



PCS GROUP
EMPLOYEE TRADING POLICY
Version 1.2
(2017)

(Approved by the Board of Directors of the Company at its meeting held in January 2017)

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PREAMBLE:

The smooth operation of the Securities Market depends largely on its own integrity. In respect of any capital market intermediary, the Clients must have confidence in its Management and governance systems. All market intermediaries must adopt a mechanism which ensures that all the Clients are placed on an equal footing with respect to Price Sensitive Information of Securities. There is a need to lay down the internal procedures and code of conduct for Transactions in Securities by Employees of PCS Securities Ltd (PCS), so that there is no conflict of interest between the transactions of Employees and that of PCS and thereby keeping the interests of Clients unaffected adversely. It is felt necessary to implement a comprehensive Internal Code for Dealing in Securities by the Employees of PCS. This Code is intended for internal use only and must not be distributed for any other purpose, without the approval of Compliance Officer. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [“SEBI PIT 2015”], various circulars/guidelines issued by SEBI thereof have been the basis of formulating and implementing this Code. This Code also aims to adhere to the Securities And Exchange Board of India (Research Analysts) Regulations, 2014 [“SEBI RA 2014”] effective from April 2015 notified by SEBI vide notification no. LAD-NRO/GN/2014-15/07/1414 dated September 01, 2014 and Securities And Exchange Board of India (Prohibition of fraudulent And Unfair Trade Practices Relating to Securities Market) Regulations, 2003 [“ SEBI PFUTP 2003”]

Definitions: The following are the definitions/clarifications for the various terms used in this manual:

‘Code of Conduct’ means this manual and amendments thereto from time to time and shall include the reporting formats in respect of dealing in securities and the notices / instructions issued pursuant to this manual.

‘PCS’ refers to PCS Securities Ltd., PCS Commodities PVT Ltd and other associated companies of the group.

‘Client’ A person / entity who, pursuant to a duly executed agreement /KYC, deals with PCS for transacting in Securities/Commodities/Currency Futures.

‘Designated Employees’ includes all Directors (excluding independent Directors) and employee’s at all levels/grades including their spouses, dependent children and their spouses and anyone who is financially dependent on the Director/employee. Even Research Analysts/Consultants and the non-executive Directors are covered under the term ‘Designated Employees’

‘Immediate Relative’ As defined under Regulations 2 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015

‘Securities’ As defined in Regulation 2(1)(i) of the SEBI (Prohibition of Insider Trading) Regulations, 2015

‘Transaction’ Purchase, sale, allotment in an IPO or through OFS, allotment in a rights issue of any security.

‘Price Sensitive Information’ Any information which relates directly or indirectly to a Company /Security and which if published is likely to materially affect the price of the Security in the stock exchange.

‘Insider’ As defined under Regulation 2(1)(g) of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

‘Insider Trading’ Trading in Securities based on price sensitive information in respect of any Company / Security to which an Employee has access.

‘Control Group’ shall comprise of Senior Executives overseeing and guiding implementation of Employees Code of Conduct.

‘Compliance Officer’ means compliance officer as may be nominated by the Board from time to time for the purpose of administration of the code.

‘Private Transactions’ will include any private transaction which has an underlying listed security in the form of pledge or spot transaction or off market transactions.

‘Bribery’ – Bribery is defined as any offer or receipt of any gift, money, loan, fee, reward or other advantage to or from any person (including an employee) as an inducement in the conduct of the business, particularly where such offer or receipt of any bribe is dishonest, illegal or a breach of trust.

‘Inside Information/Confidential Information’ is the piece of Information which is unpublished and has been provided to “PCS” on a confidential basis by an external source like a client or a prospective client and which is yet to be made known to the public.

For the purpose of interpretation of the words 'inside information' and 'unpublished', please also refer definitions provided in SEBI (Prohibition of Insider Trading) Regulations 2015.

OBJECTIVE OF THIS CODE

The Employee Trading Policy has been designed to prevent legal, business and ethical conflicts and to guard against the misuse of proprietary or confidential information provided to PCS by the existing and prospective clients. The objective of the policy is to not to discourage trading by employees, but to:

- Encourage long-term investments by employees.
- Ensure priority on client's interest and transactions.
- Discourage employees from engaging in personal trading on a scale or of a kind that would distract them from their daily responsibility.
- Discourage trading that might have appearance of impropriety.
- Discourage speculative/manipulative trading.

To ensure compliance with Regulation 9 of the SEBI PIT 2015 and Regulation 15 of SEBI RA 2014 requiring intermediaries to frame an internal code of conduct.

To ensure compliance and adherence to the guidelines prescribed under SEBI PIT 2015, SEBI RA 2014 and SEBI PFUTP 2003

To prevent legal, business and ethical conflicts which an Employee may encounter during his employment in PCS, and to safeguard against the misuse of proprietary or confidential information.

To also address actual or potential conflict of interest arising from dealings or trading of securities by Research Analysts employed by PCS in respect of those companies on which Research Report is prepared/ issued. The resolution of conflict of interest promotes objective and reliable research that reflects an unbiased view of the research analyst and prevents the use of research reports or research analyses to manipulate the securities market.

‘Material Price Sensitive Information’

“Material Price Sensitive Information” means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of the company and includes

- a) Periodical financial results of the company;
- b) Intended declaration of dividends (both interim and final);
- c) Issue of securities or buy-back of securities;
- d) Any major expansion plans or execution of new projects;
- e) Amalgamation, mergers or takeovers;
- f) Disposal of the whole or substantial part of the undertaking;
- g) Any significant changes in policies, plans or operations of the company;
- h) Client’s trading position or proposals for investment / divestment
- i) Stocks of companies currently being researched by Research Analysts and relevant unpublished information received at the time of appraisal
- j) Stocks being researched / analyzed / evaluated for potential investment and relevant unpublished information at the time of appraisal

The information is material and price sensitive if the dissemination of the same is likely to affect the market price of that security and would influence the investors/speculators in their decision of trading in that security.

Applicability of Code:

The revised code shall be applicable to all Employees engaged in business conducted by **PCS** and be effective from January 2017. The new Employees shall be bound by the code from the date of appointment irrespective of the fact that whether they are on probation or not.

All employees of PCS are required to open their trading and DP account only with PCS Securities Ltd/ PCS Commodities Pvt Ltd and conduct their transactions only with PCS Securities or PCS Commodities unless they have written permission from Director to open account with an entity other than PCS Securities or PCS Commodities. For this purpose, PCS Securities or PCS Commodities will facilitate opening of a client account by the employee.

The Compliance Officer shall be responsible for pre-clearing of all Designated Employees and their dependents’ trades, monitoring of trades and reporting violations to the Director.

The Compliance Officer shall maintain records of all the declarations given by the employees with the help of HR team in the appropriate form for a minimum period of five years.

The Compliance Officer shall forward to the Director on half yearly basis, all the details of pre-approval of dealings in the securities by the employees and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

Compliance Officer will be responsible for compliance of various regulatory/government provisions governing the activities of PCS. Any queries or suggestions to this policy may be addressed at krishnaveni@pcssecurities.co.in.

Compliance Officer would be responsible for implementation of this Employees Code of Conduct under the overall supervision of the Board of Directors. Compliance Officer shall bring to the notice of Chairman /Board of Directors, any violations of the internal and regulatory compliance norms.

Principles

PCS employees may deal in securities on their own account provided the employee will not:

- Abuse the freedom to deal
- Deal to the disadvantage of any client
- Deal to the disadvantage of the company
- Risk the reputation of the company, Group and the employee
- Put personal interest above the company's interest

Conduct of Personal Transactions:

All personal transactions should be conducted by the employees in such a manner so as to avoid actual or potential conflicts between the individual's interest and the interests of the company. Potential conflicts may arise from

- a. Personal investment activities of buying and selling based on information / knowledge of the Client's positions or plans
- b. Accepting personal favors that could influence trading judgments to be taken on behalf of the company
- c. Passing/ being in know of any Prices Sensitive Information

Pre-Clearance of Employees' Trade

a. Investments in IPO

Employees are permitted to invest in primary market by subscribing to Initial Public Offer (IPO)/ Repeat Public Offer (RPO) up to securities of value not exceeding Rupees Two lacs (need to discuss with Sir) at the offer price.

An employee making an application for an IPO/ RPO above Rupees Two Lakh respectively, or for an amount exceeding Rupees Two Lakh shall be required to obtain pre-clearance of the Group Head – HR and inform the latter within 24 hours on

- i. Receiving credit of securities in Demat account
- ii. Sale of Securities thus allotted

The formats for intimation are enclosed as **Annexure C**

b. Investment in Secondary Market

All trading/investments (in secondary capital and commodities market and secondary public offerings of the capital market) by the employees for an amount exceeding Rupees Two lakh respectively will require pre-clearance from the **Compliance Officer**.

Compliance Officer Shall approve / dis-approve the request for trade / investment made by the employee within 48 hours from the time of receipt of the said request.

Seeking pre-clearance implies that the employee has declared that he/she is not in possession of any unpublished price sensitive information and employee's request for investment or trading is in compliance with this Policy, more specifically.

That the Designated Employee does not have any access or has not received any Price Sensitive Information up to the time of making the request

That in case the Designated Employee has access to or receives Price Sensitive information after making the request but before the execution of the transaction he shall inform the **Compliance Officer** of the change in his position and that he/she would completely refrain from dealing in the Securities of the client company till the time such information becomes public.

That the Designated Employee has not contravened the Employees Code of Conduct and provisions relating for Prevention of Insider Trading as Specified by the Company and SEBI from time to time.

That the Designated Employee has made a full and true disclosure in the matter.

To obtain Pre-Clearance the employee may apply, as per the format given in **Annexure B (i) & B (ii)**, to Compliance Officer through his Department Head. The Department Head will forward the same, with his/her recommendation, to the Compliance Officer for consideration. In case an employee is him/her self a Department Head the request will be routed to Compliance Officer, through Director.

The pre-clearance will be valid for five working days after the intimation of the approval from the Compliance Officer. If the trade is not executed within five working days, then fresh approval has to be taken again from the Compliance Officer.

Exempt category of investments

For the avoidance of doubt, under these Rules, **consent is NOT required** for dealing in the following:-

- Investments in Fixed Deposits with banks / Financial Institutions / Companies, Life insurance policies, provident funds or investments in savings schemes such as National Savings Certificates, National Savings Schemes, Kisan Vikas Patra, or any other similar investment
- Investments of non-financial nature such as gold, silver, real estate etc.
- Investments in government securities, money market instruments and money market mutual fund schemes. The term Money Market instrument / Money Market Mutual Funds shall have the same meaning as defined under the SEBI Regulations:
- Bullion;
- Precious metals;
- Bonds issued by Reserve Bank of India;
- Debt securities/bonds issued by central/state government, a government body, a local authority or other public or state owned entity;
- Bonds approved by the government for the purposes of Section 88 of the Income Tax Act, 1961;
- Unlisted mutual funds

- The exercise of an option or warrant giving the right to receive an equity security;
- currency linked structured deposits (e.g. embedded options yield enhancement products);
- Interest rate linked structured deposits;
- Certificates of deposit;
- Index linked deposits;
- Taking up of a scrip dividend in lieu of cash or the receipt of scrip/bonus shares.

Sale of Securities and Minimum Holding period:

All Investments in secondary market can be sold at the discretion of the employee post expiry of the minimum holding period.

Normally the minimum holding period of securities in secondary market post purchase would be 30 days, but it may be changed from time to time depending on the security market conditions. However, in case the sale of securities is necessitated due to personal reasons before the expiry of the minimum holding period, the employee may apply to the Compliance Officer for waiver of the same along with justification thereof, through their respective Department Head. The Compliance Officer may give approve the waiver after recording the reasons thereof in writing.

Conditions Overriding Pre-Clearance

- a. Any employee having a turnover (sale +purchase) exceeding Rupees Ten lakh per calendar quarter should seek pre clearance even if he intends to invest less than Rs. Two lakh in a transaction.
- b. Notwithstanding any waiver in pre-clearance, the employee will be responsible for having a self discipline of holding the shares purchased from secondary market for a minimum period of 30 days.
- c. Where an employee sells securities without approval of the competent authority before completion of holding period, he would attract disciplinary action.

Disclosures and Reporting Requirements Relating to Transaction in Securities

- a. An employee, at the time of joining, will intimate to the HR officials his/her existing holdings in the various securities along with details of trading accounts and demat accounts opened by him/her and his/her dependents prior to joining PCS, in the prescribed formats – Annexure D(i) & Annexure D(ii).
- b. The HR team shall maintain records of all the declarations given by the Designated Employees in the appropriate form for a minimum period of 5 years.
- c. HR team and Compliance Team shall place before the Managing Director /Board of Directors, on an half yearly basis all the details of the dealing in the securities by Designated employees of the organization and the accompanying documents that such persons had executed under the pre-clearance procedure envisaged under this code.
- d. Compliance Officer will regularly monitor the transactions of various employees and report to the Director, on the special findings, if any.

Additional Requirements Specific to Employees Working in Various Departments.

An employee of Research Department shall not make any transaction which is 'contra' to the recommendation made by him/her or the research team of **PCS**.

An employee of Research Department shall not make any transaction which will be deemed to be front running. **For this purpose, the employee can execute the transactions only after his report/ recommendation has been disseminated to the clients of PCS or the report/ recommendation has been disseminated to the public.**

Wherever PCS is handling pre-issue activities of any public offerings, the research team shall not take any research report on that particular company after the offer document has been filed with SEBI. **Any research report taken should be prior to the date of filing of offer document with SEBI.**

Research Analysts, while taking out any research reports, shall ensure that all the items of **price sensitive information have already been informed to the Stock Exchanges.**

No research report/ recommendation should be made based on market rumours/tips/inside information. All recommendations made should be justifiable by proper and well documented fundamental/technical analysis.

Research Analyst should avoid making any general comment on the market/scrip performance, unless and until he has means and documents to justify his comments based on the technical/fundamental analysis.

Research Analyst should intimate the starting date of the Company on which he/she started research and also the closing date of the same.

Research Analyst can buy the scrip on which he/she is not doing the research subject to holding period 30 days.

All Research Analyst/Directors/ Key Persons / Senior Staff Members can buy up to 1000 shares or Rupees Ten Lakhs value whichever is higher (excluding transaction which is 'contra' to the recommendation made by him/her) in any scrip because with this quantity market will not effect.

Stock Broking

All activities of the stock broking will be governed by the Broking Operations and Compliance Manuals circulated by HO. Also the PCS Operations, RMS and other departments on a regular basis, stipulate and circulate various guidelines, instructions and procedures. All employees of stock broking will have to mandatorily follow these guidelines, instructions and procedures stipulated in the above mentioned manuals and in other regular communications by various departments of HO.

Depository Participant

All activities of the depository participant will be governed by the DP Operations and Compliance manuals circulated by HO. Also the HO, on a regular basis, stipulates and circulates various guidelines, instructions and procedures. All employees of DP will have to mandatorily follow these guidelines, instructions and procedures stipulated in the above mentioned manuals and in other regular communications by various departments at HO.

Commodity Broking

All activities of the commodity broking will be governed by the Operations and Compliance manual circulated by HO. All the employees of PCS Commodities will have to mandatorily follow the compliance manual and all other guidelines

and instructions communicated by the various departments of PCS Commodities at HO.

Penalty for contravention of the Code :

An employee who trades in securities either on his own behalf or on behalf of any other person or communicates any information for trading in securities listed on any stock exchange, of any Company when in possession of any unpublished Price Sensitive information; shall be guilty of insider trading and appropriate action shall be taken by the Company.

Violation of any of the provisions of this code would tantamount to Gross / Serious violations and accordingly any employee shall also be subject to disciplinary action by the company, as per procedure defined in section XXI and penalty may include wage freeze, monetary fines, reduction of salary, suspension, **dismissal**, ineligibility for future participation in employee stock option plans etc.

The Company shall not preclude SEBI from taking any action against the employee in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 1992 & 2015.

Information to SEBI in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992

In case the Company observes that there has been a violation of these Regulations by an employee, the Company shall inform to SEBI.

Confidentiality of Document

This Code is a confidential document of **PCS** and is meant for internal use by the employees of **PCS**. This document should not be distributed for any purpose outside **PCS**, without the permission of the Management.

Employee Declarations

Annexure Reference	Narration of the Document
A	Acknowledgement of having read and understood Employee Code of Conduct
B(i)	Pre-Clearance for Purchase in Secondary Market
B(ii)	Pre-Clearance for Sale in Secondary Market
C	Pre-Clearance for Applying for Purchase through Public Issue
D(i)	Information on Demat/ Trading Account
D(ii)	Statement of Securities Holding

ANNEXURE- A

**Acknowledgement of Having Read and Understood
Code of Conduct**

I Mr./Ms. _____ bearing employee number _____, hereby declare that I have read and understood the “Employee Code of Conduct” and I hereby undertake to adhere to it at all times during my employment / association with PCS.

I further undertake to be bound by any decision of the Organization in the event of my failing to observe the above Employee Code of Conduct.

Signature : _____
Date : _____
Place : _____

ANNEXURE – B (i)

PRE CLEARANCE FOR PURCHASE IN SECONDARY MARKET

Date :

The Compliance Officer

Hyderabad

Email ID:

Through Proper Channel

Dear Sir,

I wish to inform you that I propose to make the following investments whose details are given below:

S.No.	Scrip proposed to purchase	Qty & Rate proposed		Name in which the investment is being made	Likely period of holding after purchase	Source of funds	
		Qty	Rate			Own funds	Loans Etc.

Declaration

I hereby declare that –

- I am not in possession of any unpublished, price sensitive, inside information on the company in which I am proposing to buy, by virtue of my position in the company, assignment I handle or otherwise.

I hereby confirm that –

- The above purchase will be made within 5 working days of approval by the Competent Authority and
- The purchases will be made through PCS Securities Ltd.
- I am not involved in any sort of unusual trading, front running, and manipulative trades etc. that are prohibited.

I am aware and acknowledge that if I engage in any other business not permitted to trade on, the company will be entitled to take disciplinary action (including fine, suspension and / or expulsion) against me.

Further, I am also aware of the fact that all my & my family members future investments needs the approval from the competent authority as indicated in the “Employees Code of Conduct”.

Hence, I would request you to grant me approval for making the above purchases.

Thanking you

Yours faithfully

Signature

Name :
Emp. Code :
Designation :
Company/Division :

Note : Family members mean husband, wife, children. Family member also include parents and other relatives who are financially dependent on the employee.

PRE CLEARANCE FOR SALE IN SECONDARY MARKET

Date :

The Compliance Officer

Hyderabad

Email ID:

Through Proper Channel

Dear Sir,

I wish to inform you that I propose to sell/ dispose the following investment whose details are given below:

S.No.	Name in which the investment is being held	Quantity to be Sold	Tentative Proposed Rate of Sale	Tentative Proposed Date of Sale

Declaration

I hereby declare that –

- I am not in possession of any unpublished, price sensitive, inside information on the company in which I am proposing to buy, by virtue of my position in the company, assignment I handle or otherwise.

I hereby confirm that –

- The above sale will be made within 5 working days of approval by the Competent Authority and
- The sell will be made through PCS Securities Ltd.
- I am not involved in any sort unusual trading, front running, and manipulative trades etc. that are prohibited.

I am aware and acknowledge that if I engage in any other business not permitted to trade on, the company will be entitled to take disciplinary action (including fine, suspension and / or expulsion) against me.

Further, I am also aware of the fact that all my & my family members future investments needs the approval from the competent authority as indicated in the “Employees Code of Conduct”.

Hence, I would request you to grant me approval for making the above sale.

Thanking you

Yours faithfully

Signature

Name :
Emp. Code :
Designation :
Company/Division :

Note : Family members mean husband, wife, children. Family member also include parents and other relatives who are financially dependent on the employee.

ANNEXURE – C

**PRE CLEARANCE FOR APPLYING FOR PURCHASE THROUGH PUBLIC
ISSUE**

Date :

The Compliance Officer

Hyderabad

Email ID:

Through Proper Channel

Dear Sir,

I wish to inform you that I propose to make an application in the forthcoming public issue of shares / bonds of M/s _____ as per the details given below:

(OR)

I wish to inform you that I (individually)/ along with my relatives propose to make an application in the forthcoming public issue of shares / bonds of M/s _____.

S.No.	Shares / Bonds proposed to purchase	Qty & Rate proposed		Name in which the investment is being made	Likely period of holding after purchase	Source of funds	
		Qty	Rate			Own funds	Loans Etc.

Declaration

I hereby declare that –

- I am not in possession of any unpublished, price sensitive, inside information on the company in which I am proposing to buy, by virtue of my position in the company, assignment I handle or otherwise.

Thanking you

Yours faithfully

Signature

Name :

Emp. Code :

Designation :

Company/Division :

Note : Family members mean husband, wife, children. Family member also include parents and other relatives who are financially dependent on the employee.

ANNEXURE – D(i)

INFORMATION ON DEMAT/ TRADING ACCOUNT

I hereby declare that the following DEMAT/ TRADING ACCOUNTS are held by me/ my family members:

S.No.	Name(self/ family members)	Relationship	Trading A/c No.	DP ID ./ Client id	Service Provider	Operating Since	Location/ Address

I confirm that the above information provided is true to the best of my knowledge and assure that all future investments/ sale/ purchase will be made duly obtaining the approval from the competent authorities as indicated in the “Employees Code of Conduct”.

Name :
E.Code :
Location/ Branch :
Date :

Signature

If the above is not applicable

I hereby declare that neither me nor any of my family members possess any DEMAT/ TRADING ACCOUNTS with PCS or with any other service providers.

Name :
E.Code :
Location/ Branch :
Date :

-

Signature

Note: Family members mean husband, wife, children, parents and others who are financially dependent on the employee.

ANNEXURE – D(ii)

STATEMENT OF SECURITIES HOLDING AS ON _____

NAME : EMP CODE:
Designation : Department :
Division/Region : Location :
Group Name :
(Dependent Name)* :
Depository Participant Name :
Demat Beneficiary Client Id :

Sl.no	Security Name	ISIN No	Type of Security (Equity/MF/ etc.)	Qty

Place :
Date : Signature

*P.S : Please attach separate sheets for each dependent family member.