

# Suryoday Small Finance Bank Limited

## Prevention of Insider Trading Policy

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## A. Code Of Conduct For Prevention Of Insider Trading

### 1. Purpose of the Code

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “Insider Trading Regulations”) requires every listed company to formulate an internal Code to regulate, monitor and report, trading by employees and other connected persons towards achieving compliance with the Regulations.

This Code of Conduct for Prevention of Insider Trading (hereinafter referred to as “the **Code**”) in the securities of Suryoday Small Finance Bank Limited (hereinafter referred to as “the Bank”) lays down the detailed guidelines to be followed by the Bank’s employees and other connected persons with respect to dealing in the securities of the Bank, disclosures by such employees / connected persons and policies and procedures to prevent any instance of insider trading and guard against abuse of price sensitive information.

Where any Bank Employee and Connected Person is in doubt as to how a particular situation should be dealt with under this Code, he may consult with the Compliance Officer (*as hereinafter defined*).

### 2. Applicability

This Code is applicable to all the Designated persons of the Bank and their ‘Immediate Relatives’ and other ‘Connected Persons’ as defined in this Code in relation to disclosures of Unpublished Price Sensitive information. In case of Designated Persons being employees of the Bank, from the date of commencement of employment including when they are on probation.

### 3. Definitions

- i) “**Act**” means the Securities and Exchange Board of India Act, 1992 (15 of 1992), as may be amended from time to time.
- ii) “**Board**” means the Securities and Exchange Board of India.
- iii) “**Board of Directors**” means the board of directors of the Bank.
- iv) “**Chinese Wall**” means the limit up to which information may be revealed by an Insider in furtherance of the Insider’s legitimate purposes, performance of duties or discharge of his legal obligations.
- v) “**Compliance Officer**” means the Company Secretary of the Bank and in his/her absence, any other senior officer designated so and reporting to the Board of Directors.
- vi) “**Connected Person**” means a connected person as defined in Regulation 2(1)(d) of the Insider Trading Regulations and for the purposes of this Code, includes any person who is or has during

the six months prior to the concerned act, been associated with the Bank , directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Bank or holds any position including a professional or business relationship between himself and the Bank, whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access.

The person enumerated below shall also be deemed to be Connected Persons if such persons have access to Unpublished Price Sensitive Information (UPSI) or is reasonably expected to have access to UPSI:

- a. An immediate Relative of Connected Person
  - b. A holding Company or associate company or subsidiary company
  - c. An intermediary as specified in Section 12 of the SEBI Act or an employee or director thereof
  - d. An investment company, Trustee Company, assets management company or an employee or director thereof
  - e. An official of a Stock Exchange or of clearing house or corporation
  - f. A member of board of trustees of a mutual fund or a member of the Board of Directors of the asset management company of a mutual fund or is an employee thereof.
  - g. A member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013.
  - h. An official or an employee of a self-regulatory organization recognised or authorized by the SEBI.
  - i. A banker of the Bank.
  - j. A concern, firm, trust, Hindu undivided family, company, or association of persons wherein a director of the Bank or his Immediate Relative or banker of the Bank, has more than ten percent of the holding or interest.
- vii) **“Dependent(s)”** means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.
- viii) **“Designated Persons”** includes:
- a. Promoters of the Bank;
  - b. Directors of the Bank;
  - c. Key managerial personnel of the Bank;
  - d. Executive Committee members (“Execomm”) of the Bank;
  - e. All employees working in CEO’s Office, Data Analytics, Finance and Accounts, Secretarial, Legal and MIS Departments of the Bank and Identified Employees of the IT Department;
  - f. All employees of the Bank from the level of Vice President and upwards irrespective of their functional role in the Bank or ability to have access to unpublished price sensitive information, if not covered by (e) above;

- g. Any other employee of the Bank who on the basis of their role and function in the Bank is reasonably expected to have access to UPSI relating to the Bank, as may be decided by the Board of Directors in consultation with the Compliance Officer, from time to time; and
  - h. Immediate Relatives of the aforesaid persons out of the relatives as per the definition of 'relative', as contained in section 2(77) of the Companies Act, 2013.
- ix) **Generally Available Information"** means information that is accessible to the public on a non-discriminatory basis.
- x) **"Immediate Relative"** of a person means a spouse, or the parent, sibling, or child of that person or his or her spouse, if they are either dependent financially on such person or consult such person in taking decisions relating to Trading in securities.
- xi) **"Insider"** means any person who is:
  - i. a Connected Person or
  - ii. in possession of or having access to UPSI.
- xii) **"Insider Trading"** means dealing in Securities of the Bank by its Designated Employees or other Insiders based on unpublished Price Sensitive Information (UPSI).
- xiii) **"Promoter"** shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- xiv) **"Promoter Group"** shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any modification thereof.
- xv) **"Regulations"** means the SEBI (Prohibition of Insider Trading) Regulations, 2015.
- xvi) **"Securities"** shall have the meaning assigned to it under the Securities Contracts (Regulations) Act, 1956 or any modification thereof except units of a mutual fund.
- xvii) **"Stock Exchange"** means the stock exchanges where any Securities of the Bank are listed.
- xviii) **"Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- xix) **"Trading Day"** means a day on the Stock Exchanges are open for trading.
- xx) **"Trading Plan"** has the meaning ascribed to in Clause 2.8 of the Insider Trading Regulations
- xxi) **"Trading Window"** means the period determined by the Compliance Officer, within which the Designated Persons are permitted to Trade.
- xxii) **"Unpublished Price Sensitive Information" or "UPSI"** means any information, relating to the Bank or its securities, directly or indirectly, that is not generally available information, and which

upon becoming generally available, is likely to materially affect the price of its/ the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- (i) Periodical financial Results of the Bank;
- (ii) dividends, if any, intended to be declared;
- (iii) change in capital structure of the Bank;
- (iv) mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions; and
- (v) changes in key managerial personnel.

Any information is material and price sensitive if the dissemination of the same is likely to affect the market price of the Bank's shares and would influence the investors or speculators in their decision of trading in the Bank's shares.

#### **4. Restrictions on Communication by Insiders**

4.1. No insider shall communicate, provide, or allow access to any unpublished price sensitive information (UPSI), relating to the Bank or its shares to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

Towards this objective:

- i) every Insider shall maintain strict confidentiality with respect to all UPSI and not disclose any UPSI to any relative, friend, acquaintance (whether business related or not) or to any person or co- employee who does not need this information to perform his or her duties.
- ii) no Insider shall discuss any UPSI in public places.
- iii) Every Insider shall handle UPSI on a “need to know” basis, i.e., UPSI will be disclosed only to those within and outside the Bank who need to know such UPSI to discharge their duty and whose possession of such UPSI will not give rise to a conflict of interest or appearance of misuse thereof.
- iv) If, in the performance of duties, it becomes necessary for an employee to disclose any UPSI to any person outside the Bank viz. Advisors, Auditors, Consultants, Merchant Bankers, Share Transfer agent etc., the employee shall ensure that necessary prior approvals are sought and shall ensure that the concerned outsider, executes appropriate confidentiality and/ or non-disclosure agreement(s) with the Bank.

4.2. The determination of “legitimate purposes” forms part of the ‘Code of Fair Disclosure and Conduct’ formulated under this Policy.

4.3. Any person in receipt of UPSI pursuant to a “legitimate purpose” shall also be considered an “Insider” and due notice will be given to such persons to maintain confidentiality of such information and all restrictions applicable to Insiders under this Policy shall automatically be applicable to such persons also.

## 5. Restrictions on Trading by Insiders

- 5.1. No Insider shall, directly or indirectly, either on his own behalf, or on behalf of any other person, trade in the shares of the Bank when in possession of any UPSI unless it is done in accordance with a previously approved Trading Plan
- 5.2. No Insider shall trade in the shares of the Bank even when not in possession of any UPSI except when the Trading Window is open.
- 5.3. No Insider shall, directly or indirectly, advise, any person to, or recommend to any person, to trade in the shares of the Bank while being in possession, control, or knowledge of UPSI.
- 5.4. Where an Insider has traded in the shares of the Bank while in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.
- 5.5. Every Insider shall also ensure that their respective portfolio managers or wealth managers or other similar persons do not trade in the shares of the Bank on their behalf unless such Insider is permitted to trade in accordance with this Policy.
- 5.6. Nothing contained herein shall preclude an Insider to trade in the shares of the Bank in the ordinary course of business without being in possession of UPSI.
- 5.7. The restrictions detailed above shall not apply in the following cases:
  - i) the transaction is an off-market inter-se transfer between Insiders who were in possession of the same UPSI and both parties had made a conscious and informed trade decision.  
Provided however that such off-market trades shall be reported by the Insiders to the Bank within 2 (two) working days. The Bank in turn shall notify the particulars of such trades to the stock exchange within 2 (two) trading days from receipt of the disclosure or from becoming aware of such information.
  - ii) the transaction was carried out through the block deal window mechanism between persons who were in possession of UPSI and both parties had made a conscious and informed trade decision.
  - iii) the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
  - iv) the transaction involves exercising of ESOPs of the Bank by its employees which may be made at any time in accordance with the ESOP Scheme of the Bank irrespective of trading window restrictions.  
Provided however that pre-clearance should be obtained by Insiders for sale of such shares. There would be no minimum holding period requirement applicable for equity shares allotted pursuant to the ESOP Scheme.
  - v) the trades were pursuant to a trading plan set up and approved in accordance with this Policy



- vi) in the case of non-individual insiders: –
  - a) the individuals who were in possession of such UPSI were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such UPSI when they took the decision to trade; and
  - b) appropriate and adequate arrangements were in place to ensure that the Code of Conduct prescribed under this Policy was not violated and no UPSI was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached.
- vii) In case of connected persons, the onus of establishing that they were not in possession of UPSI shall be on such connected person and in other cases, the onus shall be on SEBI.

## **6. Internal mechanism for Prevention of Insider Trading**

- 6.1 The Managing Director & CEO of the Bank shall put in place an effective internal mechanism to ensure compliance with the SEBI Regulations to prevent insider trading.
- 6.2 The Compliance Officer shall be responsible:
  - i) for identification of employees who have access to UPSI.
  - ii) for identification of UPSI and ensuring that its confidentiality is maintained as per the requirements of the SEBI Regulations and this Policy.
  - iii) for placing adequate restrictions on communication or procurement of UPSI as required by SEBI Regulations and this Policy.
- 6.3 The Compliance Officer shall maintain the lists of all employees and other persons with whom UPSI is shared and arrange for confidentiality/ non- disclosure agreements to be executed with each of them.
- 6.4 The Board of Directors of the Bank shall, going forward, ensure that a structured digital database is maintained containing the nature of UPSI and the names of such persons who have shared the information and the names of such persons with whom information is shared along with the Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available.
- 6.5 Such structured digital database shall be maintained internally with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database
- 6.6 It shall be ensured that Structured Digital Database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the SEBI regarding investigation/enforcement proceedings, the relevant information in Structured Digital Database shall be preserved till the completion of such proceedings.

- 6.7 The Audit Committee of the Bank shall review compliance with the requirements of the SEBI regulations at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.
- 6.8 The Bank shall also include a clause in its Whistle-Blower Policy and enable its employees to report instances of leak of UPSI.
- 6.9 In the event of leak or suspected leak of UPSI, the Bank may consider all measures including but not limited to collating the evidence to substantiate the leakage of UPSI, disseminating the UPSI to the public at large (through stock exchange intimations and independent press release) to control the likely damage which may be the result of undue access of UPSI by select miscreants and subsequently initiate thorough investigation and inquiry about the source of such real or suspected leakage, recipients of such UPSI and measures to control any such leakage in future.
- 6.10. The Bank shall conduct a periodic process review to evaluate effectiveness of such internal controls.

## 7. Chinese Walls

- 7.1. For dealing with or handling UPSI within the Bank, the Bank shall establish policies, procedures, and physical arrangements (collectively “**Chinese Walls**”) designed to manage confidential information and prevent the inadvertent spread and misuse of UPSI.
- 7.2. Chinese Walls shall be used to separate areas that have access to UPSI (“Insider Areas”) from those who do not have such access (“Public Areas”) within the Bank for a particular purpose or for a specified period in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
- 7.3. Where Chinese Walls arrangements are in place, employees of the Bank working within an Insider Area would be prohibited from communicating any confidential information or UPSI to employees in Public Areas without the prior approval of the Compliance Officer. However, the establishment of Chinese Walls does not suggest or imply that UPSI can circulate freely within Insider Areas.
- 7.4. The employees within a Chinese Wall have additional responsibility to ensure that the Chinese Wall is not breached deliberately or inadvertently. Any known or suspected breach of the Chinese Wall must be referred to the Compliance Officer immediately.
- 7.5. An employee of the Bank may cross the Chinese Wall to enter the Insider Areas only with the prior approval of the Compliance Officer and would be subject to all restrictions that apply to such areas.

## 8. Trading Window

- 8.1. The concept of 'Trading Window' will be used to monitoring trading by the designated persons. The trading window shall be closed when the Compliance Officer determines that a designated person or class of designated persons can reasonably be expected to have possession of UPSI. Designated persons and their immediate relatives shall not trade in securities when the trading window is closed.
- 8.2. The Compliance Officer shall notify a 'trading window' during which the Designated Persons may Trade in the shares of the Bank after securing pre-clearance from the Compliance Officer in accordance with this Code. Designated Persons shall not trade in the shares of the Bank when the trading window is closed.
- 8.3. The trading window shall be closed for all Insiders during the period commencing from the end of every quarter till 48 hours after the declaration of financial results. The gap between clearance of accounts by Audit Committee and Board meeting will also be kept as narrow as possible avoid leakage of material information.
- 8.4. Additionally, the trading window shall be closed for a Designated Person or class of Designated Persons when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods as determined by the Compliance Officer.
- 8.5. In case of ESOPs, exercise of option may be allowed in the period when the Trading Window is closed. However, sale of Securities allotted on exercise of ESOPs shall not be allowed when Trading Window is closed.
- 8.6. In addition to the above, the Compliance Officer may after consultation with any (2) two Directors, declare the Trading Window closed, on an "as-needed" basis for any reason.
- 8.7. The trading window may be re-opened after closure, not earlier than 48 hours after the UPSI in question becomes generally available.
- 8.8. During the period, the Trading Window is open, the Designated Persons (and their dependents) would be allowed to trade in the shares of the Bank provided that they are not in possession of any UPSI at the time they carry out the transaction.
- 8.9. The Trading Window restrictions shall not apply in respect of the following transactions subject to pre-clearance by the Compliance Officer and compliance with the applicable Regulations:
  - i) Transactions which are undertaken in accordance with the respective SEBI regulations such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer.
  - ii) Transaction in respect of a pledge of shares for a bonafide purpose such as raising of funds.
  - iii) Transactions pursuant to an approved Trading Plan.

## 9. Pre-clearance for Trades by Designated Persons

9.1. All Designated Persons and their dependent(s) who intend to trade (includes buying, selling, and pledging) in the shares of the Bank for a consideration exceeding Rs. 10,00,000 (Rupees Ten Lakhs) in a calendar quarter (either in one transaction or in a series of transactions) should obtain a prior approval for the transactions after obtaining approval of the Compliance Officer through online portal/system. In case he/she is not able to apply online, he/she may either authorise by an email to the secretarial team for making application on his/her behalf or alternatively by submitting application in the format given as per **Annexure 1** and an undertaking as per **Annexure 2**. Preclearance is also required in case of the trades undertaken by the spouse of the Designated Person, who is financially independent and does not consult such person in taking decisions relating to trading in securities.

This prior approval is applicable only when the trade is beyond the threshold limits mentioned above.

9.2 Any Designated Person who carries on a series of transactions without prior approval to circumvent this clause shall be in violation of this Code.

9.3 The Compliance Officer shall not approve any proposed trade by a Designated Person if the Compliance Officer determines that such Designated Person is in possession of UPSI even though the trading window is open.

9.4 The Compliance Officer may, after being satisfied that the application and undertaking are true and accurate, approve trading by a Designated Person, on the condition that the trade so approved shall be executed within seven trading days following the date of approval.

9.5 The Compliance Officer shall consider the application made as above and shall approve it unless he is of the opinion that the grant of such approval would result in a breach of the provisions of this Code, or the Regulations or the Act or any other law in force at that time.

9.6 The Compliance Officer shall be entitled to seek declarations to the effect that the Designated Person applying for pre-clearance is not in possession of any UPSI. The Compliance Officer shall also have the discretion to assess and decide as to whether such declarations are factually accurate.

9.7 The Compliance Officer shall convey his decision to the Designated Person within 2 (two) Trading Days of receipt of the application. If the Compliance Officer does not respond within 2 (two) Trading Days, it shall be deemed to be a rejection of the application.

9.8 The Designated Person shall, within two days of the execution of the trade, submit the details of such trade to the Compliance Officer as per **Annexure 3**. In case the transaction is not undertaken, a report to that effect shall be filed in the said form.

9.9 If the pre-cleared trade is not executed within seven trading days after the approval is given, the Designated Person must secure pre-clearance of the transaction again.

9.10 A Designated Person who trades in the shares of the Bank without complying with the preclearance procedure as envisaged in herein or carries on a series of transactions without

prior approval to circumvent this clause or gives false undertakings and/or makes misrepresentations in the undertakings executed by him/her while complying with the preclearance procedure shall be subjected to the penalties as envisaged in this Code.

- 9.11 In case Compliance Officer intends to deal in the shares of the Bank as a Designated Person, he/she shall submit requisite application for pre-clearance to the Managing Director & CEO for approval.

## **10. Restrictions on Contra trades and short selling**

- 10.1. All Designated Persons who buy or sell shares of the Bank shall not enter into an opposite transaction i.e., sell or buy shares of the Bank during the next 6 (six) months following the prior transaction (“Contra Trade”). However, this restriction on contra trade shall not apply to ESOPs allotted to the employees of the Bank.
- 10.2. If any Designated Person intends to enter a Contra Trade, such Contra Trade may be made only with prior approval of the Compliance Officer. The Compliance Officer while approving such exception to this Clause, shall record in writing the reasons for which such exception was granted and why such exception would not be in violation of the Code or the Regulations.
- 10.3. If a Contra Trade has been executed by any Designated Person without prior approval of the Compliance Officer, or inadvertently or otherwise in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the SEBI for credit to the Investor Protection and Education Fund administered by SEBI.
- 10.4. No Designated Person shall directly or indirectly sell any shares of the Bank if such does not own the shares sold; or does not deliver such shares against such sale within the acceptable settlement cycle

## **11. Trading Plan**

- 11.1. An Insider/Designated Person shall be entitled to formulate a Trading Plan that complies with the SEBI Regulations (a “Trading Plan”) and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out in his behalf in accordance with such plan.
- 11.2. An Insider/Designated Person shall either set out the value of trade to be effected or the number of securities to be traded along with the nature of the trade and the intervals at or dates on which such trades shall be effected.
- 11.3. An Insider/Designated Person shall not use trading plans for trading in securities for market abuse.
- 11.4. The Compliance Officer shall review and approve the Trading Plan if it complies with the SEBI Regulations and shall disclose the Trading Plan to the stock exchanges.

- 11.5. The Trading Plan once approved shall be irrevocable and the Insider/Designated Person shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the Trading Plan.
- 11.6. The Trading Plan shall not:
- a) involve commencement of trading on behalf of the Designated Person earlier than (6) six months from the public disclosure of the Plan.
  - b) entail trading for the period between the (20th) twentieth Trading Day prior to the last day of any financial period for which results are required to be announced by the Bank and the (2nd) second Trading Day after the disclosure of such financial results.
  - c) entail trading for a period of not less than twelve months.
  - d) entail overlap of any period for which another trading plan is already in existence.
  - e) be formulated when another Trading Plan is already in use.
- 11.7. However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the Insider/ Designated Person is in possession of UPI and the said information has not become generally available at the time of the commencement of implementation. The commencement of the Trading Plan shall be deferred until such UPI becomes generally available information.
- 11.8. The Compliance Officer shall review the Trading Plan to assess whether the Plan would have any potential for violation of this Code or the Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.  
Provided that pre-clearance of trades shall not be required for a trade executed as per an approved Trading Plan.  
Provided further that trading window norms and restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

## 12. Disclosure requirements

### 12.1. Initial Disclosure:

- i) Every person on appointment as a Key Managerial Personnel or a Director of the Bank or upon becoming a promoter or member of the promoter group shall disclose his / her holding of securities of the Bank as on the date of appointment or becoming a promoter, to the Bank within seven days of such appointment or becoming a Promoter, as per Form B set out in **Annexure 4**.

### 12.2. Continual Disclosure:

- i. Every Promoter, member of the promoter group, designated person, Director of the Bank shall disclose as per Form C set out in **Annexure 5** to the Bank the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of Rs. Ten lakhs.
- ii. The disclosure shall be made within two trading days of:
  - a. the receipt of intimation of allotment of shares, or
  - b. the acquisition or sale of shares or voting rights, as the case may be.

**12.3. Disclosure to the Stock Exchange:**

The Compliance Officer shall notify the Stock Exchanges, particulars of the Trades, within two trading days of the receipt of the Continual Disclosure or from becoming aware of such information.

**12.4. Disclosures by other Connected Persons:**

The Compliance Officer may require any other Connected Person to disclose the holdings and trading in the shares of the Bank as **per Form D set out in Annexure 6** at such frequency as he may determine.

### **13. Penalty for violation of Insider Trading Regulations**

13.1. This Code is the internal policy of the Bank to prevent its employees and other Connected Persons who are considered by the Bank to be Insiders of the Bank to undertake trading in the shares of the Bank while in possession of UPSI.

It is therefore the responsibility of each such person to ensure compliance with the applicable provisions of the Code (including to the extent the provisions hereof are applicable to him/her. The Bank shall not be responsible or liable for any violation or contravention by any Bank employee and Connected Person, of the Regulations or other related laws.

13.2. Any person who knowingly violates this Code shall be subject to such sanctions or disciplinary actions, as per the discretion of the Compliance Officer after discussion with the Audit Committee. The Audit Committee shall decide whether the violation was intentional or unintentional and the penalty.

13.3. For cases where a person has violated this Code unknowingly, a penalty may be imposed at the discretion of the Compliance Officer.

13.4. Where necessary, the Bank shall inform the Board and any other applicable regulatory authority for any instances of violation of this Code or the Regulations which comes to the Bank's knowledge. In addition to the action taken by the Bank, the concerned employee who violated the provisions of this Code shall provide any information required by and comply with any order passed by SEBI or other regulatory authorities under any other applicable laws/rules/regulations.

### **14. Protection against retaliation and victimization**

Any employee who voluntarily submits information to the Board under Regulation 7B or acts in the manner as specified under Regulation 7I of the SEBI (Prohibition of Insider Trading) (Third Amendment) Regulations, 2019, relating to an alleged violation of Insider Trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, shall be protected against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination by the Bank.

For the above purpose, "employee" means any individual who during employment may become privy to information relating to violation of Insider Trading laws and files a Voluntary Information Disclosure Form under these regulations and is a director, regular or contractual employee, and any other persons as stated in Regulation 7I.

## **15. Review of the Policy**

This Policy will be reviewed once in a year or earlier, if required, and will be amended based on any changes in the laws, rules and regulations applicable to the Bank from time to time or changes in internal processes. However, the amended regulatory provisions will be implemented in accordance with the timelines and shall supersede the Policy till the time Policy is suitably amended with the approval of the Board.

The Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy.



## B. SURYODAY CODE OF CONDUCT FOR FAIR DISCLOSURE OF UPSI

*[Under Regulation 8(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]*

### 1. Preface

In an endeavour to prevent the misuse of unpublished price sensitive information (UPSI) in the day-to-day business affairs and to promote the culture of fair disclosure of information in due compliance with the Principles of Fair Disclosures as set out in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred as “Regulations”), the Board of Directors of Suryoday Small Finance Bank Limited (the Bank) has formulated a Code of Conduct to be known as **“Suryoday Code of Conduct for fair disclosure of unpublished price sensitive information”** (hereinafter referred as “Code for fair disclosure of UPSI” or “Code”).

### 2. Objects of the Code

The Code aims at preventing the misuse of UPSI within the Organization and promoting the practice of selective disclosures to the public; and acknowledging the necessity of communicating, providing, or allowing access to information and promoting the principle of equality of access to information.

### 3. Applicability and Intimation to Stock Exchange

- i) The Board of Directors of our Bank shall ensure that the Managing Director and Chief Executive Officer shall formulate a code of conduct with their approval to regulate, monitor and report trading by its designated persons and immediate relatives of designated persons towards achieving compliance with the Regulations, adhering to the principles set out in Schedule A of the Regulations and adopting the minimum standards set out in Schedule B of the Regulations.
- ii) The Board of Directors has formulated a Code of Conduct governing trading by designated persons and their immediate relatives as per the standards as set out in Schedule A and B of this Code which are in line with the SEBI regulations.
- iii) Professional firms such as auditors, accountancy firms, law firms, analysts, insolvency professional entities, consultants, banks etc., assisting or advising listed companies shall be collectively referred to as fiduciaries for the purpose of these Regulations
- iv) The Company Secretary and Compliance Officer of the Bank is designated as the Chief Investor Relations Officer (CIRO) to deal with dissemination of information and disclosure of unpublished price sensitive information (UPSI).
- v) This Fair Disclosure Code shall come into force from date of listing and shall be placed on the website of the Bank [www.suryodaybank.com](http://www.suryodaybank.com)

- vi) This code of practices and procedures for fair disclosure of UPSI and every amendment thereto shall be promptly intimated to the stock exchanges where the securities of the Bank are listed.

#### **4. Policy for determination of “legitimate purposes”**

- i) As required under regulation 3(2A) of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Bank needs to make a policy for determination of “legitimate purposes” as a part of this “Code of Fair Disclosure and Conduct”.
- ii) “**Legitimate purpose**” shall mean sharing of UPSI in the ordinary or special course of business by an insider in performance of his/her respective obligations/duties with legal and tax advisors, partners, collaborators, lenders, customers, suppliers, merchant bankers, auditors, insolvency professionals, registered Valuers or any other advisors or consultants, subject to the condition that such sharing has not been carried out to evade or circumvent the prohibitions of PIT regulations.
- iii) While sharing information for legitimate purpose, the insider should consider factors such as, whether the information is being shared for a bona fide business need, the commercial rationale for the sharing of information, whether the information shared is relevant to the purpose/usage of the same and whether the nature of UPSI shared is commensurate with the purpose for which the information is shared.
- iv) Any information that may be classified as UPSI would be dealt with by the Directors and Employees of the Bank on 'Need to Know' basis only. The UPSI shall be shared only in furtherance of "legitimate purposes" which shall include the following and shall be in compliance with the Regulations and the Code of Fair Disclosure and Conduct of the Bank:
- performance of duties; or
  - discharge of legal obligations; or
  - necessitated by any regulatory/statutory obligations / orders; or
  - in the ordinary course of business by Designated Persons or authorised person with the existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants,
  - for any other genuine or reasonable purpose as may be determined
- v) Any person in receipt of UPSI pursuant to a “legitimate purpose” shall be considered an “insider” for purposes of these regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with these regulations. Additionally, the information related to these recipients of UPSI shall be maintained by the Bank in the structured digital database.
- vi) The Bank shall not ordinarily comment in relation to market rumours. However, in case of major market rumour or if the Stock Exchange directs the Bank to make a definitive statement in relation to any market rumour, the CIRO, in consultation with the Board of Directors, shall issue appropriate and fair clarifications in response to such rumours to the Stock Exchanges.

## 5. Chinese Walls

- 1) Additionally, while dealing with or handling UPSI within the Bank, the Bank shall establish policies, procedures, and physical arrangements (collectively “**Chinese Walls**”) designed to manage confidential information and prevent the inadvertent spread and misuse of UPSI, or the appearance thereof.
- 2) Chinese Walls shall be used to separate areas that have access to UPSI (“**Insider Areas**”) from those who do not have such access (“**Public Areas**”) within the Bank.
- 3) Where Chinese Walls arrangements are in place Bank Employees working within an Insider Area are prohibited from communicating any confidential information or UPSI to Bank Employees in Public Areas without the prior approval of the Compliance Officer.
- 4) The Bank Employees within a Chinese Wall have a responsibility to ensure the Chinese Wall is not breached deliberately or inadvertently. Known or suspected breaches of the Chinese Wall must be referred to the Compliance Officer immediately.
- 5) A Bank Employee may cross the Chinese Wall to enter the Insider Areas only with the prior approval of the Compliance Officer and would be subject to all restrictions that apply to such areas.
- 6) The establishment of Chinese Walls does not suggest or imply that UPSI can circulate freely within Insider Areas. The provision of Clause 2.2 shall be applicable within Insider Areas as well.

**Annexure 1****APPLICATION FOR PRE-TRADING APPROVAL**

To,

The Compliance Officer,  
XXXXX Bank.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Insider Trading Policy, I seek approval to purchase / sell / subscribe \_\_\_\_\_ equity shares of the Company as per details given below:

1. Name of the applicant :
2. Designation :
3. Number of securities held as on date :
4. Folio No. / DP ID / Client ID No :
5. The proposal is for : (a) Purchase of securities  
(b) Subscription to securities  
(c) Sale of securities
6. Proposed date of trading in securities :
7. Estimated number of securities proposed to be purchased/subscribed/sold :
8. Current market price (as on date of application) :
9. Whether the proposed transaction will be through stock exchange or off-market trade :
10. Folio No. / DP ID / Client ID No. where the securities will be credited / debited :

I enclose herewith the Undertaking signed by me.

Signature: \_\_\_\_\_

Name:

Date:

## Annexure 2

### UNDERTAKING TO BE ACCOMPANIED WITH THE APPLICATION FOR PRECLEARANCE

To,

The Compliance Officer,  
XXXXX Bank.

I, \_\_\_\_\_, \_\_\_\_\_ of the Company residing at \_\_\_\_\_, am desirous of trading in \_\_\_\_\_ shares of the Company as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

I further declare that I am not in possession of any unpublished price sensitive information up to the time of signing this Undertaking.

In the event that I have access to or receive any unpublished price sensitive information after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the same and shall completely refrain from trading in the securities of the Company until such information becomes public.

I declare that I have not contravened the provisions of the Rules as notified by the Company from time to time.

In the event of this transaction being in violation of the Rules or the applicable laws, (a) I will, unconditionally, release, hold harmless and indemnify to the fullest extent, the Company and its directors and officers, (the 'indemnified persons') for all losses, damages, fines, expenses, suffered by the indemnified persons, (b) I will compensate the indemnified persons for all expenses incurred in any investigation, defence, or public relations activity in relation to this transaction and (c) I authorize the Company to recover from me, the profits arising from this transaction and remit the same to the SEBI for credit of the Investor Protection and Education Fund administered by the SEBI.

I undertake to submit the necessary report within two days of execution of the transaction / a 'Nil' report if the transaction is not undertaken.

If approval is granted, I shall execute the trade within seven days of the receipt of approval failing which I shall seek pre-clearance afresh.

I declare that I have made full and true disclosure in the matter.

Signature: \_\_\_\_\_

Name:

Date:

**Annexure 3****DISCLOSURE OF TRANSACTIONS**

(To be submitted within 2 days of transaction / trading in securities of the Company)

To,

The Compliance Officer,  
XXXXXX Bank.

I hereby inform that I

- have not bought / sold/ subscribed any securities of the Company
- have bought/sold/subscribed to \_\_\_\_\_ securities as mentioned below on \_\_\_\_ (date)  
(strike out whichever is not applicable)

Name of holder	No. of securities traded	Bought / sold / subscribed	DP ID/Client ID/Folio No.	Price (Rs.)

I declare that the above information is correct and that no provisions of the Company's Rules and/or applicable laws/regulations have been contravened for effecting the above said transactions(s).

Signature: \_\_\_\_\_

Name:

Date:

**Annexure 4**

**Form B**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015**

**[Regulation 7 (1) (b) read with Regulation 6 (2) Disclosure on becoming a Key Managerial Personnel/Director/Promoter/Member of the promoter group]**

To,

The Compliance Officer,

XXXXX Bank,

(ISIN: \_\_\_\_\_)

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or member of the promoter group of Listed Company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Name, PAN No., CIN / DIN & address with contact nos.	Category of Person (Promoters/ member of the promoter group / KMP / Directors /immediate relatives/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter/ or member of the promoter group	Securities held at the time of becoming Promoter or member of the promoter group /appointment of Director/KMP		% Of Share holding
			Type of security (For e.g. – Shares, Warrants, Convertible Debentures Rights entitlements, etc.)	No.	

Details of Open Interest (OI) in derivatives on the securities of the company held on appointment of KMP or Director or upon becoming a Promoter or member of the promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of appointment of Director/KMP or upon becoming Promoter/ member of the promoter group			Open Interest of the Option Contracts held at the time of appointment of Director/KMP or upon becoming		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

*Private & Confidential*

**Annexure 5**  
**Form C**  
**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015**  
**[Regulation 7 (2) read with Regulation 6 (2)]**

To,

The Compliance Officer,  
 XXXXX Bank,  
 (ISIN: \_\_\_\_\_)

Details of change in holding of Securities of Promoter, Member of the Promoter Group Designated Person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2)

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives of the company by Promoter, Employee or director of a Listed Company and other such persons as mentioned in Regulation 6(2)

Name, PAN No., CIN/DIN, & address with contact nos..	Category of Person (Promoters/member of the promoter group/designated person/ Directors/ Immediate relatives/ others etc.)	Securities held prior to acquisition/disposal	Securities acquired/disposed	Securities held post acquisition / disposal	Date of allotment advice/ acquisition of shares/ sale of shares specify	Date of intimation to Company	Mode of acquisition n/disposal (on market purchase/ public rights/ preferential offer/ off market/ Inter-se transfer, ESOPs etc.	Exchange on which the trade was Executed



		Type of security (For e.g. - Shares, Warrants, Convertible Debentures, Rights entitlements etc.)	No. & % of shareholding	Type of security (For e.g. - Shares, Warrants, Convertible Debenture, Rights entitlement,	No.	Value	Transaction Type (Purchase/sale Pledge / Revocation / Invocation/ Others-please specify)	Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. & % of shareholding	From	To			

Note: (i) "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives of the company by Promoter, member of the promoter group, designated person or director of a Listed Company and and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2)

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of Contract	Contract Specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name & Signature:

Designation:

Date:

## Annexure 6

### Form D

Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015  
Regulation 7(3) – Transactions by other connected persons as identified by the Company

Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company	Connection with the company	Securities held prior to acquisition/ disposal		Securities acquired/ disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ disposal of shares specify		Date of intimation to Company	Mode of acquisition /disposal (on market purchase/ public rights/ preferential offer/ off market/ Inter-se transfer, ESOPs etc.	Exchange
		Type of security (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/Sale/ Pledge/ Revocation / Invocation/ Others-please specify)	Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of share holding	From	To			

**Note:** (i) “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.  
(ii) Value of transaction excludes taxes/brokerage/any other charges

#### Details of trading in derivatives on the securities of the company by other connected persons as identified by the company

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name:  
Signature:  
Place: