

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING IN SHARES OF MOTILAL OSWAL FINANCIAL SERVICES LIMITED

1. **This Code shall come into force from 11th day of September, 2007.**

2. **Applicability and the Purpose of the Code:**

This self-regulated Code is applicable to all employees of the Company (Motilal Oswal Financial Services Limited i.e. MOFSL) and its present and future subsidiary companies to maintain the highest ethical standards of dealing in shares of the Company. The provisions of the Code are designed to prohibit Employees, Designated Employees and their Dependent Family Members from trading in the MOFSL Securities when in possession of Unpublished Price Sensitive Information.

3. **Definitions:**

For the purpose of this code the following terms shall have the meanings assigned to them hereunder:

- i. **“Act”** means the Securities and Exchange Board of India Act, 1992.
- ii. **“Code” or “this Code”** shall mean the ‘Code of Conduct for Prevention of Insider Trading in shares of Motilal Oswal Financial Services Limited’ as amended from time to time.
- iii. **“Company” or “the Company”** means ‘Motilal Oswal Financial Services Limited’.
- iv. **“Compliance Officer”** means the Compliance Officer appointed pursuant to Clause 4 of this Code.
- v. **“Dealing in MOFSL Securities”** means an act of subscribing, buying, selling or dealing or agreeing to subscribe, buy, sell, or deal in the Securities of the Company by any person either as principal or agent.
- vi. **“Dependent Family Member”** means the Designated Employee’s spouse (whether dependent on the Designated Employee or not), children below the age of 21 years, and such other persons, including dependent parents of the Designated Employee, as may be declared by the Designated Employee pursuant to Clause 8(a) of this Code.

vii. "Designated Employee(s)" shall include: -

- a) Directors of the Company (except non-executive directors of subsidiaries);
- b) All officers in Grades of Associate Vice President level (and equivalent level) and above;
- c) Executive Assistants of the Directors;
- d) All employees in the Accounts, Finance, Tax, MIS, Corporate Planning and the Secretarial Department;
- e) Secretaries of the Designated Employees;
- f) Permanent invitees to the meetings of the Board of Directors of the Company and such other Committees as may be constituted from time to time and specified for the purposes of this Code;
- g) Such other persons as may be notified by the Compliance Officer from time to time.

For the purpose of this Clause, the Company shall include Motilal Oswal Financial Services Limited and all its subsidiaries.

viii. "Insider Trading Regulations" means the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 1992 as amended from time to time.

ix. "MOFSL Securities" or "Securities of the Company" shall include Equity shares of the Company and any other marketable securities of the Company.

x. "Price Sensitive Information" means any information that relates directly or indirectly to the Company and which if published is likely to materially affect the price of the MOFSL Securities and shall include the following: -

- 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; and
- h) such other information as may be specified by the Compliance Officer for this purpose from time to time.

xi. "Unpublished Information" means information which is not published by the Company and/or its agents and is not specific in nature but would not include speculative reports in print or electronic media.

4. Compliance Officer

The Company Secretary of the Company is the Compliance Officer for setting forth the policies and procedures and to implement and monitor adherence to this 'Code of Conduct' and applicable laws and regulations and policies and procedures. The Compliance Officer shall report to the Managing Director.

The Compliance Officer under this Code shall be responsible for:

- (i) setting forth policies, procedures, monitoring adherence to the rules for the preservation of Price Sensitive Information;
- (ii) pre-clearing of Designated Employees and their Dependents' trades in MOFSL Securities;
- (iii) monitoring trades in MOFSL Securities and the implementation of this Code under the overall supervision of the Board of Directors of the Company;

The Compliance Officer shall maintain a record of the Designated Employees and any changes made in the list of Designated Employees.

The Compliance Officer shall assist the Employees in addressing any clarifications regarding the Insider Trading Regulations, the Code and the Company's Code of Corporate Disclosure Practices for Prevention of Insider Trading.

5. Preservation of Price Sensitive Information

No person shall either on his own behalf or on behalf of any other person, deal in MOFSL Securities when in possession of any unpublished price sensitive information.

No person shall communicate, counsel or procure directly or indirectly any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in MOFSL Securities.

Designated Employees shall maintain the confidentiality of all Price Sensitive Information. They shall not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of the MOFSL Securities.

Unpublished Price Sensitive Information is to be handled on a "need to know" basis, i.e. Unpublished Price Sensitive Information should be disclosed only to those within the Company who need the information to discharge their duty and

whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

If, in the performance of duties, it becomes necessary for the Employee to disclose any price sensitive information to any person outside the Company, e.g., Advisors, Auditors, Consultants, Merchant Bankers, Share Transfer agent etc., the Employee shall inform the Compliance Officer of the Price Sensitive Information proposed to be disclosed and shall ensure that the concerned Advisor, Auditor, Consultant, Merchant Banker, Share transfer agent, etc., executes an Agreement with the Company in such format as may be prescribed by the Company.

Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.

6. **Prevention of misuse of Price Sensitive Information**

6.1 All Designated Employees/their Dependent Family Members shall be subject to the trading restrictions as enumerated below.

6.2 **Trading Window**

The Designated Employee and his Dependent Family Members shall trade in shares of the Company only during a specific trading period called “ Trading Window” to be specified by the Company. The Trading Window shall be closed during the time the information mentioned hereunder is unpublished:

- a. Declaration of Financial results (quarterly, half yearly and annual).
- b. Declaration of dividends (interim and final).
- c. Issue of securities by way of public/rights/bonus etc.
- d. Any major expansion plans or execution of new projects.
- e. Amalgamation, mergers, takeovers and buy-back.
- f. Disposal of whole or substantially whole of the undertaking.
- g. Any changes in policies plans or operations of the Company.
- h. such other information as may be specified by the Compliance Officer for this purpose.

The Trading Window shall remain closed from the day the intimation of the Board Meeting to be convened for transacting the matters listed in (a) to (h) above is given by the Company to the Stock Exchanges.

The Trading Window shall be opened 24 (Twenty-four) hours after the information referred to above is made public.

As regards declaration of interim dividend and other matters referred to in (b) to (h) above, the Managing Director/Chief Executive Officer shall, well before initiation of such activity/project, form a core team of Designated Employees and/or Designated Group Persons who would work on such assignment. The Managing Director/Chief Executive Officer shall also designate a Senior Employee who would be in-charge of the project. Such team members will execute an undertaking not to deal in the Securities of the Company till the Price Sensitive Information regarding the activity/project is made public or the activity/project is abandoned and the Trading Window would be regarded as closed for them.

The Designated Employee and their Dependent Family Members shall conduct all their dealing in the MOFSL Securities during a valid Trading Window and shall not deal in any transaction involving the purchase or sale of the MOFSL Securities during the periods when Trading Window is closed or during any other period as may be specified by the Company from time to time.

In case of ESOPs, exercise of options may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on the exercise of ESOPs shall not be allowed when the Trading Window is closed.

6.3 Pre-clearance of trades

All Designated Employees and their Dependent Family Members who intend to deal in the MOFSL Securities should pre-clear the transactions, by making an application in the prescribed form and containing the prescribed undertaking to the Compliance Officer (**Form E**) where the aggregate of the MOFSL Securities to be acquired/sold / dealt in during a calendar month exceed 25,000 in number or where the market value of the MOFSL Securities to be acquired/sold/dealt in a calendar month exceeds Rs. 5,00,000 (Rupees Five Lakhs) or 1% of total shareholding or voting rights, whichever is lower.

In case the Compliance Officer or any of his Dependent Family Members wish to deal in the MOFSL Securities, he would have to make the application in the prescribed (**Form F**) to the Managing Director of the Company. The remaining provisions of this section, as applicable to Designated Employees, would also apply to the Compliance Officer.

For the purposes of this Clause 7, the term "Working Days" shall mean the working day when the regular trading is permitted on the concerned stock exchange where the securities of the Company are listed.

7. **Prohibition to enter into any opposite transaction and Derivative transactions**

All Directors/Officers/Designated Employees, the dependent family members of the Designated Employees, who buy/acquire otherwise than in primary market or sell/transfer by way of gift or otherwise, any number of shares of the Company shall not enter into any opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All Directors/Officers/Designated Employees and their dependent family members shall also not take positions in the derivative transactions in the shares of the Company at any point of time.

8. **Other restrictions**

The Designated Employees shall execute their order in respect of the MOFSL Securities within one week after the approval of pre-clearance is given. If the order is not executed within one week after the approval is given, the Designated Employee must pre-clear the transaction again.

Subject to the provisions of Clause 7 of the Code, the Designated Employee and their dependent family members shall hold the Securities of the Company allotted to them in primary market (initial public offers) for a minimum period of 30 days in order that it be considered as being held for investment purposes.

The holding period of 30 days would commence when the Securities of the Company are actually allotted.

In case the sale of the MOFSL Securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his/her reasons in this regard upon an application made in prescribed (**Form D**).

9. **Reporting Requirements for transactions in securities**

The Designated Employees will be required to make the following disclosures to the Compliance Officer:

- a. Initial disclosure of MOFSL Securities held by the Designated Employees and his Dependent Family Members, together with a disclosure of the names of the Dependent Family Members (refer **Forms A, B and C**), to be made within 2 working days from the day of joining the Company or within 2 days from the coming into force of this Code.
- b. Continual Disclosure in case of change in shareholding or voting rights, if there has been change in holding from the last disclosure made and the change exceeds 25,000 in number or where the market value of the MOFSL Securities to be acquired/sold / dealt in a calendar month exceeds Rs. 5,00,000 (Rupees Five Lakhs) or 1% of total shareholding or voting rights, whichever is lower (refer **Forms G and I**) within 2 days of such change.

- c. Half yearly disclosures as of 30th September, each year (refer **Forms H and J**), to be made by 4th October of each year.
- d. Annual Disclosures as on 31st March, each year (refer **Forms H and J**), to be made by 4th April of each year.

In addition to the aforesaid Disclosures, in accordance with the provisions of the Insider Trading Regulations the Directors and Officers of the Company shall also be required to make the necessary Disclosures to the Company and the Stock Exchanges on which MOFSL Shares are listed in such manner as may be specified in the Insider Trading Regulations.

The Compliance Officer shall place before the Managing Director on a monthly basis, details of the dealings in the MOFSL Securities by the Designated Employees and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged under this Code.

The Compliance Officer shall maintain records of all the declarations in appropriate forms given by the Designated Employees for a minimum period of three years.

10. Penalty for contravention of the Code

Any Designated Employee who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalized and appropriate action may be taken by the Company.

Designated Employees who violate the code of conduct shall also be subject to disciplinary action by the Company, which would be determined by the Managing Director, based on the recommendations of a committee set up for this purpose. The penalty may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc.

The action taken by the Company shall not preclude SEBI from taking any action in case of violation of the Insider Trading Regulations.

- 11. In case it is observed by the Compliance Officer that there has been a violation of the Insider Trading Regulations, SEBI shall be informed by the Company.

CODE OF CORPORATE DISCLOSURE PRACTICES FOR PREVENTION OF INSIDER TRADING.

1.0 Corporate Disclosure Policy

1.1 To ensure timely and adequate disclosure of price sensitive information, the following norms shall be followed.

2.0 Prompt disclosure of price sensitive information

2.1 Price sensitive information shall be given by the Company to stock exchanges and disseminated on a continuous and immediate basis.

2.2 The Company may also consider ways of supplementing information released to stock exchange by improving investor access to their public announcements.

3.0 Overseeing and co-coordinating disclosure

3.1 The Company shall designate a senior official (such as Compliance Officer) to oversee corporate disclosure;

3.2 This official shall be responsible for ensuring that the Company complies with Continuous disclosure requirements, overseeing and co-coordinating disclosure of price sensitive information to stock exchange, analysts, shareholders and media, and educating staff on disclosure policies and procedure.

3.3 Information disclosure/dissemination may normally be approved in advance by the official designated for the purpose.

3.4 If information is accidentally disclosed without prior approval, the person responsible may inform the designated officer immediately, even if the information is not considered price sensitive.

4.0 Responding to market rumours

4.1 The Company shall have clearly laid down procedures for responding to any queries or requests for verification of market rumours by exchanges.

4.2 The official designated for corporate disclosure shall be responsible for deciding whether a public announcement is necessary for verifying or denying rumours and then making the disclosure.

5.0 Timely Reporting of shareholdings/ownership and changes in ownership:

5.1 Disclosure of shareholdings/ownership by major shareholders and disclosure of changes in ownership as provided under any Regulations made under the Act and the listing agreement shall be made in a timely and adequate manner.

6.0 **Disclosure/dissemination of Price Sensitive Information with special reference to Analysts, Institutional Investors**

The Company should follow the guidelines given hereunder while dealing with analysts and Institutional investors: -

(i) **Only Public information to be provided**

The Company shall provide only public information to the analyst/research persons/large investors like institutions. Alternatively, the information given to the analyst should be simultaneously made public at the earliest.

(ii) **Recording of discussion**

In order to avoid misquoting or misrepresentation, it is desirable that at least two Company representative be present at meetings with Analysts, brokers or Institutional Investors and discussion should preferable be recorded.

(iii) **Handling of unanticipated questions**

The Company should be careful when dealing with analysts' questions that raise issues outside the intended scope of discussion. Unanticipated questions may be taken on notice and a considered response given later. If the answer includes price sensitive information, a public announcement should be made before responding.

(iv) **Simultaneous release of Information**

When a Company organises meetings with analysts, the Company shall make a press release or post relevant information on its website after every such meet. The Company may also consider live web casting of analyst meets.

7.0 **Medium of disclosure/dissemination**

- (i) Disclosure/dissemination of information may be done through various media so as to achieve maximum reach and quick dissemination.
- (ii) The Company shall ensure that disclosure to stock exchanges is made promptly.
- (iii) The Company may also facilitate disclosure through the use of their dedicated internet website.
- (iv) The Company websites may provide a means of giving investors a direct access to analyst briefing material, significant background information and questions and answers.

- (v) The information filed by the Company with exchanges under continuous disclosure requirement may be made available on the Company website.

8.0 Submission of disclosures and prescribed forms

All submissions, forms etc., envisaged in this Code should be addressed to the Compliance Officer and forwarded to the Secretarial Department of the Company at its Registered Office, for administrative purpose and taking appropriate action.

The Secretarial Department shall acknowledge the receipt of declaration/form.

THIS POLICY IS ONLY INTERNAL CODE OF CONDUCT AND ONE OF THE MEASURES TO AVOID INSIDER TRADING. IT WILL BE THE RESPONSIBILITY OF EACH EMPLOYEE TO ENSURE COMPLIANCE OF SEBI GUIDELINES AND OTHER RELATED STATUTES FULLY.