ICRA

ICRA Limited

Guidelines for dealing with Conflict of Interest for Investment/Trading in Securities

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Contents

Objective of these Guidelines

The objective of ICRA Limited (“**Company”** or “**ICRA**”) Guidelines for Dealing with Conflict of Interest for Investment/Trading in Securities (‘**Guidelines**’) is to describe procedures and restrictions to manage conflict of interest in investment/trading by ICRA, Access Persons and their Immediate Relatives and Hindu Undivided Family of which the Access Person is a part (**“HUF”**).

Applicability

These Guidelines apply to ICRA, Access Persons and their Immediate Relatives and HUF.

Accordingly, these Guidelines shall cover transactions for purchase or sale of Securities, whether directly or indirectly, by ICRA or Access Persons, their Immediate Relatives or HUF, either individually or jointly.

Neither ICRA nor any Access Persons shall take, either directly or indirectly, any undue advantage of any Unpublished Price Sensitive Information that they may have about any client of ICRA.

These Guidelines are not applicable to dealing in schemes of mutual funds including exchange traded funds. Therefore, the approvals and disclosures thereon described in these Guidelines are not applicable for transactions in mutual funds including the exchange traded funds.

Definitions

The definitions of some of the key terms used in these Guidelines are given below:

“Access Persons” shall cover all employees of ICRA and Independent Members of the Rating Review Committee.

“**Compliance Officer**” means any senior officer, designated so and reporting to the Board of Directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct for Prohibition of Insider Trading and who shall be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, monitoring of Trades and the implementation of the codes specified under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Code of Conduct for Prohibition of Insider Trading under the overall supervision of the Board of Directors.

“**Generally Available** means accessible to the public on a non-discriminatory basis.

“**Immediate Relative**” means (I) a spouse of an Access Person and (ii) the parent, sibling, and/or child of such Access Person or of the spouse, if they are either dependent financially on such Access Person, or consult such Access Person in taking decisions relating to trading in Securities.

"**Restricted List**" means a list of clients/ Securities of clients (i) who are rated by ICRA and such rating is live or (ii) whose rating is in process or (iii) whose assignment is being handled by ICRA and the client/issuer is required to provide confidential information / UPSI to ICRA. The Compliance Officer shall confidentially maintain a list of such clients/Securities as a "Restricted List" which shall be used as the basis for approving or rejecting applications for pre-clearance of Trades.

"Securities"— include

(i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or a pooled investment vehicle or other body corporate;
(ii) derivatives;
(iii) units or any other instruments issued by any collective investment scheme to the investors in such schemes;
(iv) security receipts as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
(v) units or any other instruments issued by any pooled investment vehicle;
(vi) any certificates or instruments (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;
(vii) Government securities;
(viii) such other instruments as may be declared by the Central Government to be securities; and
(ix) rights or interest in securities;

"**Trading**" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any Securities, and "Trade(s)" shall be construed accordingly.[1]

"**Unpublished Price Sensitive Information**" means any information, relating to the Securities of the Company's clients, directly or indirectly, that is not Generally Available which upon becoming Generally Available, is likely to materially affect the price of the Securities and shall, ordinarily include but not be restricted to, information relating to the following:

(i) financial results;
(ii) dividends;
(iii) change in capital structure;
(iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
(v) changes in key managerial personnel.

[1] It is clarified that the term Trading does not include payment of call money on partly paid securities either held by the Access Persons or their Immediate Relatives or HUF prior to Access Persons joining/being engaged with ICRA or for which prior approval was granted under these Guidelines.

Restrictions on participation in rating process by the Access Persons holding ownership of Securities of the rated entity

Access Persons shall not participate in the rating process of an entity/Securities of the entity in which he/she or his/her Immediate Relatives and/or HUF, owns Securities.

Pre-clearance for transactions

Where an Access Person or his/her Immediate Relative and/or HUF desires to Trade in a Security, the Access Person shall raise a request to the Compliance Officer seeking pre-clearance for the proposed transaction(s) as described below. While making the request the Access Person shall provide the necessary undertakings/declarations as prescribed in the ICRA's Code of Conduct for Prohibition of Insider Trading.

The Board of Directors shall be the approving authority for Trades proposed by the Compliance Officer. The Board of Directors may delegate this authority to the General Counsel of the Company.

The Compliance Officer (or the Board of Directors or the General Counsel, as the case may be) shall ensure that there is no conflict of interest while considering the request for pre-clearance of any Trade.

The Access Person shall execute the Trade only after receiving the approval from the Compliance Officer (or the Board of Directors or the General Counsel, as the case may be).

The Trade should be executed within seven Trading days of such approval, failing which fresh approval would be needed. If the Access Person decides not to execute the Trade, the same should be informed to the Compliance Officer.

Pre-clearance procedure

The pre-clearance procedure for any Trade in Securities shall be as follows:

(i) A request shall be made to the Compliance Officer (or Board of Directors or the General Counsel, as the case may be) in the prescribed form seeking pre-clearance.

(ii) If the Security or the issuer of such Security is not included in the Restricted List, pre-clearance may be approved.

(iii) Access Persons and/or their Immediate Relatives and/or HUF shall execute Trades within seven Trading Days of approval of pre-clearance request, failing which fresh pre-clearance would be needed for the Trades to be executed.

(iv) The Access Persons shall within two Trading Days of the execution of the Trade, report to the Compliance Officer details of such Trade.

(v) If the Trade is not executed within seven Trading Days after the approval is given, the Access Person shall report the same to the Compliance Officer within two Trading Days.

Procedure for Compliance Officer to accept or reject the pre-clearance requests for dealing in Securities

(i) A dynamic Restricted List shall be maintained in the Company by the Compliance Officer which shall be updated on regular basis[2].

(ii) In case of Access Persons other than independent members of the Rating Review Committee, in case the Security/ entity is not in the Restricted List, the request will be approved. However, if the Security/entity is included in the Restricted List, the request will be rejected (i.e. pre-clearance will not be granted).

(iii) In case of an Independent member of the Rating Review Committee, the Compliance Officer shall approve the transaction if the entity/Security was not presented to the Rating Review Committee during the preceding six months of request for pre-clearance.

Provisions relating to contra trade:

All Access Persons (other than the Independent Members of the Rating Review Committee) or their Immediate Relatives and/or HUF who buy or sell any Security shall not enter into an opposite transaction (i.e. sell or buy, respectively), in such Security during the next six months following the prior Trade in such Security[3] .

In case of any contra trade being 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 under the SEBI Act, 1992.

Disclosures

(i) Access Persons shall submit a statement of holding of Securities in their name and all holdings of Securities in respect of their Immediate Relatives and/or the HUF of which they are a member to the Compliance Officer or the Board of Directors or the General Counsel, as the case may be, within seven working days of joining ICRA.

(ii) Access Persons shall be required to provide to the Compliance Officer or the Board of Directors or the General Counsel, as the case may be, the details of their holding of Securities in their names and all holdings of Securities in respect of their Immediate Relatives and/or the HUF of which they are a member, on an annual basis within 30 working days from March 31 each year.

(iii) The members of the Rating Committee including Rating Review Committee shall upfront declare/disclose their holding in Securities, if any, in the securities/instruments/facilities that are considered for rating by ICRA and will not participate in the rating exercise for such securities/instruments/facilities.

[2] In case of an automated system the Restricted List will be updated automatically

[3] Restriction of ‘contra-trade’ shall not be applicable on buy-back, open offers, rights issues, follow-on public offering, bonus, and exit offers. However, it will be applicable to the initial public offering

Contravention of these Guidelines

Any Access Person who Trades in Securities in contravention of these Guidelines shall be subject to sanction(s) and disciplinary action(s), including wage freeze, suspension, recovery, etc., as per the decision of the Board of Directors. Any amount collected under this clause shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act, 1992.

Record Retention

The Compliance Officer shall maintain records of all requests, approvals, declarations and disclosures in the appropriate form for a minimum period of five years as per the Record Retention and Archival Policy.

Exceptions

Access Persons may request the Compliance Officer or the Board of Directors or the General Counsel, as the case maybe, to waive strict application of any provisions of these Guidelines, which waiver may be granted by them, as appropriate, for reasons to be recorded in writing, provided that such relaxation does not violate the Regulations.