

**C. R. KOTHARI & SONS STOCK BROKING PRIVATE LIMITED**  
**CIN: U67120UP2004PTC038336**

**Policy for Prevention of Circulation of Unauthenticated Information**  
**(version 2015-16)**

**Background:**

**C. R. Kothari & Sons Stock Broking Private Limited (CRK)**, a Trading Member of National Stock Exchange of India Limited, As the requirement of Exchange & SEBI, Company has framed a “Policy for Prevention of Circulation of Unauthenticated Information” with the objective of prevention of Circulation of Unauthenticated information by staff.

**Preface:**

SEBI has vide its circular dated March 23, 2011 has expressed concern over spreading of market rumours by sub-brokers of brokerage firms, sub-brokers etc. It has further stated that spreading of unauthenticated news and rumors etc. can do considerable damage to the normal functioning and behavior of the market and distort the price discovery mechanisms. The damage which can be caused by circulation of unauthenticated news or rumors is enormous.

SEBI has given various directions in this regard as mentioned below:

- Proper internal code of conduct and controls should be put in place.
- Sub-brokers/temporary staff/voluntary workers etc. employed/working in the offices of market intermediaries do not encourage or circulate rumors or unverified information obtained from client, industry, any trade or any other sources without verification.
- Access to Blogs/Chat forums/Messenger sites etc. Should either be restricted under supervision or access should not be allowed.
- Logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same should be maintained as specified by the respective Regulations which govern the concerned intermediary.
- Sub-brokers should be directed that any market related news received by them either in their official mail/personal mail/ blog or in any other manner, should be forwarded only after the same has been seen and approved by the concerned Intermediary’s Compliance Officer.

**Scope:**

All Employees, Staff, sub-brokers including franchisees, remisiers, authorized persons have to abide by this code of conduct

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**Code of Conduct:**

- KMC code of conduct lays down various measures to prevent spreading of unauthenticated stock specific news, information or market rumors etc. that may damage the normal functioning of the market or disturb the market equilibrium.
- No sub-broker/Employee/Staff/AP/Remisier shall circulate in any physical or electronic form through any official or personal mode any unauthenticated stock specific news, information or market rumors etc. received/obtained from client, industry, any trade or any other sources that may damage the normal functioning of the market or disturb the market equilibrium without explicit written approval of the authorized person.
- Price sensitive information means any information which relates directly or indirectly to a company and which if published is likely to materially affect the price of securities of company.

The following shall be deemed to be price sensitive information: ☒

Periodical financial results of the company; ☒

Intended declaration of dividends (both interim and final); ☒

Issue of securities or buy-back of securities;

Any major expansion plans or execution of new projects;

Amalgamation, mergers or takeovers;

Disposal of the whole or substantial part of the undertaking;

Any significant changes in policies, plans or operations of the company.

- Unpublished means information which is not published by the company or its agents and is not specific in nature. Explanation: Speculative reports in print or electronic media shall not be considered as published information.
- The modes of circulation include but are not restricted to personal conversation, telephone call, fax, letter, sms, e-mail, blogs, chat forums, social networking sites etc.
- Any information that is proposed to be circulated should be backed by KMC research data, the records of which should be retrievable.
- All e-mails containing any unauthenticated information should contain a disclaimer. This disclaimer should not be changed in any case unless communicated by KMC to do so. KMC will add the disclaimer by default to all e-mail IDs in most India domain.
- Any advertisement, visiting cards or any other collateral through any print or electronic media needs to be approved by KMC before being released. This includes but is not restricted to advertisements through newspaper, leaflets, pamphlets, stickers, banners, hoardings, posters, TV, radio, websites etc. Please refer to Annexure B for the process of getting, visiting cards/advertisements/collaterals approval.

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- Any sub-broker/Employee/Staff/AP/Remisier having his/her website/social networking ID needs to sign a declaration as mentioned in Annexure C before 31st May 2011. Those sub-brokers who do not have websites/social networking IDs as of now but plan to launch the website/create a social networking ID in future need an approval from KMC before doing so. The detailed process for approval is mentioned in Annexure C.
- Any violation of the Code of Conduct would constitute an act of misconduct which may result in disciplinary action, up to and including termination of agreement.
- Violations of the Code of Conduct may also constitute violations of law and may result in prosecution by regulatory authorities
- Sub-broker/Employee/Staff/AP/Remisier who suspects violations of the letter or spirit of the above code has an obligation to report their concerns to the designated Compliance Officer.
- If you have any questions regarding the best course of action in a particular situation, you should promptly contact the Compliance Officer.
- This Code of Conduct will be reviewed every year or as and when needed by a panel consisting of Management Committee members and the Compliance Officer
- Kindly ensure that "No advertisement/collateral shall be released unless an approval is received from the respective Exchanges."