

Policy for Management of Conflict of Interest

Background:

SEBI regulations and guidelines expects Intermediaries and their Associated Persons to follow a particular code of conduct which inter alia includes honesty, fair dealing, confidentiality, high standard of integrity in the business, avoid conflict of interest etc.

On SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 issued a General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines.

SEBI has advised to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned

Objectives:

The conflict of interest policy aims to ensure that:

- (i) The Company's clients are treated fairly, at the highest level of integrity and that their interests are protected at all times.
- (ii) Identification of existing and potential conflict of Interest between:
 - a) The Company and Client
 - b) Relevant Person and Client
 - c) A Company of the Group and Client
 - d) Two or more Clients of the Company in the course of providing services to these Clients
- (iii) Identification of circumstances which may give rise to conflicts of interest entailing a material risk of damage to Clients' interests
- (iv) Establishment of mechanism and implementation of checks and balances for mitigating conflict of interest.

Applicability:

The conflict of interest policy shall apply to following:

1. Intermediaries
 2. Intermediaries or Associated Persons
 3. Clients
 4. Group Company
 5. Employee or any other Relevant Person
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Definitions and Meanings:

(i) "Intermediary" and "Associated Person"

Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 defines the term "intermediaries" and "associated persons". Accordingly, "intermediary" means an entity registered under SEBI Act and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; and "associated person" means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India;

(ii) "Conflict of Interest"

Conflicts of Interest can be defined in many ways based on circumstances and situations leading to conflict of interest and it shall include following scenarios:

(a) It includes any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit.

(b) It is a manifestation of the moral hazard problem, particularly when a financial institution provides multiple services and the potentially competing interests of those services may lead to a concealment of information or dissemination of misleading information.

(c) It exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.

(iii) "Potential Conflict of Interest"

These are possible areas of conflict of interest. They are usually identified in the form of events, circumstances and situations and required to be identified.

Identification and Management of Conflict of Interest:

1. The Company shall take adequate steps to identify conflicts of interest. The conflict of interest may be existing or potential. The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interest.
 2. In identifying conflicts of interest, the Company will take into account situations where the Company or Associated Persons or Employee or a Relevant Person:
 - a) Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
 - b) Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
 - c) Has a financial or other incentive to favour the interest of one Client over another;
 - d) Carries out the same business as the Client;
 - e) Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service.
 - f) Is holding Directorships or other employment;
 - g) Has interests in business enterprises or professional practices;
 - h) Holding Beneficial interest;
 - i) Personal Account Trading;
 - j) Where the company has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, a client which is distinct from that client's interest in that outcome;
 - k) Willful non-disclosures of mandatory disclosures;
 - l) Front running
 - m) Any other situation suggesting that potential conflict of interest exists.
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3. Any conflict of interest of the company or Associated Person or Employee shall be appropriately disclosed so that the client shall be able to make a informed decision.

Management of Conflict of Interest:

Any conflict of interest arising from any client dealing should be promptly and fairly dealt by the company. Various measures are required to be taken for mitigating and detecting conflict of interest. Some of the arrangements which are put in place are as follows:

- a) There is a clear distinction between the different departments' operations;
 - b) No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
 - c) Employees sign a contract of employment including confidentiality clauses.
 - d) No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
 - e) Each department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of a Client;
 - f) Relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of interests;
 - g) Employees are required to avoid conflicts of interest with activities they undertake outside;
 - h) Associated Persons shall provide services with integrity: Integrity requires honesty and sincerity in all business;
 - i) Any other measure appropriate to manage conflict of interest.
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Communication of Policy:

Management, Employees and Associated Persons shall receive guidance and training in these policies and procedures. Further, they shall be subject to monitoring and review processes. They shall be provided a copy of the Policy on management of Conflicts of Interest. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.

Review and Modification:

The company reserves the right to amend, supplement or discontinue this policy and the matters addressed herein, without prior notice, at any time.

For JMP SECURITIES PVT. LTD.


DIRECTOR

