

POLICY FOR DEALING WITH CONFLICT OF INTEREST OF INTERMEDIARIES

1. Background

SEBI has issued guidelines for dealing with conflict of interest which arises of Intermediaries, depositories (hereinafter collectively referred to as "such entities") and their Associated persons in securities Market. The Term Associated person means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India;

Intermediaries means "intermediary" means an entity registered under sections 11 or 12 of the Act and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization;

In this regard SEBI has issued circular on the lines of the Principle 8 of the International Organisation of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulations, it has been decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination of their conflict of interest.

2. Objectives

The objective behind the framing of this policy is to avoid or to manage conflict of interest that arises while dealing with clients and also for educating their associated persons for compliance of these guidelines.

3. Implementation

- a. By active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the

performance of their activities, and ensure to communicate such policies, procedures and code to all concerned.

- b. By maintaining high standards of integrity in the conduct of their business at all times.
- c. To give fair treatment of their clients and not discriminate amongst them;
- d. To ensure that their personal interest does not, at any time conflict with their duty to their clients and client's interest always takes primacy in their advice, investment decisions and transactions;
- e. To make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services;
- f. To reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another unbiased services;
- g. By placing appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- h. By not dealing in securities while in possession of material non published information;
- i. By not communicating the material non published information while dealing in securities on behalf of others;
- j. By not contributing in manipulating the demand for or supply of securities in the market or to influence prices of securities;
- k. By not providing incentive structure that encourages sale of products not suiting the risk profile of their clients
- l. By not sharing share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;

4. Effective Mechanism

Board is required to place effective system in place for proper implementation of this circular. Board is also required to provide necessary guidance enabling identification, elimination or management of conflict of interest situations. The Boards shall review the compliance of this circular periodically.

5. Identification of transactions:-

There should be proper mechanism in identifying the transaction which can create the conflict and to place before the Board.

6. Role of Board of Directors

Board of Directors shall review the compliance of this circular periodically and shall conduct assessment of their existing policies on conflict of interest in a time bound manner, not later than 6 months from the date of this circular and bring them in line with the requirements of these guidelines.