

PRIME SECURITIES LIMITED

CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

1. Introduction:

The Code of Practices and Procedures (“Code of Fair Disclosure”) of Prime Securities Limited (“the Company”) for fair and continuous disclosure of Unpublished Price Sensitive Information (“UPSI”) in the market, in order to adhere to the principles as set out in Schedule “A” referred in the Regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (“Insider Trading Regulations”) was adopted by the Board, at their Meeting held on May 27, 2015.

SEBI has amended the Insider Trading Regulations by issuing the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, which requires the Company to frame a new Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information. In view of recent changes in legal provisions, the following Code of Fair Disclosure has been adopted by the Board of Directors of Prime Securities Limited (hereinafter referred to as ‘Company’) at their Meeting held on May 18, 2019. This code will be effective from 1st April, 2019.

2. Objective:

The objective of the Code of Fair Disclosure is to formulate the Framework and Procedures for fair disclosure of events and occurrences that could impact price discovery in the market for its securities.

3. Definitions:

In this Code, the words “Act”, “Board or SEBI”, “Compliance Officer”, “Connected Person”, “Generally Available Information”, “Immediate Relative”, “Insider”, “Promoter”, “Proposed to be listed”, “Securities”, “Stock Exchanges”, “Trading”, “Takeover Regulations”, “Unpublished Price Sensitive Information”, expressions and derivations there from shall have the meanings assigned to them under PIT Regulations. Words and expressions used and not defined in this Code but defined in the Insider Trading Regulations, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 or the Companies Act, 2013

and rules and regulations made thereunder shall have the meanings respectively assigned to them in those legislations.

4. Disclosure Principle:

The Company will make prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

The Company or any Insider of the Company will not make any disclosure of UPSI to the selected individuals or group of individuals or Connected Persons including other Insiders except in following cases:

- The information disclosed is in furtherance of legitimate purposes, performance of duties or discharge of obligations on need to know basis;
- The information disclosed is in connection with a transaction which would entail an open offer under Takeover Regulations, where the Board of Directors is of the informed opinion that the proposed transaction is in the best interests of the Company.
- The information disclosed is in connection with a transaction which would not entail the obligation to make an open offer under the Takeover Regulations but where the Board of Directors of the Company is of informed opinion that the proposed transaction is in the best interests of the Company and the information that constitute UPSI is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts. Provided that the parties to the transaction execute agreement to contract confidentiality and non-disclosure obligations and said parties shall keep the information confidential except of the purpose mentioned above and shall not otherwise trade in the Securities of the Company when in possession of UPSI.

Beside above, the Company will file all its reports and notices as required to be filed under the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 with the Stock Exchanges within prescribed time limit.

5. Legitimate Purpose:

UPSI can be shared as an exception by an Insider for Legitimate purposes as per the “Policy for Determination of Legitimate Purposes” given in the Annexure “A” to this Code of Fair Disclosure, provided it is not shared to evade or circumvent the prohibition under Insider Trading Regulation.

6. Leaked / Suspect leak of UPSI:

The Board of Directors has formulated written policy, given in Annexure “B”, for initiating appropriate inquiries on becoming aware of leak / suspected leak of UPSI.

7. Role and Responsibilities

The Board of Directors acknowledges that it may not be possible to contact all the Directors whenever a disclosure requirement arises regarding the nature and content of an announcement. The Board of Directors has therefore delegated certain responsibilities with respect to continuous disclosure and external announcement.

The responsibilities under this policy are divided as under:

- Directors of the Company will be responsible for approval of making any announcements to the Stock Exchanges and Public. They will also ensure prompt dissemination of UPSI that gets disclosed selectively, inadvertently and to ensure that such information is generally available.
- Company Secretary of the Company shall act as a Chief Investor Relations Officer (“CIO”) of the Company to deal with dissemination of information and disclosure of UPSI.
- Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary can make communications pertaining to UPSI with the Stock Exchanges and Public.

8. Disclosure Procedures:

- Review of Price Sensitive Information: After receipt of any potentially price sensitive information, the Company Secretary will immediately review the information in consultation with the Directors and / or external advisors to determine whether the information is price sensitive and is required to be disclosed to the Stock Exchanges.
- Prepare draft announcement to the Stock Exchanges: If the information is price sensitive information, the Company Secretary will prepare draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of the Directors.
- Lodge Announcements: The Company Secretary on behalf of the Company will lodge or arrange for lodgment of the announcement with the Stock Exchanges.
- Post announcement on website: After lodgment of announcement with the Stock Exchanges, the Company Secretary will arrange to place it on the website of the Company.

9. Media:

The Company shall give appropriate and fair response to queries on news reports. However, no response will be made to market speculation or rumor except where it is necessary to comply with the continuous disclosure obligations. A response will be submitted to the Stock Exchanges against their query requesting the Company to clarify the matter.

A briefing on the Company's performance and results may be organized for the media after the quarterly financial results of the Company are announced.

In order to manage dissemination of information about issue or major development in business, a press release will be issued to media via email or fax. An electronic copy of the press release will be posted on the Company website. The issue of press releases or strategic announcements of the subsidiaries of joint ventures is subject to agreed procedures.

10. Discussion with Analysts and Investors:

As part of the Company's management of investor relations and to enhance analysts understanding of its background and technical information, the Company may conduct a meet or one to one discussion or group briefings and conference calls with Investors / Analysts (collectively referred to as briefings). The information shared with analysts and research personnel should not be UPSI. The protocol developed by the Company must be followed and the announcement of Investors Presentations or Transcript of conference call with Investors / Analysts be submitted to the Stock Exchanges and put up on the website of the Company.

11. Communication of Code of Fair Disclosure:

A copy of Code of Fair Disclosure and every amendment thereto shall be promptly intimated to the Stock Exchanges. A copy of Code of Fair Disclosure shall be handed over to the Directors of the Company within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company.

12. Amendment:

Any change in Code of Fair Disclosure shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Code or the entire Code, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

ANNEXURE A
POLICY FOR DETERMINATION OF LEGITIMATE PURPOSES

[Pursuant to Regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2018]

Introduction:

Policy for Determination of Legitimate Purposes forms an integral part of Code of Fair Disclosure for fair and continuous disclosure of UPSI, formulated under Regulation 8 of Insider Trading Regulations. This Policy is prepared in accordance with Regulation 3(2A) of Insider Trading Regulations.

Objectives:

Objectives of Policy for Determination of Legitimate Purposes is to identify “Legitimate Purposes” for performance of duties or discharge of legal obligations, which will be considered as exception for the purpose of procuring UPSI relating to the Company or its listed securities or proposed to be listed securities, if any.

Legitimate Purpose:

“Legitimate Purposes” shall mean sharing of UPSI in the ordinary course of business by an Insider with the following, provided that such sharing has not been carried out to evade or circumvent the prohibitions of Insider Trading Regulations:

- Independent Statutory Auditors / Internal Auditors / Secretarial Auditor;
- Staff Members of the Audit Firm conducting the Statutory / Internal / Secretarial Audit;
- Collaborators;
- Lenders;
- Customers;
- Suppliers;
- Bankers;
- Legal Advisors;
- Insolvency Professionals;
- Consultants; Any other Advisors / Consultants / Partners;
- Any other person with whom UPSI is shared.

Digital Database:

The Board of Directors shall ensure that a structured digital database is maintained containing the names of such persons or entities, as the case may be, with whom UPSI is shared under Insider Trading Regulations along with the Permanent Account Number (“PAN”) or any other

identifier authorized by law, where PAN is not available. Such database shall be maintained with adequate internal controls and checks, such as time stamping, audit trails, etc. to ensure non-tampering of the database.

Restrictions on Communication and Trading By Insiders:

Any person in receipt of UPSI pursuant to a "Legitimate Purpose" shall be considered as an "Insider" for purpose of Insider Trading Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with Insider Trading Regulations.

The Board of Directors shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, and shall not otherwise trade in securities of the Company when in possession of UPSI.

Amendment:

Any change in Policy for Determination of Legitimate Purposes shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of Policy for Determination of Legitimate Purposes, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

ANNEXURE B
POLICY AND PROCEDURE OF INQUIRY IN CASE OF LEAK OF UPSI
[Regulation 9A(5) of SEBI (Prohibition of Insider Trading) Regulations, 2018]

Introduction:

Policy and Procedure of an inquiry in case of leakage of UPSI forms integral part of Code of Fair Disclosure for fair and continuous disclosure of UPSI, formulated under Regulation 8 of Insider Trading Regulations:

Objectives:

Objectives of this Policy are to strengthen internal control system to prevent leakage of UPSI, restrict unauthorised sharing of UPSI and take necessary actions in case of suspected leak of UPSI.

Disclosure of actual or suspected leak of UPSI to Stock Exchanges:

On becoming aware of actual or suspected leak of UPSI of the Company, the CIO shall ensure that the same shall be promptly intimated to the Stock Exchanges on which the securities of the Company are listed in the format to be decided in consultation with the Board of Directors of the Company.

Report of actual or suspected leak of UPSI to SEBI:

On becoming aware of actual or suspected leak of UPSI of the Company, the CIO shall ensure that a report on such actual or suspect leak of UPSI, preliminary enquiry thereon and results thereof shall be promptly made to the SEBI to be decided in consultation with the Board of Directors of the Company.

Constitution of Enquiry Committee:

The Board of Directors shall constitute a Committee to be called as “Enquiry Committee”. The Enquiry Committee shall consist of minimum 3 (Three) Members which shall include Managing Director, Chief Financial Officer and Chief Investor Relation Officer and any other officer of the Company as may be mutually decided by the Members of the Committee.

The Enquiry Committee shall be responsible:

- (a) To conduct a preliminary enquiry to ascertain the truth contained in the information or complaint pertaining to actual or suspected leak of UPSI, if any; and

- (b) To authorize any person to collect necessary support material; and
- (c) To decide disciplinary action/s, if any.

Procedure for Enquiry in case of Leak of UPSI

On becoming aware of suo-moto or otherwise, of actual or suspected leak of UPSI of the Company by any Promoter, Director, Key Managerial Person, Insider, Employee, Designated Person, Support Staff or any other known or un-known person, the CIO after informing the same to the Managing Director or Chief Financial Officer of the Company, shall follow the below mentioned procedure in order to enquire and / or investigate the matter.

The Enquiry Committee shall appoint and / or authorize any person(s), as it may deem fit, to initiate / conduct an enquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.

The Person(s) appointed / authorized to enquire the matter of actual or suspected leak of UPSI submit his / her report to the Enquiry Committee within 7 days from the date of his appointment on this behalf.

The Enquiry Committee shall based on such report decide disciplinary actions.

The Disciplinary action(s) shall include, wage freeze, suspension, recovery, termination of contract, as may be decided by the Members of the Committee.

Amendment:

Any change in Policy and Procedure of an inquiry in case of leakage of UPSI shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of Policy and Procedure of an inquiry in case of leakage of UPSI, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.