

Code of Ethics for Directors of Vadodara Stock Exchange Ltd.

Approved by Governing Board at its meeting held on 31-03-2013

Vadodara Stock Exchange Ltd. (VSEL) is aimed at improving the professional and ethical standards in the functioning of stock exchanges thereby creating better investor confidence in the integrity of the market. This Code of Ethics for Directors has been adopted to meet with the requirements of Regulation 26(2) of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012.

i. Objectives and underlying principles.

The Code of Ethics for directors of VSEL seeks to establish a minimum level of business/ professional ethics to be followed by its directors towards establishing a fair and transparent marketplace. The Code of Ethics is based on the following fundamental principles:

- Fairness and transparency in dealing with matters relating to the stock exchange and the investors.
- Compliance with all laws/ rules/ regulations laid down by regulatory agencies/ by VSEL.
- Exercising due diligence in the performance of duties.
- Avoidance of conflict of interest between self interest of directors and interests of VSEL and investors.

ii. General standards.

- a) Directors shall endeavour to promote greater awareness and understanding of ethical responsibilities.
- b) Directors in the conduct of their business shall observe high standards of commercial honour and just and equitable principles of trade.
- c) The conduct of directors in business life should be exemplary which will set a standard for other members VSEL.
- d) Directors shall not use their position to give/get favours to/from the executive or administrative staff of VSEL, technology or service providers and vendors of VSEL or any listed company at the VSEL.
- e) Directors shall not commit any act which will put the reputation of the exchange in jeopardy.
- f) Directors or committee members of VSEL should comply with all rules and regulations applicable to the securities market.



iii. Disclosure of dealings in securities by directors of VSEL

- a) All transactions in securities by the directors and their family shall be disclosed to the governing board of VSEL.
- b) All directors shall also disclose the trading conducted by firms/corporate entities in which they hold twenty per cent or more beneficial interest or hold a controlling interest, to the Ethics Committee.
- c) Directors who are Govt. of India nominees or nominees of Govt. of India statutory bodies or financial institutions and are governed by their own codes shall be exempt from this requirement.

iv. Avoidance of conflict of interest.

- a) No director of the governing board or member of any committee of VSEL shall participate in any decision making/adjudication in respect of any person /matter in which he is in any way, directly or indirectly, concerned or interested.
- b) Whether there is any conflict of interest or not in a matter, should be decided by the governing board.

v. Disclosures of beneficial interest.

All directors shall disclose to the governing board, upon assuming office and during their tenure in office, whenever the following arises:—

- a) any fiduciary relationship of self and family members and directorship/partnership of self and family members in any trading member;
- b) shareholding, in cases where the shareholding of the director, directly or through his family exceeds 5 per cent. in any listed company or in other entities related to the securities markets;
- c) any other business interests.

vi. Role of the Chairperson and directors in the day to day functioning of VSEL

- a) The Chairperson and directors shall not interfere in the day to day functioning of VSEL and shall limit their role to decision making on policy issues and to issues as the governing board may decide.
- b) The Chairperson and directors shall abstain from influencing the employees of the VSEL in conducting their day to day activities.
- c) The Chairperson and directors shall not be directly involved in the function of appointment and promotion of employees unless specifically so decided by the governing board.

vii. Access to information.



- a) Directors shall call for information only as part of specific committees or as may be authorised by the governing board.
- b) There shall be prescribed channels through which information shall move and further there shall be audit trail of the same. Any retrieval of confidential documents/ information shall be properly recorded.
- c) All such Information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/ gain.
- d) Any information relating to the business/operations of VSEL, which may come to the knowledge of directors during performance of their duties shall be held in strict confidence, shall not be divulged to any third party and shall not be used in any manner except for the performance of their duties.

viii. Misuse of position.

Directors/ committee members shall not use their position to obtain business or any pecuniary benefit in the organization for themselves or family members.

While the objective of this Code is to enhance the level of market integrity and investor confidence, It is emphasized that a written code of ethics may not completely guarantee adherence to high ethical standards. This can be accomplished only if directors of VSEL commit themselves to the task of enhancing the fairness and integrity of the system in letter and spirit.

