

## **CODE OF CONDUCT FOR MEMBERS OF THE BOARD**

This Code has been approved by the Ethics Committee of The Calcutta Stock Exchange Limited in its meeting held on May 18, 2010 to ensure that it conducts in a manner that does not compromise its ability to accomplish its mandate or undermine the public confidence in the ability of Member(s) to discharge his responsibilities.

### **1. Definitions**

In this Code, unless the context otherwise requires,-

- (i) “Family” means spouse and dependent children below 18 years of age.
- (ii) “Conflict of interests” means any personal interest or association of a Member, which is likely to influence the decision of the Board in a matter, as viewed by an independent third party.
- (iii) “Member” means a Member of the Board and includes Chairman of the Board.
- (iv) “Regulated entity” means a Exchange which is listed or proposed to be listed on a recognized stock exchange(s) or an intermediary registered with SEBI.
- (v) “MD” means Managing Director & CEO of the Exchange.

Words and expressions used and not defined in this Code but defined in the securities laws shall have the meanings respectively assigned to them in those laws.

### **2. General principles**

- (a) A Member shall not exploit to his personal advantage, any personal or professional relationship with regulated entities or any employee of such entities.
- (b) A Member shall disclose if he or his family has any dispute in respect of product or services availed from an intermediary.
- (a) MD shall not hold any other office of profit.
- (b) A MD shall not engage in any other professional activity, which entails receipt of salary or professional fees.

### **3. Procedure for public to raise conflict of interests**

- (1) Any person, who has reasonable ground to believe that a Member has an interest in a particular matter, may bring the same with material evidence to the notice of Secretary to Board.

- (2) The Secretary to the Board shall place the details received under sub-clause (1) before Chairman in case of a Member and before the Board in case of Chairman
- (3) The Chairman or the Board, as the case may be, shall determine if the Member or Chairman has an interest which is likely to affect the decision by him.
- (4) The Member or the Chairman, as the case may be, shall refrain from dealing with that particular matter if the Chairman or the Board determines that there is a conflict of interests.
- (5) The Chairman or the Board, as the case may be, shall assign that matter to another Member or a Committee of Members.

#### **4. Meetings & Minutes**

- a. not participate in the discussion on any subject matter in which any conflict of interest exists or arises, whether pecuniary or otherwise, and in such cases the same shall be disclosed and recorded in the minutes of the meeting.
- b. not encourage the circulation of agenda papers during the meeting, unless circumstances so require.
- c. offer their comments on the draft minutes and ensure that the same are incorporated in the final minutes.
- d. insist on the minutes of the previous meeting being placed for approval in subsequent meeting.
- e. endeavour to have the date of next meeting fixed at each Board Meeting in consultation with other members of the Governing Board.
- f. endeavour that in case all the items of the agenda of a meeting were not covered for want of time, the next meeting is held within 15 days for considering the remaining items.

#### **5. Procedure for managing the conflict**

- (1) A Member shall disclose a conflict of interests at the earliest possible opportunity.
- (2) A Member shall seek determination from the Chairman if he has a doubt whether there is a conflict of interests or not.
- (3) Chairman shall seek determination from the Board if he has a doubt whether there is a conflict of interests or not.
- (4) If the Chairman or the Board, as the case may be, determines that there is a conflict of interests, the Member or Chairman shall refrain from dealing with the particular matter.

(5) The Chairman or the Board, as the case may be, shall assign that matter to another

## **6. Strategic Planning**

- a. participate in the formulation and execution of strategies in the best interest of the exchange and contribute towards pro-active decision making at the Board level.
- b. give benefit of their experience and expertise to the exchange and provide assistance in strategic planning and execution of decisions.

## **7. Regulatory Compliances**

- a. endeavour to ensure that the Exchange abides by all the provisions of the SEBI Act, 1992, Securities Contracts (Regulation) Act, 1956, Rules Regulations framed thereunder and the circulars, directions issued by the Government/SEBI from time to time.
- b. endeavour compliance at all levels so that the regulatory system does not suffer any breaches.
- c. endeavour to ensure that the exchange takes commensurate steps to honour the time limit prescribed by SEBI for corrective action.
- d. not support any decision in the meeting of the Governing Board which may adversely affect the interest of investors and shall report forthwith any such decision to SEBI.

## **8. Prohibition on dealings in securities in proprietary account by elected office bearers of the exchange**

Elected office bearers (Chairman) of the Exchange shall refrain from proprietary trades in securities, directly or indirectly, during the period of holding office.

**Explanation :** Speculative trading in securities by office bearers on their own account with their own money directly or indirectly during the period of their office is prohibited. Securities purchased are required to be held for a minimum period of 60 (sixty) days before they are sale, as per the provisions of the Master Circular dated December 31, 2010 issued by SEBI for administration of Stock Exchanges.

## **9. General Responsibility**

- a. place priority for redressing Investor Grievances and encourage fair trade practice so that the exchange becomes an engine for the growth of the securities market.
- b. endeavour to analyse and administer the exchange issues with professional competence, fairness, impartiality, efficiency and effectiveness.
- c. submit the necessary disclosures/statement of holdings/dealings in securities as required by the exchange from time to time as per their Rules or Articles of Association.

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- d. unless otherwise required by law, maintain confidentiality and shall not divulge/disclose any information obtained in the discharge of their duty. Further, no such information shall be used for personal gains.
- e. maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and shall not engage in acts discreditable to their responsibilities.
- f. perform their duties in an independent and objective manner and avoid activities that may impair, or may appear to impair, their independence or objectivity or official duties.
- g. perform their duties with a positive attitude and constructively support open communication, creativity, dedication, and compassion.
- h. not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the exchange.

## **10. Other Disclosures**

A Member shall disclose the following:

- a) any post, other employment or fiduciary position which a Member holds, or has held in the past 5 years in connection with any regulated entity;
- b) any other significant relationship, including a professional, personal, financial or family relationship held in connection with a regulated entity;
- c) any honorary position, by whatever name called, in any organisation.

### **d) Annual Declaration:**

Every Member shall sign and submit the annual declaration in Form A, by April 15 every year, affirming compliance with the provisions of this Code

## **11. Maintenance of disclosures**

- (1) The information as disclosed under this Code shall be kept confidential and shall not be disclosed save in the following circumstances:
  - a. where there is a requirement for disclosure for the purposes of managing potential or actual conflicts;
  - b. where there is any legal or regulatory obligation to disclose the information.
- (2) The disclosures by a Member may be scrutinized under the authority of the Chairman with due regard to Members' areas of responsibility.
- (3) The disclosures by Chairman may be scrutinized under the authority of the Board with due regard to Chairman's responsibility.

- (4) The Secretary shall keep and maintain custody of documents / records etc. pertaining to any disclosure made under this Code.

## **12. Securities Law**

Not to indulge in Insider Trading or dealing in shares of the Exchange in violation of the provisions of the Insider Trading Policy of the Exchange and to strictly abide with all disclosure norms prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as may be amended, from time to time.

## **13. Transitory provisions**

The existing Members shall make the disclosure as required under this Code within a period of one month from the date on which this Code was adopted by the Committee.

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**Form A**

Company Secretary  
The Calcutta Stock Exchange Limited  
7, Lyons Range  
Kolkata – 700 001

Dear Sir/Madam,

I, Mr./Mrs./Ms. \_\_\_\_\_, \_\_\_\_\_ (designation) do and hereby acknowledge and confirm that during the financial year \_\_\_\_\_, to the best of my knowledge and belief, I have not violated any of the provisions of this Code or any of the policies or legal/regulatory requirements of the Exchange, as may be applicable to my responsibility.

Signature:  
Name:  
Designation:

Place:  
Date:

Note:

1. Kindly sign and return this declaration on or before April 15, \_\_\_\_\_.
2. This declaration shall be valid for the Financial Year \_\_\_\_\_.