Guidelines for dealing with Conflict of Interest for investment/trading in securities

1. Applicability

(i) These Guidelines are applicable in case of investment/trading in any security by ICRA and all employees of ICRA.

(ii) These Guidelines shall cover transactions for purchase or sale of securities either individually or jointly or in the name of their dependants or as a member of HUF.

(iii) ICRA and its employees shall not take undue advantage of any price sensitive information that they may have about any Company.

(iv) These guidelines are not applicable to dealing in schemes of Mutual Funds.

2. Definitions

Access Persons shall cover all employees of ICRA.

Securities: Securities for these Guidelines shall include the following securities:

1) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
2) derivative;
3) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
4) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
5) any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
6) Government securities; such other instruments as may be declared by the Central Government to be securities; and
7) rights or interests in securities.

It may be noted that these Guidelines do not cover Schemes of Mutual Funds. Therefore, requisite approval and disclosure thereon is not required for transactions in Mutual Funds. However, annual disclosure would continue to cover the Mutual Fund holdings as well.

Dependant: A person shall be considered as dependant of a Member of Staff provided such person is a spouse, son, daughter, mother or father of such Member of Staff and is not engaged in any full / part time service, business or occupation yielding an average income of more than Rs. 12,000/- per month or Rs. 1,44,000/- per annum (aggregate income of both in case of parents).

Grey List: A list of clients/ securities of clients which are rated / graded by ICRA and such rating/ grading is live. Additionally, Grey List would also include clients/ securities of clients, whose rating/ grading/ any assignment is in process. The Compliance Officer shall have the authority to take out the securities from the Grey List after ensuring that there is no conflict of interest and the rating for the entity is not under process

3. Restrictions on participation in rating process by the employees holding ownership of securities of the rated entity

The employees having ownership of the securities of an entity being rated shall Not participate in the rating/ grading process of such entity/ securities of the entity.

In case an employee already holds securities of an issuer whose rating mandate has been received subsequently, the procedure for selling such securities will be followed as mentioned hereunder. Such employee shall not be involved in the rating/grading process till the date of sale of such securities of the entity.

4. Prior approval for transactions

(i) In order to ascertain whether an entity/ security is in the Grey List, an email may be sent mentioning the complete name of the company to the Compliance Officer. After confirmation by the Compliance Officer that the entity/ security is not in the Grey List, there would be no requirement to take prior and any further approval for transacting in such security. All employees shall apply to the Compliance Officer for prior approval of transactions for sale of any security in the Grey List.

(ii) The Board of Directors shall be the approving authority in case of trades done by the Compliance Officer.

(iii) The Compliance Officer shall ensure that there is no conflict of interest while considering the request for prior approval.

(iv) Such approvals, if granted, shall be valid for seven trading days from the date of approval but may be withdrawn earlier by the Compliance Officer if the circumstances so warrant.

(v) The transaction, if any, effected shall be informed to the Compliance Officer within two trading days from the date of transaction.

5. Procedure for Buying Securities

ICRA employees **are not allowed to buy** securities of the entities which are rated/ graded or whose securities are rated / graded by ICRA and such rating/ grading is live. Employees are also not allowed to buy securities of clients where rating/ grading/ any assignment is in process.

For any other security, any employee of ICRA wants to purchase, the Compliance Officer will be approached for pre-clearance approval. The approval will be granted if such security / issuer is not in the Grey List.

6. Procedure for Selling Securities

If an employee of ICRA wants to sell any security excluding Mutual Funds Units, the Compliance Officer will be approached for pre-clearance. The approval will be granted if such security / issuer is not in the Grey List or can be taken out from the Grey List.

If the securities are not eligible to be taken out from the Grey List, the Compliance Officer will not allow the transaction for sale of such securities. The Compliance Officer may indicate the time period after which application may be submitted again for pre-clearance approval.

7. Disclosures

(i) Any person, who becomes an employee of ICRA, shall submit a statement of holding of all securities in respect of persons mentioned at 1(ii) above to the Compliance Officer or the CEO, as the case may be, within seven working days of joining ICRA.

(ii) All employees of ICRA shall submit the following details to the Compliance Officer:

   a. Details of purchase or sale transactions effected within seven trading days from the date of transaction when pre-clearance was taken.

   b. A consolidated statement of holding of all securities within 15 working days from March 31 each year.

The members of the Rating Committee shall upfront declare/disclose their interest, if any, to the Compliance Officer of ICRA, in the securities/instruments/facilities that are considered for rating/grading by ICRA and will not participate in the rating/grading exercise for such securities.

8. Procedure for Compliance Officer to accept or reject the requests for dealing in securities

(i) A dynamic Grey List shall be maintained in the Company and shall be updated on regular basis.

(ii) In case the security/ issuer is not in the Grey List, the Compliance Officer would approve the transaction for which pre clearance was sought.

(iii) In case the security / issuer is in the Grey List, the Compliance Officer will ensure that there is no conflict of interest to take out the security from the Grey List. This will be ensured by ascertaining if the case was not presented to the Rating Committee in the last 30 days and checking from concerned officials of ICRA that rating/ grading/ review of the any security/ instrument/ facility/ assignment of the issuer has not been in process in the last 30 days and is unlikely to be under active rating process in the next 10 days. In case of exigency for the review of the rating / grading case/ report during those 10 days, the concerned official would immediately inform the Compliance Officer who in turn would reinstate the security / issuer is in the Grey List and would cancel the pre clearance.

9. Contravention of these Guidelines

Any Employee who trades in the securities in contravention of these Guidelines will be subject to disciplinary action by the Company. He/she may be penalised and appropriate action may be taken by the Company, which may include wage freeze, suspension, recovery, clawback etc. The action by the Company shall not preclude the Securities and Exchange Board of India (SEBI) from taking any action in case of violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015.