

## **Policy & Procedure to identify and avoid or to deal or manage actual or potential conflict of interest**

Securities & Exchange Board of India (SEBI) vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 laid down general guidelines for dealing with conflict of interest of intermediaries, recognized stock exchange, recognized clearing corporation, depositories and their associated person in securities market.

As per the above, Investsmart Stock Brokers Pvt. Ltd. is considered as intermediaries, as it is a trading member of three national level recognized stock exchanges i.e . NSE, BSE & USE.

As per the said circular, Investsmart Stock Brokers Pvt. Ltd. (ISBPL) as an entity classified as intermediaries shall laid down policy and procedure to identify and to avoid or to deal with conflict of interest. Accordingly this policy is being prepared.

The policy is as mentioned below:

- 1) Investsmart Stock Brokers Pvt. Ltd. (ISBPL) at all times shall maintain high standard of integrity in the conduct of its business. This means ISBPL shall have high standards of honesty and trustfulness while dealing in the business of securities market.
- 2) ISBPL shall ensure to gives fair treatment to all its clients and it's not discriminating amongst clients .This means that ISBPL shall give equal amount of good services to all its clients.
- 3) ISBPL shall ensure that any person dealing for and on behalf of ISBPL with any of its client, there shall not be conflict with his duty to its client and client interest shall always be primary things in case of investment advice and transactions entered into with the company. This means that ISBPL as well as any person while dealing on behalf of ISBPL with the client shall not have vested interest in monetary or non monetary terms.
- 4) ISBPL or any person acting for and behalf of ISBPL while dealing with the clients with regards to securities business of the company shall ensure that if at all there is bound to be conflict of interest, the proper disclosure shall be made to the client to ensure that fair and unbiased services are rendered to the clients. The copy of such disclosure shall be given to the compliance department.
- 5) ISBPL shall ensure that any person acting for and on behalf of ISBPL is having any conflict of interest he/ she shall informed to compliance department.
- 6) ISBPL along with any person acting for and on behalf of ISBPL shall ensure that they shall not deal in any scrip if they are having information about the scrip or the company which is not being published.
- 7) While dealing with the clients ISBPL, its employee or its sub broker / Authorized person shall not communicate to the clients about unpublished information about the companies.
- 8) ISBPL and its trading members i.e. sub broker shall not contribute which lead to manipulation of demand and supply of the securities and which influence price of securities.

- 9) ISBPL and its sub brokers shall not have incentive structure for the clients to sale its products which is not suitable to risk profile of the clients.
- 10) ISBPL, its sub broker and employees shall not share the information about the scrip received from the clients, while dealing for their personal interest

The above policy can be revised at the regular interval of time



Securities and Exchange Board of India

CIRCULAR

CIR/MIRSD/5/2013

August 27, 2013

To  
Registered Intermediaries Recognised Stock  
Exchanges Recognised Clearing Corporations  
Depositories

Sir/ Madam,

**Sub: General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.**

1. All intermediaries, recognised stock exchanges, recognised clearing corporations and depositories (hereinafter collectively referred to as "such entities") are presently governed by the provisions for avoidance of conflict of interest as mandated in the respective regulations read with relevant circulars issued from time to time by SEBI. On the lines of 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, as detailed hereunder.
2. Such entities shall adhere to these guidelines for avoiding or dealing with or managing conflict of interest. They shall be responsible for educating their associated persons for compliance of these guidelines.
3. For the purpose of these guidelines "intermediaries" and "associated persons" have the same meaning as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007.
4. Such entities and their associated persons shall,
  - i. lay down, with 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;
  - ii. at all times maintain high standards of integrity in the conduct of their business;
  - iii. ensure fair treatment of their clients and not discriminate amongst them;
  - iv. 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;
  - v. 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;

- vi. endeavor 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, etc.;
  - vii. place 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;
  - viii. not deal in securities while in possession of material non published information;
  - ix. not to communicate the material non published information while dealing in securities on behalf of others;
  - x. not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
  - xi. not have an incentive structure that encourages sale of products not suiting the risk profile of their clients;
  - xii. not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;
5. The Boards of such entities shall put in place systems for implementation of this circular and provide necessary guidance enabling identification, elimination or management of conflict of interest situations. The Boards shall review the compliance of this circular periodically.
  6. Such entities 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.
  7. The said guidelines shall be in addition to the provisions, if any, contained in respective regulations/ circulars issued by the Board from time to time regarding dealing with conflict of interest, in respect of such entities.
  8. This circular is issued in exercise of powers conferred under Sections 11 of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
  9. This circular is available on SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)) under the categories "Legal Framework" and "Circulars".

Yours faithfully,

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