

Internal Policy & Control Procedure in terms of SEBI (Research Analysts) Regulations, 2014

INTRODUCTION

SEBI vide its Notification No. LAD-NRO/GN/2014-15/07/1414 dated 1st September, 2014 has notified SEBI (Research Analysts) Regulations, 2014 which are effective on/after expiry of 29th November, 2014 (Ninetieth day from the date of their publication if official gazette). These regulations have been introduced by SEBI with the objective of fostering transparency in security research and provide the investors with more reliable and useful information to make investment decisions.

These Internal Policies and Procedures are being implemented in line with these regulations.

APPLICABILITY

The policy shall be applicable to Pankaj Singh ("Research Analyst", "SmartWealth.ai", "We", "Our" and "Us" as the context may require) and his associates.

Definitions: Various terms shall have the following definitions and the other terms shall have the same meaning assigned to them in the captioned SEBI Regulations.

1. "Fund Manager" includes fund managers of a mutual fund or alternative investment fund or Venture Capital Fund or Portfolio Manager.
2. "Merchant Banking or Investment Banking or Brokerage Services" includes:
 - Acting as an underwriter
 - Participating in a selling or an offering for the issuer or otherwise acting in furtherance of a public offer of the issuer
 - Acting as an adviser in a merger or acquisition
 - Providing or arranging Venture Capital or Equity or Debt
 - Serving as placement agent for the issuer or otherwise acting in furtherance of a private offering of the issuer
 - Offering Brokerage or Market Making Services
3. "Price Target" means expectations of research analyst on the future performance of specific securities.
4. "Public Appearance" means any participation in a conference call, seminar, forum (including interactive and non-interactive electronic forum), radio or television or

internet or internet or web or print media broadcast, authoring a print media article or other public speaking activity in public media in which a research analyst makes a recommendation or offers an opinion, concerning securities or public offer provided that it does not include a password protected webcast, conference call or such other events with the clients, if all of the event participants previously received the research report or other documentation that contains the required applicable disclosures and that the research analyst appearing at the event corrects and updates during the public appearance any disclosure in the research report that are inaccurate, misleading or no longer applicable.

5. "Public Offer" includes initial public offer, further public offer, offer for sale, disinvestment, takeover, buy-back or delisting of securities.
6. "Relative" means a person as defined in sub section (77) of section 2 of the companies Act, 2013 and who is financially dependent on independent research analyst or individual research analyst employed by research entity.
7. "Research Analyst" means an RA who is primarily responsible for: Preparation or publication of the content of the research report or Providing research report or Making 'buy/sell/hold' or 'Overweight / Underweight' recommendation or Giving price target or Offering an opinion concerning public offer.
8. "Research Entity" means RA or any other intermediary registered with SEBI who is / shall also engaged in Merchant Banking or Investment Banking or Brokerage Services or underwriting services and issue research report or research analysis in its own name through the individuals employed by it as research analyst and includes any other intermediary engaged in issuance of research report or research analysis.
9. "Research Report" means any written or electronic communication that includes research analysis or research recommendation or an opinion concerning securities or public offer, providing a basis for investment decision and does not include the following communications:
 - Comments on general trends in the securities market
 - Discussions on the broad based indices
 - Commentaries on economic, political or market conditions
 - Periodic reports or other communications prepared for unit holders of mutual fund or alternative investment fund or clients of portfolio managers and investment advisers

- Internal communications that are not given to current or prospective clients
 - Communications that constitute offer documents or prospectus that are circulated as per regulations made by the Board
 - Statistical summaries of financial data of the companies
 - Technical analysis relating to the demand and supply in a sector or index
 - Any other communication which the Board may specify from time to time
10. “Significant news or event” means any news or event which is expected to have a material impact on or that reflects a material change to, the subject company’s earnings, operations or financial condition, other than unpublished price sensitive information, as specified in the internal policies and procedure of the research analyst or research entity.
11. “Subject Company” means the company whose securities are the subject of a research report or a public appearance.
12. “Third Party Research Report” means a research report produced by a person or entity other than RA.

MANAGEMENT OF CONFLICT OF INTEREST AND DISCLOSURE REQUIREMENTS

RA shall maintain arms-length relationship between its research activity and other activities. Research Activity shall be carried by the research analyst employed for research analyst services. Research analyst or research entity shall abide by Code of Conduct as specified in Third Schedule of RA regulation. In case of change in control of the research analyst or research entity, prior approval from the Board shall be taken. Research analyst or research entity shall furnish to the Board information and reports as may be specified by the Board from time to time. It shall be the responsibility of the research analyst or research entity to ensure that its employees or partners, as may be applicable, comply with the certification and qualification requirements under regulation 7 of RA regulations at all times.

1. Compensation of research analysts:

- Research entity shall not pay any bonus, salary or other form of compensation to any individual employed as research analyst that is determined or based on any specific merchant banking or investment banking or brokerage services transaction.

- The compensation of all individuals employed as research analyst shall be reviewed, documented and approved annually by board of directors/committee appointed by board of directors of the research entity, which does not consist of representation from its merchant banking or investment banking or brokerage services divisions.
- The board of directors/committee appointed by board of directors of the research entity approving or reviewing the compensation of individual employed as research analyst shall not take into account such individual's contribution to the research entity's investment banking or merchant banking or brokerage services business.
- An individual employed as research analyst by research entity shall not be subject to the supervision or control of any employee of the merchant banking or investment banking or brokerage services divisions of that research entity.

2. Limitations on trading by research analysts:

- Personal trading activities of the individuals employed as research analyst by research entity shall be monitored, recorded and wherever necessary, shall be subject to a formal approval process by Compliance officer.
- Individuals employed as research analyst by research entity or their associates shall not
 - a) deal / trade in securities recommended / followed by the research analyst within 30 days before and five days after the publication of a research report;
 - b) deal / trade in securities that the research analyst reviews in a manner contrary to his given recommendation;
 - c) purchase or receive securities of the issuer before the issuer's initial public offering, if the issuer is principally engaged in the same types of business as companies that the research analyst follows or recommends.

However, the above restrictions to trade/ deal in securities shall not be applicable in case of significant news or event concerning the subject company or based upon an unanticipated significant change in the personal financial circumstances of the research analyst, subject to prior written approval as per the terms specified in the approved internal policies and procedures. Above provisions shall apply mutatis mutandis to a research entity unless it has segregated its research activities from all other activities and maintained an arms-length relationship between such activities.

3. Limitation on Publication of Research Report, Public Appearance, Conduct of Business etc:

- I. Research analyst or research entity shall not publish or distribute research report or research analysis or make public appearance regarding a subject company for which he has acted as a manager or co-manager at any time falling within a period of:
 - o Forty days immediately following the day on which the securities are priced if the offering is an initial public offering; or
 - o Ten days immediately following the day on which the securities are priced if the offering is a further public offering:

Provided that research analyst or research entity may publish or distribute research report or research analysis or make public appearance within such forty day and ten day periods, subject to prior written approval of legal or compliance personnel as specified in the internal policies and procedures.

- II. A research entity who has agreed to participate or is participating as an underwriter of an issuer's initial public offering shall not publish or distribute a research report or make public appearance regarding that issuer before expiry of twenty five days from the date of the offering.

Explanation - For the purposes of sub-regulations (1) and (2), the date of the offering refers to the first date on which the security was offered to the public.

- III. Research analyst or research entity who has acted as a manager or co-manager of public offering of securities of a company shall not publish or distribute a research report or make a public appearance concerning that company within fifteen days prior to date of entering into and fifteen days after the expiration/waiver/termination of a lock-up agreement or any other agreement that the research analyst or research entity has entered into with a subject company that restricts or prohibits the sale of securities held by the subject company after the completion of public offering of securities:

Provided that research analyst or research entity may publish or distribute research report or research analysis or make public appearance regarding that company within such fifteen days subject to prior written approval of legal or compliance personnel as specified in the internal policies and procedures.

- IV. Research analyst or individuals employed as research analyst by research entity shall not participate in business activities designed to solicit investment banking or merchant banking or brokerage services business, such as sales pitches and deal road shows.

- V. Research analyst or individuals employed as research analyst by research entity shall not engage in any communication with a current or prospective client in the presence of personnel from investment banking or merchant banking or brokerage services divisions or company management about an investment banking services transaction.
- VI. Investment banking or merchant banking or brokerage services division's personnel of research entity shall not direct the individuals employed as research analyst to engage in sales or marketing related to an investment banking or merchant banking or brokerage services and shall not direct the research analyst to engage in any communication with a current or prospective client about such division's transaction:
Provided that sub-regulations (IV) to (VI) shall not prohibit research analyst or research entity from engaging in investor education activities including publication of pre-deal research and briefing the views of the research analyst on the transaction to the sales or marketing personnel.
- VII. Research analyst or research entity shall have adequate documentary basis, supported by research, for preparing a research report.
- VIII. Research analyst or research entity shall not provide any promise or assurance of favourable review in its research report to a company or industry or sector or group of companies or business group as consideration to commence or influence a business relationship or for the receipt of compensation or other benefits.
- IX. Research analyst or research entity shall not issue a research report that is not consistent with the views of the individuals employed as research analyst regarding a subject company.
- X. Research entity shall ensure that the individuals employed as research analyst are separate from other employees who are performing sales trading, dealing, corporate finance advisory or any other activity that may affect the independence of its research report:
Provided that the individual employed as research analyst by research entity can receive feedback from sales or trading personnel of brokerage division to ascertain the impact of research report.

4. Contents of Research Report:

- I. Research analyst or research entity shall take steps to ensure that facts in its research reports are based on reliable information and shall define the terms used in making recommendations, and these terms shall be consistently used.
- II. Research analyst or research entity that employs a rating system must clearly define the meaning of each such rating including the time horizon and benchmarks on which a rating is based.
- III. If a research report contains either a rating or price target for subject company's securities and the research analyst or research entity has assigned a rating or price target to the securities for at least one year, such research report shall also provide the graph of daily closing price of such securities for the period assigned or for a three-year period, whichever is shorter.

5. Recommendations in public media:

- I. Research analyst or research entity including its director or employee shall disclose the registration status and details of financial interest in the subject company, if he makes public appearance.

6. Distribution of research reports:

- I. A research report shall not be made available selectively to internal trading personnel or a particular client or class of clients in advance of other clients who are entitled to receive the research report.
- II. Research analyst or research entity who distributes any third party research report shall review the third party research report for any untrue statement of material fact or any false or misleading information.
- III. Research analyst or research entity who distributes any third party research report shall disclose any material conflict of interest of such third party research provider or he shall provide a web address that directs a recipient to the relevant disclosures.
- IV. Provisions of sub-regulations (II) and (III) shall not apply to a research analyst or research entity if he has no direct or indirect business or contractual relationship with such third party research provider.

7. Disclosures in Research Report:

Research Analyst shall disclose all material information about himself including the

following in its research reports:

1. Business Activity
2. Disciplinary History
3. Terms and conditions on which it offers research report
4. Details with respect to Ownership and Material Conflict of Interest such as:
 - I. Whether Research Analyst or its/his associate or relatives has any Financial interest in the subject company, if yes, together with nature of such financial interest.
 - II. Whether Research Analyst or its/his associate or relatives have actual / beneficial ownership of 1 % or more securities of subject company at the end of the month immediately preceding the date of publication of research report or date of public appearance, as the case may be.
 - III. Details of actual / beneficial ownership of one percent or more securities of the subject company, at the end of month immediately preceding the date of publication the research report or date of public appearance.
 - IV. Details of any material conflict of interest at the time of publication of research report or at the time of public appearance.
 - V. Details of any compensation received by Research Analyst or its/his/her/their associates from the subject company in past 12 months.
 - VI. Details of whether Research Analyst or its associates have managed or comanaged the public offering of subject company in past 12 months.
 - VII. Details of whether Research Analyst or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in past 12 months.
 - VIII. Details of whether Research Analyst or its associates have received any compensation for products or services other than above from the subject company in past 12 months.
 - IX. Details of any compensation or other benefits received by Research Analyst or its/his/her/their associates from the subject company or 3rd party in connection with the research report.
5. Research Analyst shall disclose in public appearance with regard to receipt of compensation
 - I. Whether Research Analyst or its/his/her/their associates have received any compensation from the subject company in past 12 months

- II. Whether the subject company is / was client of Research Analyst during 12 months preceding the date of distribution of research report and the types of such services provided by Research Analyst
6. Whether the Research Analyst has served as an officer, director or employee of the subject company.
7. Whether Research Analyst has been engaged in market making activity of the subject company
8. Such other disclosures in research reports / public appearance as specified by SEBI under any other regulations.
9. Such Research Reports reflects the factual information about the subject company and are based on reliable information. Such reports also contain the definition of terms which are used in making recommendations and such terms have been used consistently.
10. If such Research Reports contain either a rating or price target for atleast 1 year, the same shall also provide for the graph of daily closing price of such securities for the period assigned or for a 3 year period, whichever is shorter.
11. Such Research Report Shall not be issued selectively to internal trading personnel or to a particular client or group of other clients in advance of other clients who are entitled to receive the research report.
12. In case, Research Analyst appears in public media and make any recommendation, the disclosure of his / its name, registration status and details of financial interest shall invariably made at the time of making such recommendation or offering any opinion in his personal capacity, responding to any queries of audience or journalists in personal capacity and communicating the research report or its substance through public media.

8. OTHER CONDITIONS:

1. Research Analyst shall be NISM Certified or such other certification for research analysts as specified by SEBI.
2. Research Analyst shall maintain and preserve following records for a minimum period of 5 years:
 - Research report duly signed and dated;

- Research recommendation provided
 - Rationale for arriving at research recommendation
 - Record of public appearance
3. Research Analysts shall forthwith inform the Board in writing about any information or particulars about him/her/them submitted to SEBI, which are found to be false or misleading in any material particular or are there is any change in information already submitted.
 4. Research Analyst shall conduct annual audit in respect of compliance with the captioned SEBI Regulations from member of ICAI or ICSI.

The above policy is adopted for Research analyst services to

- Address actual or potential conflict of interest arising from such dealings or trading of securities of subject company;
- Promote objective and reliable research that reflects the unbiased view of research analyst; and
- Prevent the use of research report or research analysis to manipulate the securities market.
- Ensure independence of its research activities from its other business activities.

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Mr. Pankaj Singh

SEBI Registered Research Analyst

Registration No. INH200008644