



ARIHANT capital markets Ltd.

Code of  
Conduct  
for  
employees



ARIHANT is one of the leading stock broking companies in India and has, over the years, established itself as a trusted provider of financial solutions to individuals and corporates.

Our organization was founded on the values of integrity and trust and our success has been, and continues to be, dependent not only on the quality of the products and services that we deliver, but on the way we deliver it.

Arihant has a reputation for honesty and integrity in its management practices and in all its business transactions. And being a part of this association, it is vital for you to preserve this reputation and maintain the relationship of trust that must exist with all our individual and corporate clients.

We expect every Arihant employee, and others who work on our behalf, to conduct themselves according to consistently high professional and ethical standards. This expectation applies to each of us, whatever our role and wherever we are located.

Of course, no regulatory framework or code of conduct, however comprehensive, can cover all the ethical issues and dilemmas we may encounter in the course of our work. The need for personal accountability and individual good judgement therefore remains paramount.

Our reputation is pivotal to our existence. I regard compliance with the standards we describe in this document – both by our company as a whole and by each of us as individuals – as a personal priority for us all.

I have no doubt that Arihant people want to behave ethically. This Code of Conduct is intended to help you—to align all of us around a common set of policies.

Chairman and Managing Director

Ashok Kumar Jain

## **PURPOSE**

The purpose of this code of conduct is to codify standards that are reasonably designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Avoidance of conflicts of interest, including disclosure to an appropriate person or persons identified in this code of any material transaction or relationship that reasonably could be expected to give rise to such a conflict;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the authorities and in other public communications made by Arihant;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons identified in this code of violations of the code; and
- Accountability for adherence to the code.

## **RESPONSIBILITY**

You are all expected to conduct the firm's business in accordance with the highest ethical standards. The Code of Conduct for employees is designed to help you understand the ethical and legal obligations that you undertake in handling the Company's business.

This Code of Business Conduct and Ethics helps ensure compliance with legal requirements and our standards of business conduct. All Company employees and trainees are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

## **APPLICATION IN PRACTISE**

Due to the diverse nature of Arihant businesses it is possible that employees will make decisions or face dilemmas that are not covered by this Code of Conduct. Moreover, being in the financial services industry, any wrongdoing or wrong information on our part, can cause the customer serious problems. In such circumstances employees must ask themselves the following questions and seek further guidance from their line manager and/or compliance if they still have concerns:

- Does this decision/action comply with our policies and procedures?
- Is this decision/action lawful and does it complies with regulatory requirements?
- Is this decision/action consistent with our values and principles?
- Does this decision/action feel right?
- Would your colleagues be comfortable with this decision/action?
- Would you be happy if this decision/action was published in the press?

## CODE OF CONDUCT

The following points generalize the rules that you should following while working with the Company.

- **Ethical Behavior:** Your decisions and behavior have far-reaching implications: reflecting on your individual credibility, the Arihant brand, and the financial services industry as a whole. A strong personal sense of ethics should always play a significant role in guiding you towards a proper course of action. Your conduct should reflect positively on the company. The appearance of impropriety can be as harmful to the company's reputation as improper conduct. If you have questions about whether certain actions are improper, or will reflect inappropriately on yourself or the company, you should seek guidance. Following instructions from a supervisor, ignoring improper conduct, or failing to seek guidance when in doubt will not relieve you of your responsibility to behave ethically.
- **Equal and Fair Opportunity:** Our company is committed to a work environment in which all persons are treated with dignity and respect. It is our policy to ensure equal employment opportunity without discrimination on the basis of race, color, religion, age or gender. The Company seeks to provide each of us with equal opportunity for advancement without discrimination. However, distinguishing between individuals based on the aptitudes or qualifications required for a particular employment does not constitute discrimination.
- **Use of honest and fair practices:** You should always endeavour to deal fairly and in good faith with the firm's customers, competitors, business partners, regulators, and your colleagues. It is our policy not to take unfair advantage of others through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.
- **Outside Employment and Other Outside Activities:** You may not engage in outside employment or other outside activity that conflicts or otherwise interferes with their duties and responsibilities at Arihant. This includes outside activities that may be misconstrued to be activities of the company and any activity that competes with the company. You must obtain prior written approval before participating in outside employment activities.
- **Inside Information:** It is unlawful to trade in the securities of any company on the basis of material nonpublic (or inside) information or to disclose such information to others who may profit from it. Generally, material information is any information that an investor would likely consider important in deciding whether to buy, sell or hold securities or that could affect the market price of the securities. Examples include actual or estimated financial results or change in dividends; significant discoveries or product developments; possible mergers; acquisitions or divestitures; obtaining or losing significant contracts; and threatened major litigation or related developments. You are prohibited from disclosing inside information to anyone except those who have a need to know it in order to fulfill their responsibilities for the company and in accordance with company policy. You are also required to take steps to protect the confidentiality of inside information. If you have or receive information and are unsure whether it is within the definition of inside information contact the compliance officer prior to disclosing any such information.
- **Safeguarding Assets:** You are expected to safeguard the assets of the firm and other assets that come in your custody while dealing with various parties. The firm's assets include financial assets such as cash and securities, physical assets such as furnishings and equipments and customer

relationships and intellectual property such as information about products, services, customers, systems and people

- **Use of electronic communication devices:** Telephones, electronic mail (e-mail) systems and other electronic communications devices provided by the firm, whether in the workplace or elsewhere, are the property of the firm and should be used for business purposes; however, limited incidental personal use is permitted, consistent with the Code and all other policies of the firm.
- **Competition:** We seek competitive advantage through performance and dedication to our Vision and Values and never through unethical or illegal business practices. We want each of us to ensure that there be no agreement or understanding between the company and its competitors that affect prices, terms or conditions of sale or that unreasonably restrain full and fair competition. You must always respect the rights of and deal fairly with the company's clients, competitors and employees.
- **Confidentiality of Information:** As a financial services company, we have particular responsibilities for safeguarding the information of our clients and the proprietary information of the company. You should be mindful of this obligation when you use the telephone, fax, telex, electronic mail, and other electronic means of storing and transmitting information. You should not discuss confidential information in public areas where it can be overheard, read confidential documents in public places, nor leave or discard confidential documents where they can be retrieved by others.

→ **Confidentiality of Client Information** - Information concerning the identity of clients and their transactions and accounts is confidential. Such information may not be disclosed to persons within the company except as they may need to know it in order to fulfill their responsibilities to the company. You may not disclose such information to anyone or any firm outside the company except: (i) in the event an outside firm needs to know the information in order to perform services for the company and is bound to maintain its confidentiality, (ii) when a client has consented to the disclosure after having been given an opportunity to request that the information not be shared, (iii) as required by law, or (iv) as authorized by the Compliance Department.

Information regarding client orders must be kept confidential and may not be used for the benefit of other clients, the company or other accounts, including those of any employee, officer or director. Trading ahead of a client's imminent order is prohibited. Misusing confidential customer trade information for possible personal benefit is likewise prohibited.

→ **Privacy** - To safeguard clients' privacy, the company limits sharing customer information with others. As set out in the Privacy Policy, the company does not sell personally identifiable customer information to anyone. Customer information may be shared with third parties only in certain limited circumstances, such as for processing transactions and servicing accounts, joint marketing arrangements, and other specific purposes permitted by applicable federal and state privacy laws. Information may be shared with affiliated companies (subsidiaries under common control of Arihant Capital Markets Ltd) as allowed by applicable laws and, where required, only after giving customers the opportunity to opt out of such sharing.

You should be familiar with the limitations on how customer information can be used and shared. You should also be familiar with the procedural and systemic safeguards we maintain to

protect the security of customer information. If you have any questions about whether any particular use or disclosure of customer information is permitted, you should direct them to the Compliance Department.

- **Investment Recommendation and Advice to investors:** As a financial services company, we may be required to offer clients/investors investment guidance and recommendations from time-to-time. You are required to forward any recommendation/advice **only specified by the company's research department** after appropriate approval. Any personal recommendation or view on the investment front (equity market or specific company related or any other investment related advice or outlook) should not be given to clients or any other investor. Your personal recommendation would be viewed by the investor as Arihant's advice and the client's money may be at stake. If any employee is found to be giving personal recommendation under company's name, strict action will be taken and may also lead to termination. The same is also applicable for all the Arihant sub-brokers and their employees.
- **External communication:** We are committed to openness and transparency in communicating with external audiences and seek a constructive relationship with key stakeholders, including investors, regulators, government, media and community. Senior management authorisation must be obtained for any public presentation of information and for any statement or views that could be associated with Arihant. Contact with investors, regulators, government or the media must be routed through Investor Relations, Public Relations or Compliance as appropriate. Delivering on Arihant commitments and maintaining an open and clear dialogue with our regulators are key to achieving excellence in compliance and meeting our regulatory obligations. All communications with regulators must be prompt and accurate and handled in a professional and co-ordinated manner.
- **Dealing with the media:** The goal of Public Relations is to ensure consistency - speaking to the public with one voice. Our Public Relations professionals work with the press to ensure that they have the right information to create accurate articles. PR also works closely with Investor Relations to ensure that all external communications comply with regulatory guidelines.

→ **If a member of the media calls you:**

- Find out what he or she wants, along with the name, telephone number, affiliation and deadline.
- Tell the reporter that Arihant has certain procedures for on-the-record interviews and that you need to follow them.

→ **If Arihant Public Relations asks you to take part in an interview:**

- Think through your answer to every question the reporter asks.
- Limit your comments to your area of expertise.
- Be truthful; if you don't know the answer to a question, say so.
- Avoid expressions like "no comment," "off the record" and "not for attribution," which can be misinterpreted.
- Never share Arihant Classified documents or information with reporters.

→ **If an outside organization asks you to submit a speech, article, customer endorsement, press release or other published statement that refers to Arihant, call Public Relations before accepting.**

- **Internal Accounting Controls:** Internal accounting controls and record-keeping policies have been established in order to meet both legal and business requirements. You are expected to maintain and adhere to these controls and policies. The falsification of any book, record, or account relating to the business or its customers or reimbursement of a non-business expense is prohibited.
- **Conduct of Audits:** Neither you nor any other person acting under your direction shall directly or indirectly take any action fraudulently to influence, coerce, manipulate, or mislead any independent public or certified public accountant engaged in the performance of an audit or review of the company's financial statements. You may not offer future employment or contracts for non-audit services, provide an auditor with inaccurate or misleading information, threaten to cancel or cancel existing non-audit or audit engagements if the auditor objects to the accounting, seek to have a partner removed from the audit engagement because the partner objects to the company's accounting, or engage in any other coercive activity.
- **Restriction of unhealthy practices:** To meet our responsibilities to employees, customers and investors, the Company must maintain a healthy and productive work environment. Smoking or consumption of alcohol on the job is absolutely prohibited. Employees who are under the influence of drugs or alcohol while on company time, or who sell, distribute, possess, or use illegal drugs or sell prescription drugs on company premises or while engaged in company business will be terminated. In addition, the unauthorized use, possession, distribution, or dispensation of alcohol on company time or on company premises will result in disciplinary action, up to and including termination.
- **Acceptance of Gifts or Entertainment:** You may not accept gifts (other than gifts under a nominal amount as specified in company policies) or excessive entertainment from clients, vendors, suppliers, competitors or other employees. Nominal gifts and entertainment may be accepted only if a reasonable person would be satisfied that the gift or entertainment did not influence your judgment or the performance of your duties. Under no circumstances may you accept any gifts or entertainment that could create a conflict of interest or the appearance of impropriety. If you have any questions regarding the appropriateness of a gift, you must contact the Compliance Department before accepting it.
- **Dress Code:** Because each of us is a representative of the Company in the eyes of the public, we must report to work properly groomed and wearing appropriate clothing. You are expected to dress neatly and in a manner consistent with the nature of the work performed. Generally, all the employees are required to be dressed in formal attire from Monday-Friday, while on Saturday casual but decent attire is permitted, unless otherwise specified.
- **Health and Safety:** The Company is committed to providing a healthy and safe working environment. You are responsible for learning the safety procedures applicable to your job and area and for reporting accidents, injuries and unsafe practices, conditions or equipment to your supervisor or the Human Resources Department.
- **Conflicts of interest:** A conflict of interest exists whenever business or personal circumstances impair professional judgement or the ability to act in the interests of Arihant or its clients. We must take appropriate measures to recognise and manage situations where a conflict of interest might arise.

- **Termination of Employment:** You will also have certain responsibilities after your employment with Arihant terminates. It involves an obligation to return the assets of the firm in your possession, maintaining confidentiality of information and refraining from insider trading based on information obtained in due course of employment.

## ENFORCEMENT

Violations of law, this Code of Business Conduct and Ethics, or other Company policies or procedures should be reported to the Human Resources Department or your senior level management. If you have a genuine concern that something is not right, it is vital that you raise the matter immediately. Concerns must be raised with Compliance or Senior Managers.

Violation of ethics policies, the Finance Code of Conduct, falsification of records or any other unethical behavior may lead to severe disciplinary action including discharge from the Company. In addition the Company may have a disclosure obligation as a result of fraud committed by an individual involved in internal control.

ARIHANT prohibits any employee or associate from retaliating against anyone who in good faith raises or helps to resolve an ethics concern.

### **Additional responsibility for Management Associates:**

**Where there is a conflict between ethics and business objectives, ethics must always come first.**