

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN THE SECURITIES OF EDELWEISS FINANCIAL SERVICES LIMITED

Purpose

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 mandates all the companies whose securities are listed on a stock exchange to formulate a framework and policy for fair disclosure of the Unpublished Price Sensitive Information. This framework has been formulated in conformity with the Regulations.

1. Applicability of the Code:

This Code is applicable to all the Designated Persons of the Company (Edelweiss Financial Services Limited i.e. EFSL), the subsidiaries and Associates of the Company to maintain highest standards while trading in the Securities of EFSL. This Code is designed to prohibit the Designated Persons and their Immediate Relatives from trading in the Securities of EFSL when in possession of Unpublished Price Sensitive Information. The provisions of this Code are in addition to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. This code shall come into force with effect May 15, 2015.

2. Definitions:

For the purpose of this Code the following terms shall have the meanings assigned to them hereunder:

- i. **“Act”** means the Securities and Exchange Board of India Act, 1992.
- ii. **“Associates”** shall have the same meaning as assigned under the Companies Act, 2013 and the Rules framed thereunder.
- iii. **“Code” or “this Code”** shall mean the ‘Code of Conduct for Prevention of Insider Trading in the Securities of EFSL’ as amended from time to time.
- iv. **“Company” or “the Company”** means ‘Edelweiss Financial Services Limited’.
- v. **“Compliance Officer”** means the Compliance Officer appointed pursuant to the Code.

- vi. "Connected Person" means-**
- i) any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access.
 - ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
 - a) an immediate relative of Connected Persons specified in clause (i); or
 - b) Associate or Subsidiary of the Company;
 - c) a banker of the Company; or
 - d) a concern, firm, trust, Hindu undivided family, Company or association of persons wherein a director of a Company or his immediate relative or banker of the company, has more than ten per cent of the holding or interest.
- vii. "Debentures/Non-convertible Debentures"** shall mean the Non-convertible Debentures issued by the Company and listed on the Stock Exchanges.
- viii. "Designated Persons"** shall mean the Connected Persons and the following:-
- a) Directors and Key Managerial Personnel of EFSL
 - b) All employees above the level of Vice President and above of the Edelweiss Group and their Executive Assistants, Secretaries.
 - c) All employees in the Investment Banking, Finance & Accounts, Taxation, MIS, Corporate Planning, CS, Governance, Compliance, Global Compliance, Marketing and Communication Department;

- d) Permanent invitees to the meetings of the Board of Directors of the Company and such other Committees as may be constituted from time to time;
 - e) Such other persons as may be notified by the Compliance Officer from time to time.
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- ix. **"EFSL Securities/Securities"** means Shares, Debentures and other securities as may be issued by the Company and listed on the Stock Exchanges.
 - x. **"Equity Shares/Shares"** means equity shares of the Company.
 - xi. **"Immediate Relative"** means the Designated Person's spouse and includes parents, siblings, and children of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to Trading in the Securities of EFSL.
 - xii. **"Insider"** means any person who is:-
 - i) a Connected Person; or
 - ii) in possession of or having access to the Unpublished Price Sensitive Information.
 - xiii. **"Insider Trading Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
 - xiv. **'Stock Exchanges' or 'the Exchanges'** shall mean the Stock Exchanges where EFSL Securities are listed.
 - xv. **"Subsidiaries"** shall have the same meaning as assigned under the Companies Act, 2013 and the Rules framed thereunder.
 - xvi. **"Trading Day"** means a day on which the Stock Exchanges are open for trading.
 - xvii. **"Trading in Securities of EFSL"** means and includes an act of subscribing (other than the exercise of stock options), buying, selling or dealing or pledging etc., agreeing to subscribe, buy, sell, deal or pledge in the EFSL Securities by any Designated Person either as principal or agent..

xviii. “Unpublished Price Sensitive Information” means any information that relates directly or indirectly to the Company and which if published is likely to materially affect the price of the Securities of EFSL and shall include the following: -

- i) financial results;
- ii) dividends;
- iii) change in capital structure;
- iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
- v) changes in key managerial personnel; and
- vi) material events in accordance with the listing agreement.
- vii) such other information as may be specified by the Compliance Officer for this purpose.

xix. Edelweiss Group: includes EFSL, Subsidiaries and Associates of EFSL.

3. Compliance Officer

The Compliance Officer shall report to the Board of Directors of the Company/Managing Director/Executive Director.

The Compliance Officer under this Code shall be responsible to administer the Code and monitor compliance with the Regulations.

4. Preservation of Unpublished Price Sensitive Information

4.1 No Insider shall either on his own behalf or on behalf of any other person, trade in the Securities of EFSL when in possession of any Unpublished Price Sensitive Information.

No Insider shall communicate, counsel, provide or allow access to any Unpublished Price Sensitive Information (UPSI) to any person while in possession of such Unpublished Price Sensitive Information. UPSI is to be handled on a “need to know” basis, i.e. such Unpublished Price Sensitive Information should not be disclosed except in furtherance of the legitimate purposes, performance of duties or discharge of legal obligations and whose possession of such information will not give rise to a conflict of interest or misuse of the information and subject to any undertaking/disclosure that may be required to be provided to the Compliance Officer.

Insiders shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of Securities of EFSL.

4.2 Appointment of Chief Investment Relations Officer (CIRO):

The Chairman/ Executive Director of the Company shall designate a Senior Employee as 'The Chief Investor Relations Officer' to deal with dissemination of information and disclosure of UPSI.

The Company shall also ensure that the information shared with analysts and research personnel is not an UPSI.

5. Prevention of misuse of Price Sensitive Information

5.1 All Designated Persons and their Immediate Relatives shall be subject to the trading restrictions as enumerated below.

5.2 Trading Window

The Designated Persons and their Immediate Relatives shall trade in Securities ONLY during a specific trading period called "Trading Window" to be specified by the Company.

Trading Window shall be closed during the following periods:

- (i) 15 days (or such other period as the Compliance Officer may determine) prior to the meeting at which the financial results shall be considered by the Board;
- (ii) In respect of the other Unpublished Price Sensitive Information, the Trading Window shall be closed during the period as may be notified by the Compliance Officer from time to time; and
- (iii) The Compliance Officer shall have the power to close the Trading Window for such purposes and for such period as he may deem fit and notified from time to time.

The Designated Persons and their Immediate Relatives shall conduct all their Trading in EFSL Securities during a valid Trading Window and shall not trade in EFSL Securities during the period when trading window is closed or during any other period as may be specified from time to time.

The Trading Window shall be opened 48 hours after the information referred to above is made public or such other period as the Compliance Officer shall specify from time to time.

An Insider who is handling any matter pertaining to the Unpublished Price Sensitive Information, shall furnish an undertaking not to trade in EFSL Securities till the UPSI is made public.

In case of ESOPs, exercise of options shall be allowed during the period when the Trading Window is closed. The Company can allot the Securities on exercise of the ESOPs, during the period the Trading Window is closed. However, sale of Shares allotted on the exercise of ESOPs shall not be allowed when the Trading Window is closed.

Pledge/ release/invocation of pledge: An Insider will be allowed to pledge the EFSL Securities for personal purpose or release the pledge created when the Trading window is closed. Invocation of pledge for enforcement of security will also be allowed when the Trading window is closed. This will be subject to such undertakings, confirmations, undertakings that is required to be executed before such action of pledge/ release/invocation. The Insider will be solely responsible for any liability that may arise out of this action.

5.3 Pre-clearance of trades

All Designated Persons and their Immediate Relatives who intend to trade in EFSL Securities should pre-clear the transactions, by making an application in the prescribed form and containing the prescribed undertaking to the Compliance Officer.

An Insider will be required to pre-clear pledge/release/invocation of pledge and the validity period for such a trade shall be 7 trading days.

5.4 Other restrictions

The Designated Persons and their Immediate Relatives shall execute their order in respect of Securities of EFSL within 7 trading days after the approval of pre-clearance is given. If the order is not so executed after the approval is given, the Designated Persons and their Immediate Relatives must seek a fresh pre-clearance approval.

The Designated Persons and their Immediate Relatives shall not take positions in derivative transactions in the EFSL Securities at any time. Trading in Index Futures or such other derivatives where EFSL share is part of such derivatives will not be governed by this Code.

5.5 Opposite Transactions/Contra Trade

The Designated Persons and their Immediate Relative, who buys or sells any number of Securities of the Company shall not enter into an opposite transaction i.e. sell or buy any number of Securities during the next six months following the prior transaction.

The Shares acquired by way of exercise of ESOPs shall not be considered as purchase/ trading for the purposes of this Code. However, once the Shares acquired on exercise of the ESOPs are sold, the restriction on buying would become applicable for the next six months.

The aforesaid restriction (contra trade) shall not apply in respect of Buy back offers, open offers, rights issues, FPOs, bonus, split, consolidation and other related corporate actions.

In the event, an opposite trade is executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by SEBI. In case the sale of securities is necessitated by personal emergency, the Compliance Officer is empowered to grant relaxation from strict application of such a restriction. A request for waiver shall be made to the Compliance Officer in the prescribed format.

5.6 Trading Plan

For trading in EFSL Securities, an Insider shall be entitled to formulate a Trading Plan (the Plan) and present it to the Compliance Officer for approval, pursuant to which trades may be carried out on his behalf. Such Plan shall be formulated in accordance with and governed by the Insider Trading Regulations.

The Compliance Officer shall review the Plan to assess whether the Plan would have any potential for violation of Insider Trading Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the Plan. Upon approval of the Plan, the Compliance Officer shall notify the same to the Exchanges.

The Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the same, without being entitled to either deviate from it or to execute any trade in the Securities outside the scope of the Plan. Any trading opted by a person under Trading Plan can be done only to the extent and in the manner disclosed in the Plan, save and except for pledging of EFSL Securities.

The implementation of the Plan shall not be commenced if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the Plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such Unpublished Price Sensitive Information becomes generally available information so as to avoid a violation of the Insider Trading Regulations.

6. **Reporting Requirements for transactions in securities**

The Designated Persons will be required to disclose to the Compliance Officer, the number of EFSL Securities held by the them and their Immediate Relatives, in the prescribed form, within 7 days from the date of joining the Company

Where the aggregate of the market value of the Shares to be traded during a calendar quarter exceed Rs. 10,00,000 (Rupees Ten Lakhs), the necessary disclosures shall be made to the Company. The disclosures, in the prescribed form, if any, under the SEBI Insider Trading Regulations, shall be made to the Company (addressed to the Compliance Officer) within a period of 2 working Days of such trade.

Where the aggregate of the market value of the Non-convertible Debentures to be traded during a calendar quarter exceed Rs. 10,00,000 (Rupees Ten Lakhs), the necessary disclosures shall be made to the Company. The disclosures, in the prescribed form, if any, under the SEBI Insider Trading Regulations, shall be made to the Company (addressed to the Compliance Officer) within a period of 2 working Days of such trade.

The Compliance Officer shall place before the Chairman of the Audit Committee on a quarterly basis and at such frequency as may be decided, details of the Reports on Trading in Securities of EFSL by the Designated Persons.

The Compliance Officer shall maintain records of all the declarations in appropriate forms given by the Designated Persons for a minimum period of 5 years.

7. **Penalty for contravention of the Code**

Any Designated Persons who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

The Designated Persons who violate the Code shall also be subject to disciplinary action by the Company, which would be determined by the Managing Director, based on the recommendations of a committee set up for this purpose. The penalty may include suspension, ineligibility for future participation in employee stock option plans, etc.

The action taken by the Company shall not preclude SEBI from taking any action in case of violation of the Insider Trading Regulations.

CODE OF CORPORATE DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING

1. Corporate Disclosure Policy

To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed.

2. Prompt disclosure of price sensitive information

Price sensitive information shall be given by the Company to stock exchanges as and when required.

3. Responding to market rumours

‘The Chief Investor Relations Officer’ if any/ Compliance Officer shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

4. Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors

The Company should follow the guidelines given hereunder while dealing with analysts and Institutional investors: -

(i) Only Public information to be provided

The Company shall provide only public information to the analyst/research persons/large investors like institutions. Alternatively, the information given to the analyst can be uploaded on the Company’s website.

(ii) Handling of unanticipated questions

The Company should be careful when dealing with analysts’ questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken notice of and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

(iii) Simultaneous release of Information

When the Company organises meetings with analysts, the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets.

5. Medium of disclosure/dissemination

(i) Disclosure/dissemination of information may be done through various media for quick dissemination.

- (ii) The Company shall ensure that disclosure to stock exchanges is made promptly.
- (iii) The Company may also facilitate disclosure through the website.
- (iv) The Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.

THIS POLICY IS ONLY INTERNAL CODE OF CONDUCT AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. IT WILL BE THE RESPONSIBILITY OF EACH EMPLOYEE TO ENSURE COMPLIANCE OF SEBI GUIDELINES AND OTHER RELATED STATUTES FULLY.