



**THE CALCUTTA STOCK EXCHANGE LIMITED**

**DIRECTORS**

**CODE OF CONDUCT**

**FOR**

**PREVENTION OF INSIDER TRADING**

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## INTRODUCTION

The Securities and Exchange Board of India, in its endeavour to protect the interests of investors in general, had formulated the Securities and Exchange Board of India (Insider Trading) Regulations, 1992 under the powers conferred on it under the Securities and Exchange Board of India Act, 1992. These Regulations came into force with effect from 19<sup>th</sup> November, 1992 and the same were made applicable to all companies whose securities were listed on Indian stock exchanges and other specified entities.

Securities and Exchange Board of India has subsequently amended the aforesaid Regulations. The amended Regulations were notified in the Gazette and made effective from 20<sup>th</sup> February, 2002. These Regulations are now called “*Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992*”. The amended Regulations not only regulate insider trading but also seek to prohibit insider trading.

Regulation 3 of the above Regulations, which prohibits insider trading is reproduced below:

*“No Insider shall –*

*(i) either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange when in possession of any unpublished price sensitive information;*

*or*

*(ii) communicate or counsel or procure, directly or indirectly, any unpublished price sensitive information to any person who while in possession of such unpublished price sensitive information shall not deal in securities*

*Provided that nothing contained above shall be applicable to any communication required in the ordinary course of business or profession or employment or under any law.”*

It is also mandatory in terms of the above Regulations for every listed company and **other entities associated with securities markets including stock exchanges to formulate a Code of Conduct for Prevention of Insider Trading for its Director(s), Officer(s) and Employee(s).**

In order to comply with the mandatory requirements of the above Regulations, it was necessary to formulate a specific Code of Conduct for The Calcutta Stock Exchange Ltd. (hereinafter referred as ‘CSE’ or ‘Exchange’) for use by its Director(s) & Employee(s).

This document embodies the Code of Conduct for Prevention of Insider Trading to be adopted by the Director(s) & their immediate relatives. The Code is based on the principle that Director(s) owe a fiduciary duty to, among others, the stakeholders of CSE and all the corporates listed on the Exchange and to place the interest of such stakeholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest. The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of the Exchange and their dealings in its Securities.

**THE CALCUTTA STOCK EXCHANGE LIMITED**

**CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

**CHAPTER – I**

**PRELIMINARY**

**A. TITLE, COMMENCEMENT & EXTENT**

1. This Code of Conduct is called "**The Calcutta Stock Exchange Limited Code of Conduct for Prevention of Insider Trading**" (hereinafter referred to as '**the Code**').
2. The code has been duly approved by the Board/Committee at their meeting held on May 18, 2010 and the code shall be deemed to have come into force from the said date.
3. The Code is made pursuant to Regulation 12 and 13 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended

**B. APPLICABILITY**

The Code contains four Chapters and each Chapter contains number of clauses. All the clauses of the Code are applicable to Director(s) and their Relatives.

**C. DEFINITION AND MEANING OF THE TERMS USED IN THE CODE**

In the Code unless the context otherwise requires,

- a) "**Associate Companies/Firm**" means firms/corporate entities in which Director(s) hold 20% or more beneficial interest or hold a controlling interest
- b) "**Body Corporate**" means a body corporate as defined under Section 2(7) of the Companies Act, 1956.
- c) "**Board**" means the Board of Director(s) of the Exchange.
- d) "**Committee**" means the Ethics Committee constituted by the Board for implementation of the Code.
- e) "**Company**" means a company as defined under Section 3 of the Companies Act, 1956.

- f) **"Company Secretary"** shall have the meaning ascribed thereto in Chapter II - Clause – D, of the Code.
- g) **"Conflict of Interest"** means and occurs when private interest of Director(s), interferes in any way – or even appears to interfere – with the interest of the Exchange. Conflict of interest also arises if Director(s) directly or indirectly receive personal benefits which are deemed to be unethical. They are expected to act in the interest of the Exchange, without favour or preference based on possible direct or indirect personal gain.
- h) **"Dealing in Securities"** means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in the securities including subscription of securities offered through initial public offer (IPO), by any person either as principal or agent.
- i) **"Director(s)"** mean all the members of the Board except MD & CEO
- j) **"Insider"** means any person who, is or was connected or is deemed to have been connected with the Exchange, within the meaning of the provisions of Regulation 2 of the Regulations, and who is reasonably expected to have access to Unpublished Price Sensitive Information in respect of Securities of the Exchange or Listed Companies, or who has received or has had access to such Unpublished Price Sensitive Information, as the case may be.
- k) **"Listed Companies"** mean all the Bodies Corporate or other entities (other than the Exchange), Securities of which are listed on the Exchange pursuant to Section 21 of the Securities Contracts (Regulation) Act, 1956.
- l) **"Price Sensitive Information"** means any information, which relates, directly or indirectly, to the Exchange and/or Listed Companies as the case may be and which, if published, is likely to materially affect the price of Securities of the Exchange or Listed Companies as the case may be and without limitation include the following:
- i) Periodical financial results;
  - ii) Intended declaration of dividends (Interim and / or Final);
  - iii) Issue of Securities or Buy-back of Securities;
  - iv) Any major expansion plans or execution of new projects;
  - v) Amalgamation, merger, demerger and takeover;
  - vi) Disposal of the whole or substantially the whole of the undertaking and
  - vii) Any significant changes in policies, plans or operations.
- m) **"Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.
- n) **"Relatives"** mean spouse, dependent children below 18 years of age

- o) “**SEBI**” means Securities and Exchange Board of India.
- p) “**Securities**” mean the following securities:
  - (i) shares, scrips, bonds, debentures, debenture stock or other marketable securities of a like nature,
  - (ii) put, call or any other option on the securities,
  - (iii) futures, derivatives and hybrids, and
  - (iv) such other instruments recognized as securities under applicable laws.
- q) “**Securities of the Exchange**” mean all the Securities of the Exchange
- r) “**Securities of Listed Companies**” mean all the Securities of Listed Companies, which are listed/to be listed on the Exchange.
- s) “**Stock Exchange**” means a stock exchange, which is recognized by the Central Government or SEBI under section 4 of the Securities Contracts (Regulation) Act, 1956.
- t) “**The Exchange**” mean The Calcutta Stock Exchange Limited.
- u) “**Unpublished**” means information, which is not published by the Exchange or Listed Companies as the case may be.

**Explanation:** Speculative Reports in print or electronic media shall not be considered as Published Information.

All words, phrases and terms used in the Code but not specifically defined herein above shall have the same meaning ascribed thereto in the Securities and Exchange Board of India Act, 1992 and Regulations and Guidelines made there under, Companies Act, 1956 and Securities Contracts (Regulations) Act, 1956.

## **CHAPTER – II**

### **COMPANY SECRETARY AND PRESERVATION OF PRICE SENSITIVE INFORMATION**

#### **D. COMPANY SECRETARY**

Company Secretary means the officer appointed by the Board or Committee as “Company Secretary” of the Exchange and will report to the Managing Director & CEO under the overall supervision of the Board/Committee.

#### **E. FUNCTIONS, DUTIES AND RESPONSIBILITIES OF THE COMPANY SECRETARY**

The Company Secretary shall be responsible for -

- i) Maintaining a record of all Director(s) and their Relatives and incorporate changes, if any made therein, from time to time.
- ii) Assisting all Director(s) in addressing any clarification regarding any provision in the Regulations or the Code.
- iii) Maintaining records for a minimum period of 3 years, of all declarations/disclosures, along with all accompanying documents, with regard to all Director(s) and their relatives.
- iv) Placing before the Board/Committee, on regular basis, all the details of Dealing in Securities of the Exchange by all Director(s) and accompanying documents that such persons had executed.
- v) Obtaining various disclosures as provided in the Code, from all Director(s) with regard to their holding of Securities of the Exchange or Listed Companies as the case may be.
- vi) Informing to SEBI in case there has been any material violation of the Regulations or the Code, as may be decided by the Board/Committee.

#### **F. PRESERVATION OF PRICE SENSITIVE INFORMATION**

- i) Director(s) shall maintain confidentiality of all Unpublished Price Sensitive Information in their possession.
- ii) Director(s) must not pass on Unpublished Price Sensitive Information **to any person** directly or indirectly by way of making a recommendation for Dealing in Securities of the Exchange or Listed Companies as the case may be.



**CHAPTER – III**  
**HOLDING IN SECURITIES OF LISTED COMPANIES AND OF EXCHANGE**

**G. PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION**

Director(s) shall not use Unpublished Price Sensitive Information, for Dealing in Securities of Listed Companies, whether on their own account, or their Relatives' account and further shall ensure that their Relatives shall not engage in Dealing in Securities of Listed Companies on their own account, if such Director(s) is in possession of Unpublished Price Sensitive Information in respect of Listed Companies.

**H. REPORTING REQUIREMENTS**

Director(s) shall be required to forward to the Company Secretary the following details in respect of Securities of Listed Companies and Securities of the Exchange held by them and also by their Relatives:

**i) Initial Disclosure**

All Director(s) holding Securities in Listed Companies and/or in Exchange at the time of appointment as Director(s) of the Exchange within 4 (four) working days of such appointment.

Above disclosures shall be in **Form – I** appended to this Chapter.

**ii) Continual Disclosure**

Any change in holding of Securities of the Exchange to be disclosed in **Form – II** within 4 (four) working days of the acquisition or sale of Securities.

**iii) Annual Disclosure**

Annual statement of holding in Securities of Listed Companies and/or of Exchange to be submitted within 15 (fifteen) days from the end of each financial year, in **Form – III** appended to this Chapter.

**I. GREY LIST (Restricted List)**

The concept of having grey list or restricted list may not be relevant for the Exchange, as any information received by the Exchange from Listed Companies is generally made public by electronic dissemination through C-Star and Exchange website.

However, in case the Exchange receives directions from regulatory authorities such as SEBI, Department of Corporate Affairs etc. to carry out investigation into the Dealing in Securities of some Companies, the Company Secretary shall inform of such actions being

carried out, who shall categorize them into grey list. Upon the completion of investigation, the concerned company shall be removed from grey list.

#### **J. DISCLOSURE OF BENEFICIAL INTEREST**

Director shall make a half yearly disclosure in **Form – IV** of the following:

- i. any fiduciary relationship of self and family members and directorship /partnership of self and family members in any broking outfit.
- ii. Shareholding in cases where the shareholding of the director, directly or through his family exceeds 5% in any listed company on the Exchange or in other entities related to the capital markets.
- iii. Any other business interests.

#### **K. EXEMPTION**

Applicability of Code to the Directors who are Govt. of India nominees or nominees of Govt. of India statutory bodies or Financial Institutions and are governed by their own codes is exempted

**Form – I**

**The Calcutta Stock Exchange Limited  
(See Chapter III - Clause-H)**

**INITIAL DISCLOSURE  
SECURITIES HELD IN LISTED COMPANIES AND IN EXCHANGE**  
(Under The Calcutta Stock Exchange Limited Code of Conduct for Prevention of Insider Trading)

Date :

The Company Secretary  
The Calcutta Stock Exchange Limited

**NAME OF THE DIRECTOR**

I. Date of Joining :

II. Details of Relatives

Sl. No.	Name of the Relatives	Relation

III. Details of Securities held in Listed Company (whether singly / jointly)

Sl. No.	Name of Listed Companies in which Securities held	No. & description of Securities held on the date of joining	DP ID & Client ID / Folio No.

IV. Details of securities held in Listed Company by Relatives (whether singly / jointly)

Sl. No.	Name of the Relatives	Name of Listed Companies in which Securities held	No. & description of Securities held on the date of appointment	DP ID & Client ID / Folio No.

V. Details of Securities of Exchange held by Director or Relatives (whether singly / jointly)

Sl. No.	Name of Holder	No. & description of Securities held on the date of appointment	DP ID & Client ID / Folio No.

Signature

**Note :**

- i) Please sign and return even if you have nothing to declare.
- ii) To be submitted in original hard copy only, within 4 working days of joining.

**Form – II**

**The Calcutta Stock Exchange Limited  
(See Chapter III – Clause H)**

**CONTINUOUS DISCLOSURE  
DETAILS OF CHANGE IN HOLDING OF SECURITIES OF EXCHANGE  
(Under The Calcutta Stock Exchange Limited Code of Conduct for Prevention of Insider Trading)**

Date :

The Company Secretary  
The Calcutta Stock Exchange Limited

**NAME OF THE DIRECTOR**

:

**I. Details of Change in holding of Director(s) (whether singly or jointly):**

Details of holding as per last disclosure			No. & Description of Securities transacted		Date of transaction	Details of holding to date			DP ID & Client ID / Folio No.
No. of Securities	Value of Securities	% of holding	Purchase	Sale		No. of Securities	Value of Securities	% of holding	

**II. Details of change in holding of Relatives (whether singly or jointly)**

Details of holding as per last disclosure			No. & Description of Securities transacted		Date of transaction	Details of holding to date			DP ID & Client ID / Folio No.
No. of Securities	Value of Securities	% of holding	Purchase	Sale		No. of Securities	Value of Securities	% of holding	

I declare that I have not violated the provisions of the Regulations and/or the Code.

I further, declare that above details are true, correct and complete in all respect.

Signature

**Note :**

To be submitted within 4 working days of acquisition/sale of the Securities, as the case may be.

**Form – III**

**The Calcutta Stock Exchange Limited  
(See Chapter III - Clause-H)**

**ANNUAL DISCLOSURE**

**DETAILS OF SECURITIES HELD IN LISTED COMPANIES & IN EXCHANGE**  
(Under The Calcutta Stock Exchange Limited Code of Conduct for Prevention of Insider Trading)

Date :

The Company Secretary  
The Calcutta Stock Exchange Limited

**NAME OF THE DIRECTOR** :

**I. Details of Securities held by Director(s) (whether singly / jointly)**

Sl. No.	Name of Listed Companies in which Securities held	No. & description of Securities held on 31 March, ...	DP ID & Client ID / Folio No.

**II. Details of securities held by Relatives (whether singly / jointly)**

Sl. No.	Name of the Relatives	Relation	Name of Listed Companies in which Securities held	No. & description of Securities held on March 31, ...	DP ID & Client ID / Folio No.

**III. Details of Securities of Exchange held by Director or Relatives (whether singly / jointly)**

Sl. No.	Name of Holder	No. & description of Securities held on the date of appointment	DP ID & Client ID / Folio No.

**IV. Details of securities held by Associate Companies /Firms**

Sl. No.	Name of the Company	Nature of Association	No. & description of Securities held on 31 March, ....	DP ID & Client ID / Folio No.

Signature

**Note :**

- i) Please sign and return even if you have nothing to declare.
- ii) To be submitted within 15 (fifteen) days from the end of the financial year.

**Form – IV**

**The Calcutta Stock Exchange Limited  
(See Chapter III – Clause J)**

**DISCLOSURE OF BENEFICIAL INTEREST**

(Under The Calcutta Stock Exchange Limited Code of Conduct for Prevention of Insider Trading)

Date :

The Company Secretary  
The Calcutta Stock Exchange Limited

**NAME OF THE DIRECTOR :**

- I. I hereby declare that I am interested directly / through my relative(s) in the following Broking Outfits / Body Corporate related to the capital markets :

SI No.	Name of the Entity	Nature of Interest

- II. I hereby declare that I am holding more than 5% of the paid-up Capital of the following companies :

NAME OF COMPANY	NO OF SHARES	% (OF PAID UP CAPITAL)

Signature

**Note :**

- i) Please sign and return even if you have nothing to declare.

**CHAPTER – IV**

**PENALTIES**

**L. PENALTIES FOR CONTRAVENTION OF THE CODE**

- i) All Director(s) shall be individually responsible for complying with the provisions of the Regulations and the Code to the extent applicable.
- ii) Any Director who violates the Code shall be subject to disciplinary action, as may be deemed fit by the Board.
- iii) The action by the Exchange shall not preclude SEBI from taking any action for violation of the Regulations.
- iv) **In case any material violation of the Regulations or the Code as may be decided by the Board/Committee, is observed, SEBI shall be informed of the same.**

**M. RESTRICTIONS ON THE EXCHANGE**

The Exchange shall not deal in the Securities of another Company or associate of that other Company, while in possession of any Unpublished Price Sensitive Information of that other Company.

**N. GENERAL**

The decision of the Board/Committee with regard to any or all matters relating to the Code shall be final and binding on all concerned. The Board/Committee shall have the power to modify, amend or replace this Code in part or full as may be thought fit from time to time in their absolute discretion.