

VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member : National Stock Exchange of India Ltd. (NSE)

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CIN : U67120DD2004PTC009816

Policy on Conflict of Interests

1. Introduction

SEBI issued a General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines. SEBI advised to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned;

SEBI guidelines intends Intermediaries and their Associated Persons to comply with the following –

- high standards of integrity in the conduct of business;
- fair treatment of clients and no discrimination amongst them;
- avoidance of conflict of personal interest with the client and primacy of clients' interest;
- appropriate disclosure to the clients of possible source or potential areas of conflict of interest;
- reducing the opportunities for conflict through prescriptive measures;
- appropriate restrictions on transactions in securities while handling a mandate of issuer or client;
- not to deal in securities while in possession of material non published information;
- not to communicate the material non published information
- not to manipulate the demand for, or supply of, or to influence prices of, securities.
- not to have an incentive structure that encourages sale of products not suiting the risk profile of the clients;
- not to share client information for the personal interest;

This document sets out the Policy on management of Conflict of Interest for Jigar Commodities and Derivatives Pvt. Ltd, with intent to define a policy and procedure for dealing with Conflict of Interest and to effectively manage any conflicts of interest that may arise in carrying out its business. Senior Management is responsible for ensuring that the Company's systems, controls and procedures are adequate to identify and manage conflicts of interest.

2. Policies and Internal Procedures to Identify and avoid or to deal or manage actual or potential Conflict of Interest

Policy and the objectives

VAIBHAV STOCK AND DERIVATIVES BROKING PVT. LTD. policy on Conflict of Interest is defined as under-

In order to strive for achieving management of conflict of interests, VAIBHAV STOCK AND DERIVATIVES BROKING PVT. LTD. shall endeavor-

- To promote high standards of integrity in the conduct of business



- To ensure fairness of dealing with clients
- To guide for identification, elimination or management of conflict of interest situations
- To provide a mechanism for review and assessment of the policy(ies) on conflict of interests

The conflict of interest policy aims to ensure that the Company's clients are treated fairly and at the highest level of integrity and that their interests are protected at all times. It also aims to identify conflicts of interest between:

- The Company and a Client
- Relevant Person and a Client
- A Company of the Group and a Client
- Two or more Clients of the Company in the course of providing services to these Clients
- A Company service provider and a Client

"Intermediary" and "Associated Person"

Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 defines the term "intermediaries" and "associated persons". Accordingly, "intermediary" means an entity registered under SEBI Act and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; and "associated person" means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India;

"Conflict of Interest"

Conflicts of Interest can be defined in many ways, including any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A conflict of interest is a manifestation of the moral hazard problem, particularly when a financial institution provides multiple services and the potentially competing interests of those services may lead to a concealment of information or dissemination of misleading information. A conflict of interest exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.

Identification of Conflicts of Interests

The Company shall take adequate steps to identify conflicts of interest. In identifying conflicts of interest, the Company will take into account situations where the Company or an employee or a Relevant Person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- Has a financial or other incentive to favour the interest of one Client over another;
- Carries out the same business as the Client; or
- Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Potential Conflict of Interest

In order to avoid, manage or deal with conflict of interest with the intermediary or the Associated Persons, it is important to identify the possible areas of conflict of interest. VAIBHAV STOCK AND DERIVATIVES BROKING PVT. LTD. lists out the following potential conflict of interest that may affect the company.

- i. Personal Account Trading;
- ii. Professional associations or relationships with other organizations;
- iii. Front running;
- iv. Rebates;
- v. Kickbacks;
- vi. Commission;
- vii. Where the company is likely to make a financial gain or avoid a financial loss at the expense of a client; and
- viii. Where the company receives, or will receive, from the person other than a client an inducement in relation to the service provided to that client in the form of monies, goods or services, other than the standard commission or fee for that service;



Measures to avoid or to deal or manage actual or potential Conflict of Interests

Should a conflict of interest arise, it needs to be managed promptly and fairly. The Company puts in place following arrangements to ensure that:

- i. There is a clear distinction between the different departments' operations;
- ii. No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- iii. Each department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of a Client;
- iv. There is a periodic review of the adequacy of the Company's systems and controls.

Information barriers

The Company respects the confidentiality of information it receives regarding its Clients and operates a "Need to Know" approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company. The Company operates internal organizational arrangements to avoid conflicts of interest by controlling, managing or restricting, as deemed appropriate, the flow of confidential information between different areas of business or within a specific division or department. In particular,

Disclosure to clients of possible source or potential areas of conflict of interest (COI):

Adequate disclosures relating to possible source or potential areas of conflict of interest (COI) will be made available to the clients on time to time basis

Policies and procedures

The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interest.

Procedure to comply with the policy

- i. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.
- ii. All new employees shall be required to declare their outside interests when they join the firm.

Consequences of non-compliance with the policy

- Non-compliance with this policy and the procedures described in it may be considered to be misconduct and may be subject to disciplinary action

3. Review of policy of management on Conflict of Interest

This policy shall be reviewed and assessed annually by the company management.

For VAIBHAV STOCK AND DERIVATIVES BROKING PVT. LTD.

Sd/-
Director
Vaibhav P. Shah

