

**Nikunj Stock Brokers Limited**  
**Policy on Management of Conflict of Interests**  
(Ref: Approved in the Board meeting held on 31-03-2014)

### **1.1. Background**

SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 has issued General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognized Stock Exchanges, Recognized Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI has also directed to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination/avoidance of any 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 also advised these entities 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

Nikunj Stock Brokers Ltd, its holding company and affiliates; (the "NSBL") is a multiservice financial group. The Group offers variety of services to a small but diverse client range and from time to time, it will inevitably find itself in a position where the interests of NSBL conflicts with the interests of its' clients, a Group company, employees, and between clients themselves.

### **1.2. Scope**

This Policy offers general guidance in addition to NSBL policies and procedures described elsewhere. This is not meant to replace any of those policies or procedures, that are made available through NSBL website [www.nikunjonline.com](http://www.nikunjonline.com).

It applies to all Group companies and their respective employees (including temporary staff if any), regardless of their roles, department and location.

NSBL and Associated Persons shall abide by the Code of Conduct contained in the Schedule II of the Securities and Exchange Board of India (Stock-Brokers and Sub-Brokers) Regulations, 1992, as amended from time to time, for accomplishment of the objectives of the SEBI Code.

This Policy is intended to be comprehensive but is not exhaustive. The concepts and risks it describes are complex and cannot readily be applied to all situations.

### **2. Objective**

The aim is to follow the guidelines of Securities & Exchange Board of India (SEBI) to ensure that the Group manages potential conflicts of interest in a consistent manner and in compliance with all relevant regulations and to ensure that all the customers are treated fairly.





### 3. What are Conflicts of Interest?

In overview, conflicts fall into several categories. Some of the common types of potential conflicts of interest scenarios relevant to NSBL are:

- The interests of NSL conflict with those of a client; Company or an employee is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- NSBL has 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.
- The interests of one client or group of clients of NSBL conflict with those of other clients;
- NSBL has obtained Confidential Information from, or relating to, an existing or former client which would be of value to another part of NSBL (such as its commodity trading business) or other clients of NSBL (who might be competitors); and
- The interests of an employee of NSBL conflict with the interests of a client of NSBL or the company itself e.g. where an employee of the company executes a personal account trade ahead of a client order, or if they were to be incentivized so as to engage with a client with a view to achieving an outcome advantageous to themselves rather than in the client's best interest.
- NSBL or its' employee 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.

The Company shall take adequate steps to identify conflicts of interest. The key factor in determining whether a conflict of interest exists is whether the client could be disadvantaged; a conflict of interest will not necessarily arise if the company benefits but there are no possible disadvantage to the client.

### 4. Management of Potential Conflicts of Interest

NSBL operates within the regulatory framework prescribed by SEBI and has placed a range of "regulatory tools" and other controls which ensure that potential conflicts, once identified, are managed appropriately, and that the company and its employees conduct themselves and their business activities so as to ensure the interests of clients are protected. These tools also deal with instances where there is a perception that the company may have a conflict even where this might not, in fact, exist.

- Control of access to, and movements of, information to relevant employees to protect each person's interests and prevent improper access to, and use of, such information. This is the key mechanism by which NSBL ensures its clients' interests are protected and any conflicts managed, and enables it to engage with a large number of potential clients while still meeting legal and regulatory requirements.
- Separate employees within each business area to look after the interests of clients in that area. In addition, the company has detailed personal account dealing restrictions that apply to all employees. The company also has a policy in respect of gifts and inducements to restrict the type and value of gifts that our employees may accept; and
- Disclosure of potential conflicts where relevant. This would happen in cases where we feel that our procedures may not be sufficient to ensure that a potential conflict of interest does not damage a client's interests. In such circumstances we may decide that it is appropriate to disclose the potential conflict and obtain consent from the client to proceed.





- In certain cases, special conflict controls, specific to an individual transaction, can be put in place to allow the company to engage with one client without prejudicing another prospective client or business already under way.

## 5. Standards of appropriate conduct in the performance of the activities,

NSBL and its Associated Persons shall adopt the following standards of appropriate conduct in the performance of the activities.

- To place the client's interests first: a hallmark of Placing professionalism, the requiring NSBL and its Associated Persons to act honestly and not place personal gain or advantage before the client's interests.
- To provide business services with integrity: Integrity requires honesty and sincerity in all business matters. NSBL and its Associated Persons are placed in positions of trust by clients, and the ultimate source of that trust is the NSBL and its Associated personal integrity, both Persons' in the letter and the spirit.
- To provide business services objectively: Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which NSBL and its Associated Persons functions, objectivity requires NSBL and its Associated Persons to ensure the integrity of their work, manage conflicts and exercise sound commercial and professional judgment.
- To be fair and reasonable in all business relationships & to disclose and manage conflicts of interest: Fairness requires providing clients what they are due, owed or should expect from a business relationship, and includes honesty and disclosure of material conflicts, feelings, prejudices and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would like to be treated.
- To act in a manner that demonstrates exemplary professional conduct: Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow business associates, and others in business-related activities, and complying with appropriate rules, regulations and business requirements. Professionalism requires NSBL and its Associated Persons, individually and in cooperation with peers, to enhance and maintain the NSBL's public image and its ability to serve.
- To maintain the abilities, skills and knowledge necessary to provide business services competently: Competence requires attaining and maintaining an adequate level of abilities, skills and knowledge in the provision of business services. Competence requires NSBL and its Associated Persons to make a continuing commitment to learning and business services improvement.
- To protect the confidentiality of all client information: Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can only be built on the understanding that the clients' information will not be disclosed inappropriately.
- To provide business services diligently: Diligence requires fulfilling business commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering business services.

## 6. Implementation and Review of policy of management on Conflict of Interest

This policy shall come into effect with immediate effect and that the same shall be reviewed and assessed annually or at such interval as may be decided by the management.

Joe Nikonj Stock Brokers Ltd

*[Handwritten Signature]*

Director