



# S. A. DESHPANDE & CO.

SHARE & STOCK BROKERS

MEMBER OF THE STOCK EXCHANGE, MUMBAI

PM-12, Stock Exchange Rotunda Bldg., Mezzanine Flr., Mumbai Samachar Marg, Fort, Mumbai - 400 001.

TEL. (O) : 2272 3507 / 2272 2295 / 96 / 2272 3328 / 2272 3330 ● TELEFAX : 2272 2961

EMAIL : sadco@vsnl.com ● WEB SITE : www.liyadiya.com

## Code of Conduct for Prevention of Insider Trading

The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, was amended on 22<sup>nd</sup> February 2002 (hereinafter referred to as "Regulations") in terms of which a Stock Broker is required, inter alia, to frame a Code of Conduct for Prevention of Insider Trading by Employees of a Stock Broker, including its Partners

In line with the said Regulations, the following Code of Conduct (hereinafter referred to as "the Code") has been adopted by S.A.DESHPANDE & CO (hereinafter referred to as "SADCO"), Member of the Stock Exchange, Mumbai

### **1 PARTNER**

- 1.1 SADCO has one of the partner as a Compliance Officer
- 1.2 The Compliance Officer shall be responsible for setting forth Policies and Procedures and monitoring adherence to the Rules for the preservation of "Price Sensitive Information", pre-clearing of all Designated Employees and their Dependents Trades (directly or through respective Department heads as decided by the SADCO), monitoring of Trades and the Implementation of the Code of Conduct under the overall Supervision of the Partners
- 1.3 The Compliance Officer shall also assist all the Employees / Partners in addressing any Clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992 and SADCO's Code
- 1.4 The Compliance Officer shall maintain a record of the Designated Employees and any Changes made in the List of Designated Employees

### **2 Prevention of "Price Sensitive Information"**

- 2.1 Employees / Partners shall maintain the Confidentiality of all Price Sensitive Information. Employees / Partners must not pass on such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities
- 2.2 Need to Know
  - 2.2.1 Price Sensitive Information is to be handled on a "Need to Know" basis, ie Price Sensitive Information should be disclosed only to those within SADCO, who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information
- 2.3 Limited Access to Confidential Information
  - 2.3.1 Files containing Confidential Information shall be kept Secure. Computer Files must have Adequate Security of Login and Password, etc



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- 2.4 Chinese Wall
- 2.4.1 To prevent the Misuse of Confidential Information, SADCO shall adopt a "Chinese Wall" Policy which separates those Areas of SADCO, which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advise or other Departments providing Support Services, considered "Public Areas"
- 2.4.2 The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area
- 2.4.3 The Employees in Inside Area may be physically segregated from Employees in Public Area
- 2.4.4 Demarcation of the various Departments as Inside Area may be implemented by SADCO
- 2.4.5 In Exceptional Circumstances, Employees from the Public Areas may be brought "Over the Wall" and given Confidential Information on the basis of "Need to Know" Criteria, under Intimation to the Compliance Officer

### 3 Prevention of Misuse of Price Sensitive Information

- 3.1 Employees / Partners shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, and SADCO's TRADING Account or a Client's Account. The following Trading Restrictions shall apply for Trading in Securities
- 3.2 Pre-clearance of Trades
- 3.2.1 All Partners / Designated Employees of SADCO, who intend to deal in the Securities of the Client Company (above a Minimum Threshold Limit to be determined by SADCO) shall pre-clear the Transactions as per the pre-dealing Procedure as described hereunder
- 3.3.2 An Application may be made in such form as SADCO may specify in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Designated Employee / PARTNER 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 and such other Details as may be required by any rule made by SADCO in this behalf
- 3.3.4 An Undertaking shall be executed in favor of SADCO by such Designated Employee / Partners incorporating, inter alia, the following Clauses, as may be applicable
- i That the designated Employee / PARTNER does not have any Access or has not received any "Price Sensitive Information" up to the time of signing the Undertaking



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- ii That in case the designated employee/partner <sup>Date:</sup> ~~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 Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of the client company till the time such information becomes public.
- iii That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by SADCO from time to time
- iv That he / she has made a Full and True Disclosure in the matter

#### 4 Restricted / Grey List

- 4.1 In order to monitor Chinese Wall Procedures and Trading in Client Securities based on Inside Information, SADCO shall restrict Trading in certain Securities and designate such List as Restricted / Grey List
- 4.2 Security of a Listed Company shall be put on the Restricted / Grey List if SADCO is handling any Assignment for the Listed Company or is preparing Appraisal Report or is handling Credit Rating Assignments and is Privy to Price Sensitive Information
- 4.3 Any Security, which is being purchased or sold or is being considered for Purchase or Sale by SADCO on behalf of its Clients / Schemes of Mutual Funds, etc shall be put on the Restricted / Grey List
- 4.4 As the Restricted List itself is a Highly Confidential Information it shall not be communicated directly or indirectly to anyone outside SADCO. The Restricted List shall be maintained by Compliance Officer
- 4.5 When any Securities are on the Restricted List, Trading in these Securities by Designated Employees / Partners may be blocked or may be disallowed at the time of pre-clearance

#### 5 Other Restrictions

- 5.1 All Partners / Designated Employees 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 / PARTNER must pre-clear the Transaction again
- 5.2 All Partners / Designated Employees shall hold their Investments for a Minimum Period of 30 Days in order to be considered as being held for Investment Purposes
- 5.3 The Holding Period shall also apply to Purchases in the Primary Market (IPO). In the case of IPO, the Holding Period would commence when the Securities are actually allotted





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- 5.4 In case the Sale of Securities is necessitated by Personal Emergency, the Holding Period may be waived by the Compliance Officer after recording in writing his / her reasons in this regard
- 5.5 Analysts, if any, employed with SADCO while preparing Research Reports of a Client Company(s) shall disclose their Share Holdings / Interest in such Company(s) to the Compliance Officer
- 5.6 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 Penalty for Contravention of the Code

- 6.1 Any Designated Employee / PARTNER who trades in Securities or communicates any Information or counsels any Person Trading in Securities, in Contravention of the Code may be penalized and appropriate Action may be taken by SADCO
- 6.2 Designated Employees / Partners of SADCO, who violate the Code may also be subject to Disciplinary Action by the Company, which may include Wage Freeze, Suspension, etc
- 6.3 The Action by SADCO shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

## 7 Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations

- 7.1 In case it is observed by SADCO / its Compliance Officer that there has been a Violation of these Regulations, SEBI shall be informed by SADCO

FOR S.A.DESHPANDE & CO (SADCO)

NILESH.B.SHAH  
Compliance Officer & Partner  
Place: BOMBAY  
Date: 25.06.2002