

# **MAASHITLA SECURITIES PRIVATE LIMITED**

**SEBI Registration No: IN-DP-267-2016 (Depository Participant)**

**NSDL DP ID: IN-303997**

# **CONFLICTS OF INTEREST POLICY**

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# CONFLICTS OF INTEREST POLICY

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## **Introduction**

**MAASHITLA SECURITIES PVT. LTD.** (hereinafter “the Company”), which is engaged in providing financial services in Indian Capital Markets to investors. The Company is registered as a Stock Broker with the Bombay Stock Exchange Limited and the National Stock Exchange India Limited. The Company is also a Depository Participant of National Securities Depository Limited.

SEBI, vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 has laid down the guidelines requiring registered intermediaries to establish and implement a conflicts of interest policy (hereinafter the “Policy”).

To adhere to the above guidelines, the Company is required to take all reasonable steps to identify, eliminate or manage conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients.

This Policy is not intended to, or does not create third party rights or duties nor does it form part of any contract between the Company and any client.

## **Policies and Internal Procedures to Identify and avoid or to Deal or manage actual or potential Conflict of Interest**

### **Objectives of Policy**

Objectives of the policy on Conflict of Interest are defined as under-

- 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 aims to identify conflicts of interest between:

- The Company and a Client - Relevant Person and a Client
  - Any of our group company and a Client
  - Two or more Clients of the Company in the course of providing services to these Clients
  - A Company's service provider and a Client
- and to prevent conflicts of interest from adversely affecting the client's interest.

The Conflicts of Interest Policy sets out how:

- The Company identifies circumstances which may give rise to conflicts of interest entailing a material risk of damage to our Clients' interests;
- The Company implements appropriate mechanisms and systems to manage those conflicts;
- The Company maintains systems designed to prevent damage to our Clients' interests through identified conflicts.

**For the purpose of this policy:-**

**a. "Intermediary" and "Associated Person" would mean**

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;

**b. "Conflict of Interest" would mean**

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.

## **Purpose**

The purpose of this Policy is to set out the Company's approach to identify and manage conflicts of interest which may arise during the course of its business activities.

This Policy aims at:

- a. identifying circumstances which may give rise to conflicts of interest entailing a material risk of damage to clients' interests,
- b. establishing appropriate procedures and systems to manage those conflicts, and
- c. ensuring the maintenance of such procedures and systems in an effort to prevent actual damage to clients' interests through conflicts identified.

## **Scope**

The Policy applies to the Board of Directors and Employees of the Company (collectively referred to as

"Employees") and relevant associated persons as defined in SEBI (Certification of associated persons in the securities market) Regulations, 2007 with respect to all interactions with the clients.

## **Potential conflicts of interest areas**

1. The Company or employees or relevant associated person(s) is/ are likely to make a financial gain, or avoid a financial loss, at the expense of the client.
  
2. The Company or employees or relevant associated persons has/have 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 the outcome.
  
3. The Company or employees or relevant associated person(s) has/have a financial or other incentive to favour the interest of another client or group of clients over the interest of one client.
  
4. The Company or employees or relevant associated persons receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

## **Procedures and controls to managing Conflicts of Interests**

The procedures and controls that the Company follows to manage the identified conflicts of interests include the following:

1. Effective procedures to prevent or control the exchange of information in the activities involving a risk of conflict of interest where the exchange of that information is likely to harm the interest of one or more clients;
  
2. Measures to prevent or limit any person from exercising inappropriate influence over the way in which capital market services are carried out;
  
3. Chinese walls restricting flow of confidential and price sensitive information within the

Company, physical separation of departments and sharing of information only on a "Need to Know Basis". The same shall be governed by 'Prevention of Insider Trading Policy' applicable at Ambit Group level.

4. A policy designed to limit the conflicts of interests arising from the giving and receiving of inducement, as per the gift policy applicable at Group level.
5. Appointment of Independent Internal auditors to ensure that appropriate systems and controls are maintained and their effectiveness or otherwise is being reported to the Company's Board of Directors.
6. Personal account dealing requirements applicable to employees in relation to their own investments needs an approval from the Compliance Team by submission of an Investment Request Form. The same shall be governed by 'Prevention of Insider Trading Policy' applicable at Ambit Group level.
7. Provisions governing access to electronic data as per the 'Mobile Phone Usage Policy' of the Company and 'Prevention of Circulation of Unauthenticated News'.
8. The employees are governed by measures laid down in the internal code of conduct and other policies which include the following:
  - a. restrictions on dealing in securities while handling client's mandate or while in possession of material non published information, or communicating such information while dealing on client's behalf, manipulating demand or supply of securities or influencing their market price. The same shall be governed by 'Prevention of Insider Trading Policy' applicable at Group level.
  - b. Restrictions on an incentive structure that encourages sale of products not suiting the client's risk profile.
  - c. Restrictions on divulgence of client's confidentiality unless required by or under the law.
  - d. The associated persons shall at all times maintain high standards of integrity in the conduct of their business followed by compliance reporting to Board of Directors and senior management.
9. The Company's Compliance team has oversight on the business to ensure that internal controls are appropriate.
10. The Board of Directors of the Company and the Compliance team share the responsibility for keeping the Policy in place. Any situation or transaction involving an actual or potential conflict of interest should promptly be reported to the Compliance team and obtain their determination as to whether a conflict exists.
11. Where a conflict arises and the Company is aware of it, it will disclose the conflict to the client prior to undertaking the business for that client or, if the Company does not believe that the disclosure is appropriate to manage the conflict, the Company may choose not to proceed with the transaction or matter giving rise to the conflict.
12. Periodic review of the Policy will be done at the Board Meeting of the Company. The same shall be need basis.

### **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. The Company's employees are prohibited from investing in a financial instrument for which they have access to non-public or confidential information;
- iv. Transactions by the Company's employees are neither performed nor executed by themselves.
- v. Employees sign a contract of employment including confidentiality clauses. No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- vi. Each department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of a Client;
- vii. Relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of interests;
- viii. Adequate records are maintained of the services and activities of the Company where a conflict of interest has been identified;
- ix. In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- x. There is a periodic review of the adequacy of the Company's systems and controls.
- xi. Employees are required to avoid conflicts of interest with activities they undertake outside company.

### **Violation and Consequences**

Any non- adherence with the Policy will be subject to strict action.

### **Communication of policies, procedures and code to all concerned**

This Policy on management of Conflict of Interest offers general guidance in addition to company's policies and procedures and is not meant to replace any of those policies or procedures and shall be made available through company website [www.maashitla.com](http://www.maashitla.com) or by sending a request in writing. Company expects all its associated persons, employees, to adhere to this policy. The Board of Directors of company reserves the right to amend, supplement or discontinue this policy and the matters addressed herein, without prior notice, at any time.

### **Implementation and Review of policy of management on Conflict of Interest**

This policy shall come into effect from the date of approval of the Board of Directors of the company for its implementation so as to provide necessary guidance enabling identification, elimination or management of conflict of interest situations and that the same shall be reviewed and assessed annually by the company management.

### **Disclosure**

The Company reserves the right to make review and / or amend its Policy and whenever it deems appropriate.

In case you have any questions, please direct your query to our Compliance team:

**[ig@maashitla.com](mailto:ig@maashitla.com)**