

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

1. Compliance officer

- India Advantage has a Compliance Officer Mr. Ketan Shah (hereinafter called "the officer") who is reporting to the Managing Director.
- The Officer shall be responsible for setting forth policies & procedures & monitoring adherence to the rules for the preservation of "price sensitive information", pre-clearing of all designated employees & their dependent trades (directly or through respective department heads as decided by the organisation / firm), monitoring of trades & the implementation of the code of conduct under the overall supervision of the directors.
- The Officer shall also assist all the employees / directors in addressing any clarification regarding SEBI (prohibition of insider trading) Regulation, 1992 & the organisation's code of conduct.
- The Officer shall maintain a record of designated employees & any changes made in the list of designated employees.

2. Preservation of "price sensitive information":

- Employees/directors shall maintain the confidentiality of all price sensitive information. Employees/directors must not pass on such information directly or indirectly by way of making a recommendation for the purchase / sale of securities.

2.1 Need to know

- Price Sensitive Information is to be handled on a "need to know" basis, i.e. Price sensitive information should be disclosed only to those within the organisation who need the information to discharge their duty & whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

2.2 Limited access to confidential information

- Files containing confidential information shall be kept secure. Computer files must have adequate security of login & password etc.

2.3 Chinese wall

- To prevent the misuse of confidential information the organisation shall adopt a "Chinese wall" policy which separates those areas of the organisation which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale / marketing / investment advice or other departments providing support services, considered "public areas".
- The employees in the inside areas shall not communicate any price sensitive information to any one in public areas.
- The employees in the inside areas may be physically segregated from the employees in public areas.
- Demarcation of various departments as inside area may be implemented by the organisation.
- In exceptional circumstances employees from the public areas may be brought "over the wall" & given confidential information on the basis of "need of know" criteria, under intimation to the officer.

3.0 Prevention of misuse of Price Sensitive Information

- Employees / director shall not use price sensitive information to buy or sell securities of any sort, whether for their own account, organisation's accounts or a client account. The following trading instruction shall apply for trading in securities.



3.1 Pre-clearance of trades

- All directors/officer/designated employees of the organisation who intend to deal in the securities of the client company (above a minimum threshold limit to be determined by the organisation) shall pre-clear the transaction as per the pre-dealing procedure as described hereunder.
- An application may be made in such form as the organisation may specify in regard, to the Officer indicating the name & estimate number of securities that the designated employees/ directors intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode & such other details as may be required by any rule made by the organisation in this behalf.
- An under taking shall be executed in favour of the organisation by such designated employee /directors incorporating, inter alias, the following clauses, as may be applicable.
 1. That the designated employee/director does not have any access or has not received any "price sensitive information" up to the time of designing the undertaking.
 2. That the case the designated employee/director has access to or receives "price sensitive information" after the signing of the undertaking but before the execution of the transaction. He/She shall inform the Officer of the change in his position & that he/she would completely refrain from dealing in the securities of the client company till the time such information becomes public.
 3. That he/she has not contravened the code of conduct for prevention of insider trading as specified by the organisation from time to time.
 4. That he/she has made a full & true disclosure in the matter.

4. Restricted / Grey list

- 4.0 In order to monitor Chinese wall procedure & trading in client securities based on inside information, the organisation shall restrict trading in certain securities & designate such list as restricted/grey list.
- 4.1 Security of listed company shall be put on the restricted /grey list if the organisation is handling any assignment for the listed co. or is preparing appraisal report or is handling credit rating assignment & is privy to price sensitive information.
- 4.2 Any security which is being purchased or sold or is being considered for purchase or sale by the organisation / firm on behalf of its client / schemes of mutual funds, etc. shall be put on the restricted /grey list.
- 4.3 As the restricted list itself is highly confidential information it shall not be communicated directly or indirectly to anyone outside the organisation. The restricted list shall be maintained by officer.
- 4.4 When any securities are on the restricted list trading in these securities by designated employee/director may be blocked or may be disallowed at the time of pre-clearance.

5.0 Other restriction

- All director /designated /employee shall execute their order within one week after the approval of pre - clearance is given. If the order is not executed within one week after approval is given the employee/director must clear the transaction again.
- All director/officer/designated employees shall hold their investment for a minimum period of 30 days in order to be considered as being held for investment purpose.
- The holding period shall also apply to purchases in the primary market (IPOs). In the case of IPOs, the holding period would commence when the securities are actually allotted.



- In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Officer after recording in writing his or her reason on this regard.
- Analysts, if any, employed with the organisation while preparing research reports of a client company(s) shall disclose their shareholdings/interest in such company(s) to the compliance officer.
- Analysts who prepare research report of a listed company shall not trade in securities of that company for 30 days from preparation of such report.

6. Reporting Requirement for transaction in securities

6.0 All directors / designated employees of the organisation shall be required to forward following details of their securities transaction including the statement of dependent family members (as defined by the (organisation) to the compliance officer: -

- (A) All holding in the securities by directors/officer/designated employees/partner at the time of joining the organisation.
- (B) Periodic statement of any transaction in securities (the periodicity of reporting may be defined by the firm or organisation. The organisation may also be free to decide whether reporting is required for trades where pre- clearance is also required;
- (C) annual statement of all holdings in security

6.1 The Office shall maintain records of all the declaration given by the director/designated employees in the appropriate form for a minimum period of three years

6.2 The Officer shall place before the chief executive officer / partner or a committee notified by the organisation /firm, on a monthly basis all the details of the dealing in the securities by the designated employee/directors/partners of the organisation & the accompanying document that such person had executed under the pre- dealing procedure as envisaged in this code.

7. Penalty for contravention of code of conduct

- Any employee/director who trades in security or communicate any information or counsels any person trading in securities, in contravention of the code of conduct may be penalised & appropriate action may be taken by organisation.
- Employees /director of the organisation who violate the code of conduct may also be subject to disciplinary action by the company, which may include wage freeze, suspension.
- The action by the organisation shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of insider trading) Regulation, 1992

8. Information to SEBI in case of violation of SEBI (prohibition of Insider trading) Regulation

- In case it is observed by the organisation / officer that there has been a violation of these regulation, SEBI shall be informed by the organisation.

