

SMIFS LIMITED

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020 Tel: (91 33) 4011 5414 / 6634 5414

Email ID: rms@smifs.com Website: www.smifs.com

DEALING ROOM COMPLIANCE POLICY

Policy Jointly Authored By:

Ms. Tamari Chatterjee
Compliance & Ethics Officer

Ms. Priyanka Pal
Chief Manager - Compliance

Ms. Debjani Sen
Chief Manager - Compliance

Policy Approved By:

Shri Ashiwini Tripathi
Managing Director

Shri Rahul Kayan
Chief Executive Officer

Shri Sudipto Datta
Designated Director & Compliance Officer

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1. Introduction

SMIFS Limited (in short “the Company/ SMIFS/ Trading Member”) is a Company registered under the provisions of the Companies Act, 1956 with limited liabilities, having its registered office at 4, Satyajit Ray Dharani (formerly Lee Road/ O C Gangly Sarani) and registered with Securities and Exchange Board of India (in short “SEBI”) as a Stock Broker and Depository Participant, thus a Securities Market Intermediary as per the various provisions enshrined in the relevant Acts of SEBI.

SMIFS is a Trading Member of National Stock Exchange of India Limited (NSE); BSE Limited (BSE); Multi Commodity of Exchange of India Limited (MCX) and Metropolitan Stock Exchange of India (MSEI) with SEBI Registration Number: INZ000220635. SMIFS is a Depository Participant of National Securities Depository Limited (NSDL) bearing DP ID – IN301629 and Central Depository Services (India) Limited (CDSL) bearing DP ID – 12016000 with SEBI Registration Number IN-DP-414-2019. SMIFS is also registered as a Portfolio Manager with SEBI Registration Number INP000004623 and Research Analyst with SEBI Registration Number INH300001474. For the sake of brevity NSE, BSE, MCX & MSEI shall be collectively referred to as Stock Exchange(s).

SMIFS is also registered with Association of Mutual Funds of India (AMFI) with ARN Code 3080 for the distribution of Mutual Fund Units of various reputed Asset Management Companies.

Stewart & Mackertich Commodities Limited is a subsidiary of SMIFS Limited and a Trading Member of National Commodity and Derivatives Exchange Limited (NCDEX) with SEBI Registration Number INZ000064332.

SMIFS Wealth Management Limited is also a subsidiary of SMIFS Limited registered with Association of Portfolio Managers in India (APMI) having APRN - APRN00855.

2. General

Dealers shall

- (i) Abide by the Act, Rules, Regulations, Guidelines and Circulars governing the securities market and keep themselves up-to-date with the latest developments;
- (ii) Not carry out any transaction on behalf of any Client without the explicit consent and instructions of the Client;
- (iii) Strive for highest ethical and professional standards to enhance the reputation of the markets;

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- (iv) Act fairly and deal with market participants in a consistent and transparent manner;
- (v) Act with integrity, particularly in avoiding questionable practices and behaviour;
- (vi) Not indulge in any unethical business activities or professional misconduct involving dishonesty, fraud or deceit or commit any act that could damage the reputation of the organisation;
- (vii) Identify existing or potential conflicts of interest and address the same;
- (viii) Disclose all interests in securities as required by all applicable statutory requirements; and
- (ix) Not offer or accept any inducement or gift or entertainment which is not in adherence of the gift and entertainment policy of the Company.

3. Execution Standards

Dealers shall:

- (i) Adopt fair and prompt deal execution practices;
- (ii) Execute Orders of clients only after keeping evidence of the client placing such order, which could be, inter alia, in the form of:
 - (a) Physical record written & signed by client;
 - (b) Telephone recording received from the registered/ authorized Mobile Number of Client;
 - (c) Email from registered/ authorized email id of Client;
 - (d) Record of messages through mobile phones;
- (iii) Execute Orders received from the Authorized Representative of the Client in case the client chooses / prefers to place orders, for convenience by an authorized representative like husband / wife / father etc. The client shall be apprised of the risks of placing Orders through the representative and the Client shall be encouraged to place orders by himself / herself;
- (iv) Request the Client, in case of telephonic placement of orders, to confirm the identity of the client such as Client Code & Name and thereafter when the dealer is satisfied with the identity of the client, he / she shall place such orders on the trading terminals;
- (v) Request the Client, in case of telephonic placement of orders, to confirm all the details of Order such as Scrip Name, Rate, Exchange, Buy/Sell, Quantity, Limit Order Price/ Market Order, Product Name (CnC or Margin), before feeding the Order in the Order Management System (OMS);
- (vi) Call up the client at regular intervals to inform the Client about their Net Positions, MTM Position and Obligations arising out of such trade. In case of order & trade confirmation w.r.t F&O, confirm expiry date, put/call, strike price, buy/sell;

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- (vii) Fully document all correspondence with the Client and forward the same to the Risk and Compliance Department at rms@smifs.com;
- (viii) If case of any discrepancies and/or errors while dealing, immediately inform the Branch Manager, Relationship Manager, Risk and Compliance Department at rms@smifs.com. The Dealer shall NOT reverse the ERROR Trade in the Unique Client Code of the Client as the Risk and Compliance Department would seek necessary guidance from the Compliance Officer for the Modification of Client Code and/or Reversal of the Error Trade as per the Client Code Modification Policy and/or Error Trade Reversal Policy laid by the Stock Exchanges. Losses arising out of the Error Trade would be dealt by the Chief Executive Officer/ Executive Director of the Business Vertical in consultation of the Risk and Compliance Department, whose decision shall be final and binding.

4. **Fiduciary Responsibility**

Dealers shall:

- (i) Not favour any Client over another;
- (ii) Not indulge in circular trading (by whatever name called) in any manner;
- (iii) Not enter or participate in transactions with the intent of disrupting the market, distorting the prices, or artificially inflating trading volumes;
- (iv) Not indulge in simultaneously buying and selling the same securities at off market prices in order to create false or misleading signals regarding the supply of, demand for, or market price of securities;
- (v) Not manipulate the prices of infrequently traded securities including at monthly/ quarterly /annual closing dates;
- (vi) Not enter into arrangements for sale or purchase of a security including a Government security where there is no change in beneficial interests or market risk or where the transfer of beneficial interest or market risk is only between parties who are acting in concert or collusion;
- (vii) Not carry out or participate in a 'routing deal' i.e. purchasing a security at the instance of a third party who does not have funds to purchase the security, with an understanding to sell the same to the said third party at a later date at a predetermined price which may or may not be market related;
- (viii) Not put misleading bids and offers outside the market range without an intention to trade;
- (ix) Not make frivolous quotations with an intent to mislead the market participants;
- (x) Not sell securities to a third party at the month/quarter end with an understanding to purchase the same at a later date for any purpose including to meet periodic liquidity or to avoid month end disclosure;

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- (xi) Not act personally as a custodian for a client's securities, money or other property;
- (xii) Not deposit funds, endorse or encash a client's cheque in a personal account;
- (xiii) Not borrow from or lend to clients any money or securities;
- (xiv) Not Maintain a joint account with any client;
- (xv) Not Give a guarantee to a client orally or in writing against loss or level of performance in an account;
- (xvi) Not participate in the profits or losses of any client's accounts or in any other benefit resulting from a transaction.

5. **Communication: Channels, Disclosures and Transparency**

Dealers shall:

- (i) Always communicate in unambiguous, transparent, accurate and professional manner to promote effective communication that supports a transparent Market;
- (ii) Conduct all communication during market hours through recorded modes and channels only;
- (iii) Be encouraged to highlight and bring to the notice any instance of suspected malpractice or market misconduct to the appropriate risk, compliance and regulatory chains of command;
- (iv) Provide appropriate inputs to the Clients;
- (v) Share views on market colour, general state of market or trends in an unbiased manner;
- (vi) Not intentionally disseminate false or misleading information with respect to the price or market to ensure customer security.

6. **Administrative**

- (i) The dealing room shall have restricted access (either biometric or access card) with entry/ exit logs to monitor the movement of dealers;
- (ii) Only the authorized person(s) shall be allowed inside the dealing room during market hours;
- (iii) The dealing room shall be under CCTV Surveillance;
- (iv) Personal mobile phones/tablets/or any smart gadgets (with calling & messaging features) shall not be allowed inside the dealing room during market hours;
- (v) Use of personal mobile phones during market hours for emergency purposes shall be recorded with proper justification/ rationale;
- (vi) Access to the websites inside the dealing room shall be limited to such as may be required for performance of duties;

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- (vii) All communication channels inside the dealing room shall be recorded and reviewed on a periodic basis;
- (viii) To avoid suppressing any fraudulent activities, dealers/ employees shall be sent on the mandatory leave / surprise leave, by the HR Department;
- (ix) Review the personal transactions of employees and their immediate relatives on periodic basis, by the Compliance Department;
- (x) Proper controls and mechanism shall be put in place, by the Compliance Department, to ensure the employees/ immediate relative don't indulge in Front running/ self-dealing/ trading while in possession of non-public information.

7. Stock Exchange Penalties & Administrative Action

- (i) The Dealers shall co-operate with the Compliance Officer as per the statutory obligation laid by the Stock Exchange Circulars;
- (ii) The Dealers shall ensure that they hold a Valid NISM Certificate at all material times for seamless continuance of their Trading Terminals to avoid disruption by way of suspension and unfortunate Exchange Penalties;
- (iii) Maintaining evidence of Orders placed by Clients [as mentioned in Para 3 (ii) above], is a subject matter of Internal Audit Procedure laid by the Stock Exchanges. Orders placed without Evidence attract Penalty as high as **Rs. 25,000/- per client / per day**. Any repetitive violation of such attribute, attracts harsher actions including suspension of Opening of New Accounts for a minimum period of **6 (Six Months)**;
- (iv) The Dealers shall ensure that they DO NOT access the Trading Terminals allotted to them from any other location other than the registered location, which is a violative of the extant provisions laid by the Stock Exchanges and is a subject matter of penalty of **Rs. 1,00,000/-** per instance;
- (v) The Dealers shall ensure that they DO NOT access the Trading Terminals allotted to them by any other Third Party as such access is violative of the extant provisions laid by the Stock Exchanges and is a subject matter of penalty;
- (vi) Disobedience of any of the above attributes by a Dealer would lead to administrative actions as deem fit by the Relevant Authorities of the Company as laid under the Agreement of Employment.

The policy measures enshrined above are non-exhaustive, applicable to SMIFS Limited and its Subsidiary Companies and the Compliance Officer and its Team Members shall be responsible to implement the best practices for a more stringent and effective control mechanism and introduce new attributes as prudent policy measures in the best interest of the company and its customers from time to time.
