3 Exclusion of Liability for Consumer Redressal Outcomes

8.3.1 The SRB's role in relation to consumer awareness, protection, and grievance redressal is strictly limited to: (a) periodically reviewing the SRB Guidance and BWA Guidelines relating to consumer awareness and protection and updating them as required; (b) overseeing, at a macro level, that BWA Members operate within the parameters of the SRB Guidance and the BWA Guidelines; and (c) seeking written explanations from BWA Members if there is a deviation from consumer protection and redressal practices at a macro level. The SRB shall not intervene in, adjudicate upon, or assume responsibility for individual consumer grievance matters, consumer disputes or claims, nor shall it assume any liability for substantive outcomes or financial consequences arising from such matters.

8.3.2 The SRB and the Members-SRB shall not be held liable for any loss, damage, harm, or adverse outcomes suffered by any consumer or third party arising from or in relation to: (a) a consumer grievance or dispute; (b) any failure by a BWA Member to comply with the SRB Guidance or the SRB's macro-level directives; (c) any inadequacy or deficiency in the SRB Guidance; or (d) any action or omission by a BWA Member in connection with consumer-facing activities.

8.3.3 For the avoidance of doubt, any SRB Guidance relating to consumer protection shall be non-binding and does not constitute statutory consumer protection obligations. Each BWA Member shall be bound by, and shall ensure continuing compliance with, the laws applicable to its operations.

8.4 Exclusion of Liability for Market Losses, Systemic Incidents, and Regulatory Developments

8.4.1 No liability shall attach to the SRB or the Members-SRB for any of the following, inter alia, arising: (a) market losses, trading losses, or investment losses of any nature suffered by BWA Members, consumers, or third parties in connection with VDAs; (b) systemic market failures, liquidity crises, exchange collapses, or contagion events within the VDA ecosystem; (c) investor grievances, claims, or losses resulting from the general volatility, speculative nature, or illiquidity of VDAs; (d) losses or adverse consequences arising from the VDA market, the underlying distributed ledger technology, consensus mechanisms, tokenomics, or smart contract logic of any VDA; (e) regulatory action, enforcement proceedings, penalties, sanctions, or adverse determinations made by any governmental authority, statutory regulator, or law enforcement body against the VDA sector or any BWA Member, whether or not such action relates to a BWA Member's compliance with SRB Guidance or BWA Guidelines; (f) changes in the applicable legal or regulatory framework governing VDAs in India or any other jurisdiction, including the introduction of new legislation, regulatory guidance, or enforcement policy; or (g) the business decisions of BWA Members.

8.4.2 The SRB does not guarantee, warrant, or represent that compliance with the SRB Guidance or any BWA Guidelines will ensure regulatory compliance, prevent regulatory action, or mitigate any legal, financial, or operational risk faced by any BWA Member or the sector as a whole. Each BWA Member remains solely and fully accountable for its own tax and regulatory compliance, risk management, and business decisions.

8.4.3 For the avoidance of doubt, no review, audit, inquiry, or compliance monitoring exercise undertaken by the SRB or the Members-SRB, nor any report, guidance note, finding, or resolution issued or reached in connection therewith, shall be construed as: (a) certifying or confirming a BWA Member's compliance with any applicable law, regulation, or regulatory requirement; (b) attesting to the solvency, financial soundness, or capital adequacy of any BWA Member; (c) endorsing the technical fidelity, technological sufficiency, security posture, or operational capability of any BWA Member's systems or infrastructure; or (d) constituting a regulatory accreditation, compliance certificate, or assurance of any kind in respect of any BWA Member.

9. CONFIDENTIALITY

9.1 All non-public information shared with or generated by the SRB in connection with BWA Member engagement, reviews, deliberations, resolutions, draft findings, explanations, investigations, corrective action plans, and corrective recommendations shall be treated as strictly confidential and protected with data security controls, with all information destroyed within twelve (12) months of resolution closure. If sought by the BWA Member, the BWA shall provide a self-written certificate of destruction. Findings shall be shared and used solely for the purposes of overseeing guidelines, conducting reviews, and making corrective recommendations under this Annexure. Disclosure shall be limited to: (a) the concerned BWA Member; (b) the BWA Secretariat, on a need-to-know basis; and (c) the BWA Governing Council and the BWA Board, where referred in accordance with Clause 7, on a need-to-know basis (no confidential information shared by a BWA Member shall be shared with the BWA Governing Council). BWA Members participating in an SRB process shall maintain confidentiality of all process materials, communications, and draft or final Resolutions, except to the extent disclosure is required by law or for the purpose of obtaining professional advice on a confidential basis.

10. TRANSITION PERIOD

10.1 From the date of formal launch of the present SRB framework, all BWA Members shall be provided an initial transition and familiarisation window of [one (1) month] to review such framework and take steps to prepare for compliance with the same.

11. REVIEW AND RECONSIDERATION

11.1 The BWA Board and the SRB may, from time to time, jointly review the terms of this Annexure and corresponding provisions of the Rule Book to assess whether they remain appropriate and fit for purpose having regard to, amongst other things, any material developments in the regulatory framework governing VDAs in India, changes in market structure or industry practice, the operational experience of the SRB, and any feedback received from BWA Members; and the BWA Board may, following such review and after consulting BWA Members in such manner as it considers appropriate, amend this Annexure and corresponding provisions of the Rule Book by written resolution, provided that notice of any such amendment is given to all BWA Members not less than thirty (30) days prior to the date on which it takes effect.

BHARAT WEB3 ASSOCIATION

Bharat Web3 Association

BWA Self-Regulatory Body (SRB) Governance Framework