

CODE OF CONDUCT FOR EXECUTIVES OF THE EXCHANGE

This Code has been approved by the Board of Directors 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. Preamble:

This Code of Conduct or the Code defines what the Exchange expects from its personnel regardless of the location or their background. This Code is applicable and binding on all the Executives of the Exchange. All Executives individually and collectively help shape the growth of the Exchange they are individually and collectively responsible to ensure that the Exchange operates with the highest degree of personal and professional integrity, honesty and ethical conduct. As it is not possible to address every possible situation that may arise, the provisions of this Code are intended to provide guidance in making ethical decisions and should therefore be construed and applied to further the said objective. This Code shall be in addition to rules, regulations, standards, policies and procedures that may be laid down by the Exchange, from time to time.

2. Violation:

It is not intended that disciplinary action would be appropriate for every violation of the provisions of this Code. Whether a disciplinary action is appropriate or not and the extent of disciplinary action /penalty to be imposed, will be determined through reasonable application of the text and also depend on factors such as the seriousness of the violation, the intent behind any such violation, whether there has been a pattern of improper conduct and the effect of such improper conduct on employees, their morale or on the corporate governance system of the Exchange.

A violation may result in disciplinary action up to and including termination of employment from the Exchange. Decision regarding whether or not disciplinary action is to be taken and the nature and extent thereof, shall rest with the Board of Director or such other person as may be authorized by the Board. Compliance Officer of the Exchange shall be responsible for ensuring the compliance of the provisions of this Code.

3. Amendment to the Code

We are committed to continuously reviewing and updating our policies and procedures to meet the requirements of any relevant statute or the business interest of the Exchange. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code shall be approved in writing by the Ethics Committee of the Exchange and promptly disclosed on the Exchange's website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of amendment or waiver.

4. Definitions

In this Code, unless the context otherwise requires,-

- (i) “family” means spouse and dependent children below 18 years of age and dependent parents
- (ii) “Compliance Officer” means the officer appointed by the Board or Committee as “Compliance Officer” of the Exchange.
- (iii) “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.
- (iv) “Executive” means officer of the Exchange.
- (v) “Regulated entity” means an Exchange which is listed or proposed to be listed on a recognized stock exchange(s) or an intermediary registered with SEBI.
- (vi) “MD” means Managing Director & CEO of the Exchange.
- (vii) “CGM” means Chief General Manager of the Exchange.
- (viii) “CFO” means Chief Financial Officer 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.

5. General Principles and Responsibility :

- (a) Analyses and administer the stock exchanges’ issues with professional competence, fairness, impartiality, efficiency and electiveness;
- (b) Submit the necessary disclosures, statement of holdings, dealings in securities as required by the stock exchanges from time to time as per their rules, bye-laws or articles of association;
- (c) Unless otherwise required by law, maintain confidentiality and not divulge or disclose any information obtained in the discharge of their duty and no such information is used for personal gains;
- (d) Maintain the highest standards of personal integrity, truthfulness, honesty and fortitude in discharge of their duties in order to inspire public confidence and not engage in acts discreditable to their responsibilities;
- (e) Perform their duties in an independent and objective manner and avoid activities that

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- may impair, or may appear to impair, their independence or objectivity or official defies;
- (f) Perform their defies with a positive attitude and constructively support open communication, creativity, dedication, and compassion;
 - (g) Not engage in any act involving moral turpitude, dishonesty, fraud, deceit, or misrepresentation or any other act prejudicial to the administration of the stock exchanges ;
 - (h) Promote greater awareness and understanding of ethical responsibilities;
 - (i) In the conduct of their business, observe high standards of commercial honor and; just and equitable principles of trade;
 - (j) Be exemplary in their conduct in business life which may set a standard for others;
 - (k) Not use their position to give or receive favors to or from the executive or administrative staff of the stock exchange, technology or service providers and vendors or suppliers of the stock exchange or any listed company at the stock exchange or any issuer company admitted by the stock exchanges;
 - (l) Not commit any act which will put the reputation of the stock exchanges in jeopardy;
 - (m) Comply with the provisions of all applicable laws pertaining to the securities market;
 - (n) Key management personnel shall at all point of time comply with all the internal policies of the stock exchange including their code of conduct. If there is a conflict between the code of conduct policy of the stock exchange with those provided by the Board, then the policy issued by the Board shall prevail.

i. 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 honor 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.

ii. Disclosures of Beneficial Interest.

Key management personnel shall disclose to the governing board of recognized stock exchange, upon assuming office and during their tenure in office, whenever the following arises:—

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- (a) any fiduciary relationship of self and family members and directorship or partnership of self and family members in any trading member or clearing member or depository participant or registrar and transfer agent;
- (b) shareholding, in cases where the shareholding of the key management personnel, directly or through his family exceeds 5 percent in any listed company or in other entities related to the securities markets;
- (c) Any other business interests.

iii. Procedure for managing the conflict of interest

- a) In case there is a Conflict between Commercial and Regulatory functions of the Stock Exchange, Executive shall disclose a conflict of interests at the earliest possible opportunity.
- b) An Executive shall seek determination from the CGM/CFO/MD if he has a doubt whether there is a conflict of interests or not.
- c) CGM/CFO/MD, as the case may be, shall assign that matter to another Executive.
- d) Based on the review/ report of the concerned Executive, will be placed before the NRC/ ROC/Board.

(10) Procedure for public to raise conflict of interests

- a) Any person, who has reasonable ground to believe that an Executive has an interest in a particular matter, may bring the same with material evidence to the notice of Compliance Officer/CS.
- b) The Compliance Officer/CS shall place the details received under sub-clause (1) before the CGM/CFO/MD.
- c) CGM/CFO/MD, as the case may be, shall determine if the Executive has an interest which is likely to affect the decision made by him.
- d) The Executive, as the case may be, shall refrain from dealing with that particular matter if CGM/CFO/MD determines that there is a conflict of interests.
- e) CGM/CFO/MD, as the case may be, shall assign that matter to another Executive.
- f) Based on the review/ report of the concerned Executive, will be placed before the NRC/ ROC/Board.
- g) The entire conflict management framework shall annually be reviewed by NRC/ ROC/Board and be strengthened based on the observations.

(11) Acceptance of gifts

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- An Executive shall not accept any gift by whatever name called, to the extent possible, from any Broker Member or Companies Listed at CSE
- An Executive shall hand over the gift, if received any and the value exceeds Rs.1000/-, to the office of MD.

(12)Employment / Outside Employment:

With regard to the employment with the Exchange, the executives are expected to devote their full attention to the business interests of the Exchange. They are prohibited from engaging in any activity that interferes with their employment with the Exchange. In case the executive is engaged in any employment he must disclose it to the MD, of interest that they have that may conflict with the business of the Exchange.

(13)Annual Declaration:

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

(14)

The SoP adopted for monitoring the code of conduct as prescribed for key management personnel by the exchange is as follows:

- (1) *In case there is a Conflict between Commercial and Regulatory functions of the Stock Exchange, Executive shall disclose a conflict of interests at the earliest possible opportunity.*
- (2) *An Executive shall seek determination from the CGM/CFO/MD if he has a doubt whether there is a conflict of interests or not.*
- (3) *CGM/CFO/MD, as the case may be, shall assign that matter to another Executive.*
- (4) *Based on the review/ report of the concerned Executive, will be placed before the NRC/ ROC/Board.*

(14) 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 a requirement for disclosure following the change of responsibilities of an Executive;
 - c. where there is a requirement for the purposes of disciplinary proceedings;
- (2) The Compliance Officer shall keep and maintain custody of documents / records etc. pertaining to any disclosure made under this Code.

(15) Transitory provisions

The existing Executives 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 Board.

(16) Access to Information

- There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents or information shall be properly recorded.
- All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration or gain.
- Any information relating to the business or operations of the stock exchange which may come to the knowledge of key management personnel during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.
- Directors shall call for information only as part of specific committees or as may be authorized by the governing board of stock exchange.

(17) Misuse of Position.

Key management personnel shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

(18) Applicable to key management personnel:

- (a) Managing director of the stock exchange shall meet employees without the presence of other key management personnel (the heads of departments) to discuss important issues pertaining to stock exchange.
- (b) Key management personnel of the stock exchange shall disclose on a periodic basis as determined by the stock exchange, all their dealings in securities, directly or indirectly, to the governing board or regulatory oversight committee or compliance officer of stock exchange.
- (c) All transactions must be of an investment nature and not speculative in nature. Towards this end, all securities purchased must be held for a minimum period of sixty days before they are sold. In specific or exceptional circumstances, however, sale can be effected anytime by obtaining preclearance from the compliance officer to waive this condition after recording in writing his satisfaction in this regard.

Form A

Compliance Officer
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 _____.