

## CORPORATE DIRECTIVES

### SMC GLOBAL SECURITIES LIMITED

**INTRODUCTION:** Corporate Directives helps ensure compliance with legal requirements and our standards of business conduct. All the directors, Senior Management, employees and trainees are expected to read and understand this code of business conducts and ethics i.e. Corporate Directives of SMC Global Securities Limited, uphold these standard in day-to-day activities comply with all applicable policies and procedures, and ensure that all the Sub- Brokers, franchisees/Branches & the person dealing with us are aware of, understand and adhere to these standard.

Because the principles described in this Code of Business Conduct and Ethics are general in nature, you should also review all applicable Company policies and procedures. You can also contact the Human Resources Department or Legal Department if you have any question.

Nothing in this Code of Business Conduct and Ethics, in any company policies and procedures or in other related communications (verbal or written) shall constitute and shall not be construed to constitute a contract of employment for a definite term or a guarantee of confirmed employment.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Corporate Directives i.e. Code of Business Conduct and Ethics is subject to modification. This code of business conduct and ethics supersedes all other such code, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent with this code. The Company may update the code from time to time as per the direction of the Board.

Please sign the acknowledgement form at the end of this Code of Business Conduct and Ethics and return the form to the Human Resources Department indicating that you have received, read, understand and agree to comply with the Code of Business Conduct and Ethics. The signed acknowledgment form will be located in your personnel file. Each year as part of your annual review you will be asked to sign an acknowledgement indicating your continued understanding of the Code of Business Conduct and Ethics.

**Preamble:** Corporate Directives is a code of conduct for the Directors, Senior Management, employees of the Company to guide/govern them and to provide a means to understand/apply the basic philosophy of SMC to achieve its goal. All the Directors, Senior Management & Employees must act within the bounds of authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders/stakeholders. Each individual of SMC has to understand and follow the track on which it has to go and contribute, in achieving the mission/vision of SMC.

#### 1) **Honesty & Integrity**

All directors, senior management shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. All directors will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. Directors & senior management will act in the best interests of the company and fulfill the fiduciary obligations.

#### 2) **Compliance**

Directors & senior management are required to comply all applicable laws, rules and regulations, both in letter and in spirit. In order to assist the company in promoting lawful and ethical behavior, directors & senior management must intimate/inform any possible violation of law, rules, regulation or the code of conduct to the company secretary.

3) **Other Directorships**

The Company feels that serving on the boards of directors of other companies may raise substantial concern about potential conflict of interest. And therefore, all directors must report / disclose such relationship to the Board on an annual basis. It is felt that service on the board of a direct competitor is not in the interest of the company.

4) **Confidentiality of Information**

Any information concerning the company's business, its customers, internal strategy etc., which is not in the public domain and to which director has access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. No director shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

5) **Prevention of Insider Trading.**

No director, senior management & employee of the Company shall derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and therefore constitutes insider information. All directors will comply with insider trading guidelines as issued by SEBI.

6) **Gift & Donations**

No director of the company shall receive or offer, directly or indirectly, any gifts, donations, remuneration, hospitality, illegal payments and comparable benefits which are intended (or perceived to be intended) to obtain business (or un competitive) favours or decisions for the conduct of business. Nominal gifts of commemorative nature, for special events may be accepted and reported to the Board.

7) **Protection of Assets**

Directors, senior management & employees must protect the company's assets, labour and information and may not use these for personal use, unless approved by the Board.

8.) **Periodic Review**

Once every year or upon revision of this code, every director must acknowledge and execute an understanding of the code to comply the same. New directors will sign such a deed at the time when their directorship begins.

9.) **COMPLIANCE IS EVERYONE'S BUSINESS**

Ethical business conduct is critical to our business. As a Director, senior management & employee, your responsibility is to respect and adhere to these practices. Many of these practices reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you & the Company.

Part of your job and ethical responsibility is to help in enforcing this code of Business Conduct and Ethics. You should be alert to possible violations and report/intimate possible violations to the Human Resources Department or the Legal Department. You must cooperate in any internal or external Investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or an inspected violation of law, this code of Business Conduct or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Violations of law, this code of Business conduct and Ethics, or other company policies or procedures should be reported to the Human Resources Department or the Legal Department.

If you find or have concern related to questionable accounting, accounting controls, auditing matters, or reporting of fraudulent financial information to our shareholders, government or the financial markets, Or of Grave Misconduct i.e., mismanagement of company resources and if proven constitutes a criminal conduct, Or conduct which is otherwise in violation of any law or the Company's policies, you should promptly contact your senior or any of the Directors or the Board thereof.

You may also report your concerns anonymously by e-mailing the Company's e-mail id at [smc@smcindiaonline.com](mailto:smc@smcindiaonline.com) or by sending an anonymous letter to the Board

Violations of law, this Code of Business Conduct Ethics or other Company policies or procedures by Company policies or procedures by Company employees can lead to disciplinary action up to and including termination.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Human Resource Department or Legal Department.

## **(10) YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS**

### **A General Standards of Conduct.**

The Company expects that all employees, Directors, senior management, agents, franchisees & branches to exercise good judgment to ensure the safety and welfare of employees, the Company, agents, society and to maintain a co-operative, efficient, positive, harmonious and productive work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at company-sponsored business and social events, or at any other place where you are a representative of the Company.

### **A1 Workplace free of Harassment.**

The Company is committed to provide a work environment free of unlawful harassment. Company policy prohibits sexual harassment and harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability medical condition, marital status, age, sexual orientation, or any other basis protected by federal, state, or local law or ordinance or regulation. All such harassment is unlawful. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company towards other SMC employees including supervisors, outside agents & clients. It also prohibits unlawful harassment based on the perception that any one of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

If you believe that you have been unlawfully harassed, submit a complaint to your senior or any other company supervisor or director. In addition, if you believe you have been sexually harassed, you can submit a complaint to the Grievance Redress Body of the Company or the Director of the Company.

If you have any questions relating to what constitutes discrimination or harassment, or if you have any other questions or concerns pertaining to discrimination or harassment, contact the Human Resources Department/Legal Department.

## **A2 Drug, Alcohol Abuse & Smoking.**

To meet our responsibilities to employees, customers and investors, the Company must maintain a healthy and productive work environment. Misusing controlled substances, or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs and alcohol on the job, smoking in the office premises is absolutely prohibited.

## **A3 Safety in Workplace.**

The safety of people in the workplace is a primary concern of the Company. Each of us must comply with all applicable health and safety policies. We maintain compliance with all local laws to help maintain secure and healthy work surroundings. Question about these laws and guidelines should be directed to the Human Resources Department.

## **A4 Dress Code and other personal standards**

Because each of us is a representative of the Company in the eyes of the public, we must report to work properly groomed and wearing appropriate clothing. Employees are expected to dress neatly and in manner consistent with the nature of the work performed. Please follow the Company's **Dress code** in this regard.

When visiting our branch or franchisee or Investor meets or anywhere as representative of the Company, employees, senior management & director will adhere to the dress standards maintained as per policy of the Company.

## **A5 Expense Claims**

All business related the manager of the employee before the incurrence must authorize expense claims. The reimbursement of expense incurred must be claimed within 30-days of incurring the expenditure. An expense claims post the expiry of 30-days will be deemed to be unauthorized.

The Company will not reimburse personal expense. To know the individual business expenditure limit employees should contact the Human Resources Department.

## **B Applicable Laws.**

All Company employees, agents & Directors must comply with applicable laws, regulations, rules and regulatory orders. Each employee, agent and directors must acquire appropriate knowledge of the requirement relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from the Legal Department on specific Company policies and procedures.

## **C. Conflicts of Interest**

Each of us has a responsibility to the Company, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations, where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from any different individuals or organizations. We should always strive to avoid even the appearance of impropriety.

All employees must avoid situations involving actual or potential conflict of interest. Personal or romantic involvement with a competitor, supplier, or subordinate employee of the Company, office –colleagues, which impairs an employee's ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory-subordinate romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment, and moral problems.

An employee involved in any of the types of relationship or situations described in this policy should immediately and fully disclose the relevant circumstances to his or her immediate supervisor, or any other appropriate supervisor, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined the company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

What constitutes conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the company.

**Examples include.**

i) Employment/outside Employment. In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. You are prohibited from engaging in any activity that interferes with your performance or responsibilities to the company or otherwise in conflict with or prejudicial to the company. Our policies prohibit any employee from accepting simultaneous employment with a Company's Agent, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, you must disclose to the Company any interest that you have that may conflict with the business of the Company. If you have any question on this requirement, you should contact your supervisor or the Human Resources Department/ Legal Department.

ii) Outside Directorships. It is a conflict of interest to serve as a director of any company that competes with the our Company. Our policy requires that you obtain approval from the Company's Board before accepting a directorship. Such approval may be conditioned upon the completion actions.

iii) Business Interests. If you are considering investing in a company customer, franchisee, or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to the company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the involvement

**(11) Compliance with the Code of Conduct of the Stock Brokers under (Stock Brokers & Sub-Brokers) Regulations, 1992 (Regulation 7- Code of Conduct for the Stock Brokers):**

As we are aware that SMC Global Securities Limited is a Member of National Stock Exchange Of India Limited & duly registered with SEBI. All the directors, senior management & employees including trainees, franchisees should assist the Company in compliance of the code upto the extent related with their job responsibilities & deliver the best for the compliance of the said code as a part of the Company in their individual capacities too. The said code vide this corporate directives executed & implemented again for all the directors, senior management and employees as under:

**A. GENERAL**

(1) Integrity: Directors, Senior Management & employee should assist and act in such a way so that the SMC can, maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: Directors, Senior Management & employee should assist and act in such a way so that the SMC can act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: Directors, Senior Management & employee should assist and act in such a way so that the SMC can not indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: Directors, Senior Management & employee should assist and act in such a way so that the SMC can not create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. They should assist in such manner so that the stock-broker i.e. SMC shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(5) Compliance With Statutory Requirements: Directors, Senior Management & employee should assist and act in such a way so that the SMC can abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchange from time to time as may be applicable to him.

## **B. DUTY TO THE INVESTOR**

(1) Execution Of Orders: Directors, Senior Management & employee should assist and act in such a way so that the SMC, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. Directors, Senior Management & employee should assist and act in such a way so that the SMC can promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.

(2) Issue Of Contract Note: Directors, Senior Management & employee should assist and act in such a way so that the SMC can issue without delay to his client [or client of sub-broker] a contract note for all transactions in the form specified by the stock exchange.

(3) Breach Of Trust: Directors, Senior Management & employee should assist and act in such a way so that the SMC can not disclose or discuss with any other person or make improper use of the details

Of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship.

### **(4) Business And Commission:**

(a) Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.

(b) Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.

(5) Business Of Defaulting Clients: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker.

(6) Fairness To Clients: Directors, Senior Management & employee should assist and act in such a way so that the SMC, when dealing with a client, shall disclose whether he is acting as a principal or as an agent and shall ensure at the same time, that no conflict of interest arises between him and the client. In the event of a conflict of interest, he shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to his own.

(7) Investment Advice: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives of such investment. Directors, Senior Management & employee should assist and act in such a way so that the SMC can seek such information from clients, wherever he feels it is appropriate to do so.

**(7A) Investment Advice in publicly accessible media –**

(a) Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real - time or non real-time, unless a disclosure of his interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.

(b) In case, an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]

(8) Competence Of Stock Broker: Directors, Senior Management & employee should assist and act in such a way so that the SMC can have adequately trained staff and arrangements to render fair, prompt and competent services to his clients.

**C. STOCK-BROKERS VIS-A-VIS OTHER STOCK-BROKERS**

(1) Conduct Of Dealings: Directors, Senior Management & employee should assist and act in such a way so that the SMC can co-operate with the other contracting party in comparing unmatched transactions. Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not knowingly and willfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.

(2) Protection Of Clients Interests: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall extend fullest co-operation to other stock-brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.

(3) Transactions With Stock-Brokers: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.

(4) Advertisement And Publicity: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not advertise his business publicly unless permitted by the stock exchange.

(5) Inducement of Clients: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not resort to unfair means of inducing clients from other stock- brokers.

(6) False Or Misleading Returns: Directors, Senior Management & employee should assist and act in such a way so that the SMC shall not neglect or fail or refuse to submit the required returns and not make any false or misleading statement on any returns required to be submitted to the Board and the stock exchange.

D (1) Directors, Senior Management & employee should assist and act in such a way so that the SMC shall enter into an agreement as specified by the Board with his client.

(2) Directors, Senior Management & employee should assist and act in such a way so that the SMC shall also enter into an agreement as specified by the Board with the client of the sub-broker.

## **12) Excellent Corporate Practices:**

The Directors have to attend the maximum Board Meeting and benefit the company by their thought and experience. All the Senior Management personnel have to dedicate to the company & co-ordinate, co-operate and supervise their team members. They should forward their (team members) performance report to directors and the Board thereof as per the policy of the Company. In case any issue/grievances of the team members are not resolve the same has to be informed to the Directors or the Board thereof.

All the Employees of the Company including the Senior Management must follow the policy / instruction of the Company and the violation of the same will be taken seriously including the termination of his / her job. Directors, Senior Management and the employees though their senior can forward the view /ideas for the growth of the company to the Board of the Company.

All the Employees have to follow the Directions / instruction of their seniors /Directors & policy of the company and must maintain/ should have due regard and respect of them.

**13) Vision & Mission of SMC should be yours:** To be a brokerage house of International repute by providing cutting edge online trading tools, and endeavoring for excellence of quality of services which match the best in the industry. All the Directors, Senior Management personnel & employees has to keep the vision & mission of SMC in their mind, provide the excellent services to the public at large of the society and further act in such a way so that SMC can achieve its vision & mission.

All the employees have to deliver their best to the Company with the due regard of compliance. They must maintain the filed /record, details lying with them in proper order and in any case should not disclose the data base/ working strategy of the company to the outsiders / any other organization.

As we are a stock brokers all the directors, senior management & employees must adhere/understand/apply the SEBI / guidelines/circulars/notification/Regulations beside the compliance of circular/notice/byelaws of the NSE. As the Company is a registered member of Association of Mutual Fund of India it must comply with directors/ guidelines/circular of AMFI for the proper distribution of Mutual Fund.

**14) Disciplinary Action:** The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company and its stockholders and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our Directors, senior management, employees, agents, and consultants to adhere to theses rules in carrying out their duties for the Company.

The Company may take appropriate action against any Director, senior management, employee, agent or consultants whose action are found to violate these policies or any termination of employment or business relationship at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, Company will co-operate fully with the appropriate authorities. You should review all the Company's policies and procedures to get more detailed information.

### **ACKNOWLEDGEMENT**

I HAVE READ & UNDERSTOOD THE CONTENTS OF THE CORPORATE DIRECTIVES.

SIGNATURE:-----

NAME: -----

DESIGNATION:-----