

## **CONFLICTS OF INTEREST POLICY & ETHICS**

### **Introduction**

INNOVATIVE CONSULTANTS is engaged in providing financial services in Indian Capital Markets to Retails Investors. The Propreitor is registered as a Stock Broker with the National Stock Exchange India 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 Propreitor is required to take all reasonable steps to identify, eliminate or manage conflicts of interest. The Propreitor is committed to acting honestly, fairly and professionally and in the best interests of its clients.

### **Purpose**

The purpose of this Policy is to set out the Propreitor'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 Propreitor and Employees of the firm 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 proprietor 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 Propreitor 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 Propreitor 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 Proprietor 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 Proprietor 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 Firm, 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 Innovative Consultants.
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 Innovative Consultants.
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 Proprietor.
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 Innovative Consultants.
7. Provisions governing access to electronic data as per the 'Mobile Phone Usage Policy' of the Proprietor 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: 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 Innovative Consultants.

Restrictions on an incentive structure that encourages sale of products not suiting the client's risk profile.

Restrictions on divulgence of client's confidentiality unless required by or under the law.

The associated persons shall at all times maintain high standards of integrity in the conduct of their business followed by compliance reporting to Proprietor and senior management.

Innovative Consultants Compliance team has oversight on the business to ensure that internal controls are appropriate.

The Proprietor 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.

### **Violation and Consequences**

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