

Prohibition of Insider Trading Policy

MFSL - Code of Conduct to Regulate, Monitor and Report Trading by Insiders

1.0 Introduction

- 1.1 Many employees choose to invest in the Company's shares. What distinguishes MFSL employees from an ordinary investor from public domain, is the access to stock sensitive non-public information like internal financial forecasts, acquisitions, business plans, dividend declaration et al. This knowledge can create vested interest and help an employee make trading decisions ensuring profits. Such action is violative of the spirit of ethical share trading.
- 1.2 When material information is not publicly known, employees cannot under any circumstances use it or pass it along to buy/ sell MFSL's shares. It is not only against our policy, it is also illegal. This prohibition extends to any material inside information and to all employees, even those who may not be directly involved in the transaction. Regardless of how we hear it, material inside information cannot be used for personal benefit.
- 1.3 In addition to the significant penalties imposed by the regulators on the errant employees, such unethical acts seriously compromise the reputation of your Company as a law-abiding Corporate. Consequently, the Company could be forced to spend crucial time, money and human resource co-operating with the authorities.

2.0 The Code

- 2.1 Keeping in view MFSL's commitment towards maintaining its reputation as a Company with the highest standards of business conduct, and in compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 the Company has formulated the “**MFSL – Code of Conduct to Regulate, Monitor and Report Trading by Insiders**”.
- 2.2 No Director/ employee of the Company shall contravene the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and of the Code.

3.0 Applicability

- 3.1 The Code shall be applicable to the Directors and Connected Persons of the Company.

4.0 Effective Date

- 4.1 The Code shall come into effect from August 12, 2015 and shall remain in effect till such time as the Board of Directors of the Company may decide.

5.0 Definitions:

- 5.1 **Act** means the Securities and Exchange Board of India Act, 1992 (including any amendment or re-enactment thereof);

5.2 **Connected Person means:**

- (i) a Director, officer or employee of the Company or any person holding any position in the Company including a professional or business relationship, who directly or indirectly, has access to Unpublished Price Sensitive Information or is reasonably expected to allow such access;

Prohibition of Insider Trading Policy

- (ii) a former employee of the Company, its officer or Director or any person holding any position in the Company including a professional or business relationship (satisfying the requirements in sub-clause (i) above, while in employment) till the expiry of a period of 6 months from the date of termination or expiry of his employment or term of Directorship or relationship;
- (iii) 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) and (ii) above; or
 - (b) a holding company or associate company or subsidiary company; or
 - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof; or
 - (d) an investment company, trustee company, asset management company or an employee or director thereof; or
 - (e) an official of a stock exchange or of clearing house or corporation; or
 - (f) a member of the board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
 - (h) an official or an employee of a self-regulatory organization recognized or authorized by the Board;
 - (i) a banker of the company; or
 - (j) 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.
- (iv) any other person designated as a Connected Person by the Compliance Officer.

5.3 Compliance Officer means a person designated by the Board of Directors as the Compliance Officer.

5.4 Designated Person means: (a) Managers at all Levels of its equivalent; (b) employees in Finance and Secretarial functions located at the corporate office; (c) such other employees and Connected Persons as may be determined by the Committee in consultation with the Compliance Officer from time to time designated on the basis of their functional role.

5.5 Director means a person appointed on the Board of Directors of the Company.

5.6 Generally available information means information that is accessible to the public on a non-discriminatory basis.

5.7 Immediate Relative means spouse of a person and includes parents, siblings and child of such Designated person or his/her spouse who is/are (i) dependent financially on the Designated Person; or (ii) consult the Designated Person in relation to Trading in Securities.

Prohibition of Insider Trading Policy

- 5.8 Insider Trading** means an act of subscribing or buying or selling or agreeing to subscribe, buy, sell or deal, whether as a principal or as an agent, securities of the Company by a Director or Connected Person when in possession of any unpublished price sensitive information.
- 5.9 Prohibition of Insider Trading Committee** means a "Committee", not necessarily being a Committee of Directors, constituted by the Board of Directors for the purposes of the Code.
- 5.10 Securities** shall mean and include shares, scrips, stocks, bonds, depository receipts, debentures, debenture stock or derivatives on shares of the Company.
- 5.11 The Code** means the “MFSL - Code of Conduct to Regulate, Monitor and Report Trading by Insiders”.
- 5.12 Trading Window** means the time period for Trading in securities of the Company.
- 5.13 Trade** means trade in securities of the Company, which includes sale, purchase or subscription, dealing, or agreeing to subscribe, buy, sell, deal whether as a principal or as an agent and **Trading** will be construed accordingly.
- 5.14 Unpublished Price Sensitive Information** means any information, which relates, directly or indirectly, to the Company or its securities that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities of the Company; and which has not been published by the Company or its agents and is not specific in nature.

Explanation:

- (a) The following may be deemed to be price sensitive information:
- (i) financial results;
 - (ii) dividends;
 - (iii) changes in capital structure;
 - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
 - (v) changes in key managerial personnel;
 - (vi) material events in accordance with the listing agreement in relation to the Company and
 - (vii) Any other activity, which is identified and communicated by the Compliance Officer or any other person authorized by the Prohibition of Insider Trading Committee.
- (b) Speculative reports in print or electronic media shall not be considered as published information.

If any definition under this Code is unclear, or contrary or distinct from the definitions provided under the SEBI (Prohibition of Insider Trading) Regulations, 2015, then the definitions as provided under the SEBI (Prohibition of Insider Trading) Regulations, 2015 shall be taken as final.

6.0 Preservation of Price Sensitive Information

- 6.1** Directors and Employees shall maintain confidentiality of all price sensitive information.

Prohibition of Insider Trading Policy

6.2 Files containing confidential information shall be kept secure. Computer files containing confidential information shall have adequate security of password.

6.3 The Group Functional Heads and the Business Unit Heads shall ensure that price sensitive information is disclosed only to those within the Company who need the information to discharge their duty.

7.0 Trading Window

7.1 Directors, Designated Persons and their Immediate Relatives shall conduct all their dealings in the securities of the Company only in the valid Trading Window. Directors, Designated Persons and their Immediate Relatives shall not Trade in securities of the Company when the Trading Window is closed.

7.2 The Trading Window shall be closed when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information, including at the time of:

- January / February, April / May, July / August and October / November for a period of 10 days before the date of the Board meeting until expiry of 48 hours after the information referred to in para 5.14 is made public
- certain events like intended declaration of dividend and issue of securities.

The Compliance Officer or any other person authorized by the Committee shall intimate the closing of Trading Window to Directors and Designated Persons.

7.3 The timing for re-opening of the Trading Window shall be determined by the Compliance Officer taking into account various factors including the Unpublished Price Sensitive Information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available. The re-opening of the Trading Window shall be immediately notified to the Directors and Designated Persons, by the Compliance Officer or any other person authorized by the Committee. The Compliance Officer or any other person authorized by the Committee shall intimate the opening of Trading Window to Directors and Designated Persons.

8. Trading Plan

A Director or Designated Person or immediate relative may prepare a trading plan for dealing in Securities and present it to the Compliance Officer for approval and public disclosure pursuant to which Trades may be carried out on his behalf in accordance with such plan (“**Trading Plan**”).

8.1 Trading Plan shall entail the following:

- (a) Not provide for commencement of Trading on behalf of the Director or Designated Person for a period of six months from the public disclosure of the Trading Plan;
- (b) Not provide for Trading between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;

Prohibition of Insider Trading Policy

- (c) Trading Plan shall be for a minimum period of 12 months;
 - (d) A Director or Designated Person or immediate relative may have only one Trading Plan in existence at any point;
 - (e) Trading Plan shall set out either the value of Trades to be effected or the number of Securities to be Traded along with the nature of the Trade and the intervals at, or dates on which such Trades shall be effected; and
 - (f) Not entail Trading in Securities for market abuse.
- 8.2 The Compliance Officer shall consider the Trading Plan made as above and shall approve it forthwith. However, he shall be entitled to take express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan as per provisions of the Insider Trading Regulations 2015.
- 8.3 The Trading Plan once approved shall be irrevocable and the Director or Designated Person or immediate relative shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any Trade in the Securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the Director or Designated Person is in possession of any Unpublished Price Sensitive Information and the said information has not become generally available at the time of the commencement of implementation. The commencement of the plan shall be deferred until such Unpublished Price Sensitive Information becomes generally available information. Further, the Director or Designated Person shall also not be allowed to deal in Securities, if the date of Trading in Securities of the Company, as per the approved Trading Plan, coincides with the date of closure of trading window announced by the Compliance Officer.

- 8.4 Upon approval of the Trading Plan, the Compliance Officer shall notify the plan to the Stock Exchanges on which the Securities are listed.

9. Pre-clearance of Trades

- 9.1 All Trades above market value of Rs.10 Lacs of Securities of the Company by Directors and Designated Person or immediate relative shall require pre-clearance from the Compliance Officer or any other person authorized by the Committee. No Director or Designated Person or immediate relative shall apply for pre-clearance of any proposed Trade if such designated person is in possession of unpublished price sensitive information even if the Trading Window is not closed.
- 9.2 Directors and Designated Persons shall make an application for pre-clearance of Trades in the specified format enclosed as Annexure -I.
- 9.3 Compliance Officer or any other person authorized by the Prohibition of Insider Trading Committee shall be obliged to intimate approval or otherwise of pre-clearance within 48 hours of receipt of the application.

Prohibition of Insider Trading Policy

- 9.4 Directors and Designated Persons or immediate relative shall execute their order in respect of securities of the Company within one week of the approval of pre-clearance is given. In case the order is not executed within one week after the approval, Directors and Designated Persons or immediate relative must re-approach the Compliance Officer or any other person authorized by the Committee for pre-clearance of Trades.
- 9.5 All Directors and Designated Persons or their Immediate Relative who buy or sell 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. All Designated Persons or immediate relative shall also not take positions in derivative transactions in the Securities of the Company at any time.
- (a) The Compliance Officer is empowered to grant relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations
- (b) If a contra 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 the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the Act.
- 9.6 Compliance Officer shall place before the Prohibition of Insider Trading Committee, on a quarterly basis all the details of the trades by Directors and Designated Persons or immediate relative, along with the pre-clearance documents, if any.

10. Disclosure Practices for Prevention of Insider Trading

- 10.1 Every promoter, member of the promoter group, key managerial personnel and Directors of the company shall disclose his holding of Securities of the Company in terms of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 10.2 Every person on appointment as a key managerial personnel or a Director of the Company or upon becoming a promoter or member of the promoter group shall disclose his holding of Securities of the Company as on the date of appointment within seven days of such appointment.
- 10.3 Every promoter, member of the promoter group, designated person and Director of the Company shall disclose to the Company the number of such Securities acquired or disposed of within two trading days of such transaction if the value of the Securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees.
- 10.4 Directors and Designated Persons shall forward, in the first 15 days of the end of each calendar quarter, the following information to the Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee in respect of their holding in the Company:
- (a) Trades during each calendar quarter
- (b) Total shareholding

Prohibition of Insider Trading Policy

- 10.5 The Company shall disclose to the Stock Exchanges where its securities are listed, the information received in clauses 10.1 to 10.4 above, within 2 days of the receipt thereof.
- 11. Disclosure of Price Sensitive Information - Code of Fair Disclosure and Conduct**
- 11.1 All Price Sensitive Information shall be made public by making simultaneous disclosures (a) to all stock exchanges where the securities of the Company are listed; (b) in one of the national dailies, as applicable; and (c) on the Company's web-site.
- 11.2 Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee shall oversee and co-ordinate disclosure of Price Sensitive Information to stock exchanges, analysts, shareholders and media.
- 11.3 No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 11.4 No person shall procure from or cause the communication by any insider of unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 11.5 The term “legitimate purpose” shall include sharing of unpublished price sensitive information 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 these regulations.
- 11.6 Any person in receipt of unpublished price sensitive information pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- 11.7 Upon discretion of the Board of Directors of the Company, an unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction, which in view of the Board is in best interests of the Company, subject to signing of confidentiality agreements and in compliance with SEBI regulations.
- 11.8 In case any information is accidentally disseminated without the prior approval, the person responsible for such dissemination shall immediately inform the same to Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee, who shall take appropriate action, if necessary.
- 11.9 Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee shall ensure compliance of the SEBI regulations in respect of disclosures of shareholding/ ownership and changes therein.

Prohibition of Insider Trading Policy

- 11.10 All queries or requests for verification of rumours by Stock Exchanges shall be responded by Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee.
- 11.11 No Price Sensitive Information should be made available on selective basis to analysts, research persons, or large investors like institutions.
- 11.12 Meetings with analysts, brokers, institutional investors et al, should have the presence of at least two company representatives designated by the Prohibition of Insider Trading Committee.
- 11.13 Any unanticipated question at meetings with analysts, brokers, or institutional investors et al should be taken on notice and a considered response given later.
- 11.14 Transcripts or records of proceedings of meetings with analysts and other investor relations conferences should be made and published on the official website to ensure official confirmation and documentation of disclosures made.

12. Penalties

- 12.1 For contravention of this Code - Eg.:(1) Freezing of Salary like no increments, no salary for x months, (2) Suspension, (3) Ineligibility for future ESOPs et al; and these should vary with the gravity of contravention.
- 12.2 Any violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015 detected by the Company shall be informed to SEBI by the Compliance Officer or any person authorized by the Prohibition of Insider Trading Committee.