

# liAS Policy and Process

## **Securities Trading Policy**

25 April 2022

# IiAS POLICY AND PROCESS:

## SECURITIES TRADING POLICY

### PREAMBLE

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Institutional Investors Advisory Services India Limited (IiAS) is a SEBI-registered proxy advisory firm (under SEBI (Research Analyst) Regulations 2014) dedicated to providing market participants with data, research and opinions on corporate governance issues. IiAS' voting advisory reports recommend how investors should vote on shareholder resolutions – these do not carry any buy or sell recommendations. IiAS' voting recommendations are non-binding in nature.

In undertaking its activities, IiAS relies on information available in the public domain, i.e., information that is available to public shareholders. Our analysts may engage with the company to seek clarifications while preparing voting recommendations on shareholder resolutions, but they do not seek unpublished price sensitive information.

If, however, IiAS' employees inadvertently receive unpublished price sensitive information, they shall not trade in the securities of the company to which the information relates whilst such information remains unpublished price sensitive information ("UPSI") as defined under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and shall otherwise comply with their obligations thereunder. While any inadvertent receipt of privileged or unpublished price sensitive information shall be dealt with caution, IiAS shall not classify any information as UPSI, if such information could be obtained by shareholders, investors or general public by carrying out basic due diligence or engaging with the company.

### TRADING RESTRICTIONS

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- All employees are barred from trading on inside information and are prohibited from using in any way (either for personal gain or the gain of others) inside information on any issuer, received through their work at IiAS.
- All employees are restricted from trading in securities of companies between the date of publication of a shareholder notice until the date of the publication of the voting advisory / proxy report ("**Restricted Period**"). This trading restriction applies only to companies that are covered by IiAS. For the purpose of this requirement, it is assumed that all notices will be made promptly available on the websites of India's two main exchanges – BSE and NSE – or on any other exchange on which the security is listed.
- IiAS may, on a case-by-case basis, put securities of certain companies on a grey list ("**Grey List**") for specified periods, during which trading in such securities will not be permitted except with prior approval or as set out in the point immediately below. IiAS may grey list such securities where it identifies possible instances of inadvertent receipt of privileged information (which may or may not be price sensitive) and will restrict trading until publication of the notice/voting advisory report or public disclosure of such privileged information, or until a reasonable period of having received such information has passed, as the case may be.
- Save as otherwise set out in this policy, there are no trading restrictions on securities of companies on which IiAS does not publish voting advisory reports (even if these have been covered under the Institutional EYE research), or in relation to securities of companies which are not on the Grey List.

- IiAS may make exceptions and allow its research analysts to trade in securities despite trading restrictions, in case of the employee's personal/financial exigencies or if there is a significant news or event concerning the company or for the purpose of shareholder activism, as permitted by applicable law, including Regulation 16(6) of the Securities and Exchange Board of India (Research Analysts) Regulations, 2014. The reasons for such exceptions will be documented by the employee when requesting for such approvals.

## DISCLOSURE REQUIREMENTS

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- IiAS typically holds one equity share in all listed companies under its coverage list<sup>1</sup>. IiAS will disclose the list of its holdings on its website and will update it on a regular basis.
- All research analysts employed by IiAS, whether part-time or full-time, will be required to disclose their holdings under applicable law, including the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as applicable.
- All research analysts will provide a statement of holdings in the enclosed Format A as per *Annexure A*. Disclosures will be made on an annual basis as on the 31<sup>st</sup> of March each year. Such disclosure should be submitted within 30 days from the beginning of the respective financial year.
- All research analysts shall submit on a quarterly basis: (a) Trade confirmations & statements of account; (b) specify bulk trades carried out during the quarter (i.e. trades aggregating to more than one per cent of the subject company's paid-up share capital) and (c) All pre-clearances given to him/her during the said quarter, within 30 days from the end of each quarter. The research analysts shall further provide IiAS with such assistance as may be necessary to ensure compliance with the applicable regulations.
- All research analysts shall in addition to the statement of holdings mentioned above, provide a declaration on their dependents as per *Annexure B* along with the disclosure under Regulation 19 of the SEBI (Research Analysts) Regulations, 2014, as per *Annexure C* on an annual basis within 30 days from the beginning of each financial year and thereafter, whenever there is any change therein.
- In addition, where any research analyst ceases to be associated with IiAS – either due to termination or resignation or otherwise, completion of his/her exit formalities shall be subject to him/her providing a copy of his/her holding statement and trading statement as on the last working day and demonstrating compliance with this policy.

## APPROVAL REQUIREMENTS AND NON-COMPLIANCE CONSEQUENCES

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- Employees can undertake trades in securities of companies under IiAS coverage without prior approval, as long as these trades are not being undertaken during the "Restricted Period". During the "Restricted Period", no trades will be permitted for companies under IiAS coverage, unless otherwise mentioned in this policy.
- All trading in securities of companies on the Grey List requires an approval. The format provided in *Annexure E* will be used for trading approvals.
- Once taken, all trading approvals will be valid for a period of 7 days from the date of grant of approval (including the day of the grant of the approval).
- Certain trades/transactions which are predetermined or are made by a third-party without entailing the employees' intervention are exempt from the purview of this policy. Examples of such transactions include (but are not limited to) – trades undertaken on account of corporate actions, viz, buy-back offers, open offers, rights issue, bonus issues and exit offers; investments in non-marketable debt instruments/ tax-free bonds/ mutual funds/ ETFs/ index F&Os; Systematic Equity Plans (SEPs), Systematic Investment Plans (SIPs) – by whatever name

<sup>1</sup> IiAS usually buys one share (or the minimum market lot size) in companies under its coverage. However, current holdings may be different on account of corporate actions (bonus issues, stock splits, mergers and acquisitions).

called; Curated Stock Portfolios/Smallcases created by SEBI registered entities or individuals including similar platforms to invest in model portfolios of stocks; Portfolio Management Services (PMS); and the like.

- Any of the following can approve trade requests:

1. Amit Tandon, Managing Director
2. Hetal Dalal, President and COO

Trade requests made by either of the approving authorities will require an approval from the other.

- IiAS shall analyse compliance with this policy at such intervals as it may deem necessary subject to applicable regulations. Nevertheless, IiAS expects research analysts to suo-moto report any omission/ inaccuracy/ violation with the requirements of this policy which may have occurred inadvertently.
- IiAS shall, at its sole discretion, take appropriate action against any employee who trades in securities in contravention of the applicable codes and regulations issued by the Securities Exchange Board of India and/or in contravention of this policy.

## CONFIDENTIALITY OF INFORMATION

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- IiAS will take all necessary precautions to maintain the confidentiality of disclosures made by IiAS' employees.
- Save under audit/ legal requirements, or if asked to disclose by regulators, IiAS will not disclose the contents of any information provided by employees under this policy to any third party.

## VOLUNTARY INFORMATION DISCLOSURE

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- SEBI has prescribed a format for informants (for the purpose of this policy – employees) to confidentially submit 'original information', either directly or through their legal representatives, to its division designated as the 'Office of Informant Protection'. Such original information is required to be credible, sufficiently specific and not known to SEBI from any other source.
- The Office of Informant Protection may at its discretion accept or reject the receipt of such information. On acceptance of such information, SEBI may, if it deems fit, reward the informant in line with the provisions of these regulations.
- Please see: [SEBI \(Prohibition of Insider Trading\) \(Third Amendment\) Regulations, 2019](#)

## CODE OF CONDUCT

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In line with the provisions of SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, IiAS as a proxy advisor and the research analysts employed with it shall be subject to the Code of Conduct in the manner provided under Annexure D. In addition, all research analysts shall abide by the Code of Conduct as specified in the [Third Schedule](#) of the SEBI (Research Analysts) Regulations, 2014. All research analysts agree to provide IiAS with such assistance as may be necessary to ensure compliance with this Code of Conduct.

## COMPLIANCE OFFICER

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For the purpose of this policy and the Code of Conduct provided under Annexure D, Ms. Hetal Dalal, President and Chief Operating Officer shall function as the company's Compliance Officer.

## ABOUT THE POLICY

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- This policy is effective from 25 April 2022 and will be in force until it is revised or changed.
- This policy is applicable to IiAS' employees (i.e., research analysts) and their relatives and associates, in the manner defined in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014.

Revisions to the policy are given below:

Versions	Written in	Effective from
6	December 2021	25 April 2022
5	December 2020	1 January 2021
4	10 January 2020	Immediately
3	24 June 2019	1 July 2019
2	November 2017	6 November 2017
1	1 December 2014	Immediately

## ANNEXURE A

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### ANNUAL DISCLOSURE

Employee Name:

Designation:

Statement date:

Statement period:

Statement for: Self / Relative

Relationship:

I hereby attach a copy of my securities holding statement / the securities holding statement of my dependents as on the date mentioned above.

I declare that this statement is comprehensive and accurate and that nothing has been concealed.

I confirm the following:

1. I have read and understood the IiAS Securities Trading Policy and will ensure compliance with the same.
2. I have not violated the requirements of the IiAS Securities Trading Policy in the past.
3. I may be held liable in case the information submitted is found to be false, untrue, misleading or misrepresenting.

\_\_\_\_\_  
Name:

Date:

## ANNEXURE B

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### DECLARATION FOR DEPENDENTS

Name of employee: \_\_\_\_\_

I hereby declare that the following relatives <sup>[1]</sup> are financially dependent <sup>[2]</sup> on me:

Sr. No.	Name of relative	Relationship

*(Specify "Nil" in case of no dependents)*

I hereby agree to inform the Company in case of any change in the above-mentioned status.

I further agree to ensure compliance with the Company's policies (to the extent applicable) on behalf of my relatives.

\_\_\_\_\_  
Signature

Date:

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[1] "Relatives" include – (a) Father (including stepfather); (b) Mother (including stepmother); (c) Spouse; (d) Brother; (e) Sister; (f) Son; (g) Daughter; (h) Son's wife; (i) Daughter's husband; who are financially dependent on the individual research analyst employed by the proxy advisor.

[2] "Financially dependent" means a relative to whom one contributes all or a major amount of necessary financial support.

## ANNEXURE C

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### **DISCLOSURE UNDER REGULATION 19 OF SEBI (RESEARCH ANALYST) REGULATIONS, 2014**

Employee Name: .....

Designation: .....

Please fill in the details below:

1(a). Do you have any actual or beneficial ownership of 1% or more singly or jointly in any of the listed entity(s): Yes / No

If yes, please specify: .....  
.....

1(b). Do you have any other financial interest<sup>2</sup> in any of the listed entity(s): Yes / No

If yes, please specify: .....  
.....

2. Do you have any material conflict of interest (including any relative holding a board seat) in any of the listed entity(s): Yes / No

If yes, please specify: .....  
.....

3. Have you received any compensation or other benefits from any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
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4. Have you managed or co-managed public offering of securities for any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
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5. Have you received any compensation for investment banking or merchant banking or brokerage services from any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
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<sup>2</sup> "Financial interest" means any income or monetary benefits received by you from any listed entity in the form of any payment, honoraria or other payment for services [such as payment for consulting services].



6. Have you received any compensation or other benefits for products or services other than investment banking or merchant banking or brokerage services from any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
.....

7. Have you received any compensation or other benefits from any of the listed entity(s) or any third party in connection with any research report prepared by you: Yes / No

If yes, please specify: .....  
.....

8. Have you served as an officer, director or employee of any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
.....

9. Have you been engaged in any engaged in market making activity for any of the listed entity(s) in the past 12 months: Yes / No

If yes, please specify: .....  
.....

Declaration:

I confirm that I have and shall continue to make all necessary disclosures to the company as per the SEBI (Research Analysts) Regulations, 2014.

I further agree to indemnify the company of any loss or liability that may arise in the event of any incorrect information being submitted by me.

.....  
Date:

(Please refer: Definitions<sup>3</sup>)

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- ☐ "You" wherever used in this document includes **dependent relative(s)**; "Relatives" include – (a) Father (including stepfather); (b) Mother (including stepmother); (c) Spouse; (d) Brother; (e) Sister; (f) Son; (g) Daughter; (h) Son's wife; (i) Daughter's husband; who are financially dependent on the individual research analyst employed by the proxy advisor.
  - ☐ "Dependent" means a relative to whom one contributes all or a major amount of necessary financial support.
  - ☐ "Listed entity" means every company that is listed on any stock exchange in India and covered under the IiAS coverage list.

## ANNEXURE D

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### CODE OF CONDUCT

*(under Regulations 9(1) and 9(2) of the SEBI (Prohibition of Insider Trading) Regulations, 2015)*

#### **Minimum Standards for Code of Conduct for Intermediaries and Fiduciaries to Regulate, Monitor and Report Trading by Designated Persons<sup>4</sup>**

- The compliance officer shall report to the Board of Directors and in particular, shall provide reports on internal compliance to the Chairperson of the Audit Committee once in every year.
- All information in the nature of privileged information or UPSI received from subject companies shall be handled within the organisation on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of legitimate purposes<sup>5</sup> - pursuant to an obligation of maintaining utmost confidentiality, performance of duties or discharge of legal obligations.
- All research analysts and designated persons (including the immediate relatives of the designated persons) shall continue to be governed by IiAS' Securities Trading policy.
- All provisions relating to restricted list, grey list, pre-trade clearances and approvals as described under IiAS' Securities Trading policy shall apply mutatis mutandis to designated persons.
- Prior to approving any trades, the compliance officer shall seek declarations to the effect that the applicant applying for such pre-clearance is not in possession of any unpublished price sensitive information. He/she shall also have regard to whether any such declaration is reasonably capable of being rendered inaccurate.
- Where there has been a violation of IiAS' Securities Trading policy or the provisions of this Code of Conduct, IiAS or any employee hereof shall intimate SEBI promptly in the [prescribed format](#).
- All designated persons<sup>6</sup> shall be required to disclose name and Permanent Account Number or any other identifier authorized by law and the following to IiAS on an annual basis and as and when the information changes:
  - (a) dependent relatives
  - (b) persons with whom such designated person(s) shares a material financial relationship
  - (c) Phone, mobile, and cell numbers which are used by them

In addition, names of educational institutions from which designated persons have studied and names of their past employers shall also be disclosed on a one-time basis.

For the purpose of this disclosure, "Material financial relationship" shall mean a relationship in

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<sup>5</sup> "Legitimate purpose" shall include sharing of UPSI in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the regulations. At IiAS, ordinary course of business shall also include sharing of information during the meetings of the Review and Oversight Committee.

<sup>6</sup> "Designated persons" shall mean employees who by the virtue of their designation in the organisation have access to UPSI from subject companies. At IiAS, Amit Tandon, Founder and Managing Director, is the designated person.

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which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer's annual income but shall exclude relationships in which the payment is based on arm's length transactions.

- The compliance officer shall ensure that all research analysts are made aware of the provisions under IiAS' Securities Trading policy including the duties and responsibilities attached to the receipt of Inside Information, and the liability attached to misuse or unwarranted use of such information.
- IiAS shall, at its sole discretion, take appropriate action including but not limited to remuneration freeze, suspension, recovery, clawback of bonus, termination etc., against any employee or designated person who acts in contravention of this Code of Conduct.
- If any employee files a 'Voluntary Information Disclosure Form' relating to violation of insider trading regulations with SEBI, IiAS will not take adverse action against the said employees.

## ANNEXURE E

### TRADING APPROVAL REQUEST

Employee Name:	Request For:	Self / Dependent
Designation:	Nature of Relationship:	
Request Date:		

Sr. No	Scrip Name	ISIN	No. of shares	Buy / Sell	Restricted Period (Y/N)	Grey List (Y/N)	Reason for the trade
1							
2							
3							
4							
5							
6							
7							
8							

I confirm that I do not possess any unpublished price sensitive information in relation to the companies for which I seek this trading approval.

I understand that this approval is valid for 7 days (including the date of the grant of the approval). I also confirm that all trades executed by me will comply with IiAS' Securities Trading Policy.

Employee Name:

Date:

Approver:

Date: