



# **Baid Leasing and Finance Co. Ltd.**

## **Policy for Prohibition of Fraudulent and Unfair Trade Practices relating to securities market**

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## Version Control

Document Version	Description of Change/Annual Review	Date	Prepared / Changed by
1.0	Change approved pursuant to amendment in SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003	22nd June 2021	Compliance Department

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Company Circulation

## 1. Preface:

This Policy is formulated as per the requirement under Regulation 5(4) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Regulation requires that the Compensation Committee of a Company should frame suitable policies and systems to ensure that there is no violation of—

- A. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- B. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade practices relating to the Securities Market) Regulations, 2003, by any Employee.

The Policy shall also be uploaded on the website of the Company at <https://www.balfc.com/>

## 2. Definition(s):

a) “**Act**” means the Securities Exchange Board of India Act, 1992

b) “**Audit Committee**” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

c) “**Board**” means Securities Exchange Board of India.

d) “**Dealing in securities**” includes:

- I. an act of buying, selling or subscribing pursuant to any issue of any security or agreeing to buy, sell or subscribe to any issue of any security or otherwise transacting in any way in any security by any persons including as principal, agent, or intermediary referred to in section 12 of the Securities and Exchange Board of India Act, 1992;
- II. such acts which may be knowingly designed to influence the decision of investors in securities; and
- III. any act of providing assistance to carry out the aforementioned acts

e) “**Disciplinary Action**” means any action that can be taken on the completion of /during the investigation proceedings including but not limited to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit consider in the gravity of the matter.

f) “**Fraud**” includes any act, expression, omission or concealment committed whether in a deceitful manner or not by a person or by any other person with his connivance or by his agent while dealing in securities in order to induce another person or his agent to deal in securities, whether or not there is any wrongful gain or avoidance of any loss, and shall also include—

- A knowing misrepresentation of the truth or concealment of material fact in order that another person may act to his detriment;

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- A suggestion as to a fact which is not true by one who does not believe it to be true;
- An active concealment of a fact by a person having knowledge or belief of the fact;
- Are presentation made in a reckless and careless manner whether it be true or false;
- Any such act or omission as any other law specifically declares to be fraudulent,
- Deceptive behavior by a person depriving another of informed consent or full participation
- A false statement made without reasonable ground for believing it to be true.
- The act of an issuer of securities giving out misinformation that affects the market price of the security, resulting in investors being effectively misled even though they did not rely on the statement itself or anything derived from it other than the market price.

And “fraudulent” shall be construed accordingly;

Nothing contained in this clause shall apply to any general comments made in good faith in regard to—

- (a) The economic policy of the government
- (b) The economic situation of the country
- (c) Trends in the securities market or
- (d) Any other matter of a like nature

whether such comments are made in public or in private;

g) “**Investigating Authority**” means those persons authorized, appointed, consulted or approached by the Chairman of the Audit Committee including Auditors of the Company and the police.

h) “**Policy**” means Policy on Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market.

i) “**Regulations**” means SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

j) “**Securities**” means securities as defined in section 2 of the Securities Contracts (Regulation) Act, 1956.

### 3. Objectives:

The objectives of the Policy strive to prohibit:

- fraudulent dealings in Securities Market
- market Manipulation
- making misleading statements to induce sale or purchase of securities and
- unfair trade practices relating to securities.
- use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under.

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- employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange.

#### **4. Prohibition of certain dealings in Securities:**

No person shall directly or indirectly—

- buy, sell or otherwise deal in securities in a fraudulent manner;
- use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;
- employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;
- engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

#### **5. Prohibition on Manipulative, Fraudulent and Unfair Trade Practices**

- Without prejudice to the provisions of regulation 3 of these Regulations, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.
- Dealing in securities shall be deemed to be a manipulative, fraudulent or an unfair trade practice if it involves any of the following:
  - ✓ knowingly indulging in an act which creates false or misleading appearance of trading in the securities market;
  - ✓ dealing in a security not intended to effect transfer of beneficial ownership but intended to operate only as a device to inflate, depress or cause fluctuations in the price of such security for wrongful gain or avoidance of loss;
  - ✓ inducing any person to subscribe to an issue of the securities for fraudulently securing the minimum subscription to such issue of securities, by advancing or agreeing to advance any money to any other person or through any other means.
  - ✓ inducing any person for dealing in any securities for artificially inflating, depressing, maintaining or causing fluctuation in the price of securities through any means including by paying, offering or agreeing to pay or offer any money or money's worth, directly or indirectly, to any person;
  - ✓ any act or omission amounting to manipulation of the price of a security including, influencing or manipulating the reference price or benchmark price of any securities;
  - ✓ knowingly publishing or causing to publish or reporting or causing to report by a person dealing in securities any information relating to securities, including financial results, financial statements, mergers and acquisitions, regulatory approvals, which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

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- ✓ entering into a transaction in securities without intention of performing it or without intention of change of ownership of such security;
- ✓ selling, dealing or pledging of stolen, counterfeit or fraudulently issued securities whether in physical or dematerialized form:

Provided that if:

- ❖ the person selling, dealing in or pledging stolen, counterfeit or fraudulently issued securities was a holder in due course; or
  - ❖ the stolen, counterfeit or fraudulently issued securities were previously traded on the market through a bona fide transaction,
  - ❖ such selling, dealing or pledging of stolen, counterfeit or fraudulently issued securities shall not be considered as a manipulative, fraudulent, or unfair trade practice;
- ✓ disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities;
  - ✓ a market participant entering into transactions on behalf of client without the knowledge of or instructions from client or miss utilizing or diverting the funds or securities of the client held in fiduciary capacity
  - ✓ circular transactions in respect of a security entered into between persons including intermediaries to artificially provide a false appearance of trading in such security or to inflate, depress or cause fluctuations in the price of such security;
  - ✓ fraudulent inducement of any person by a market participant to deal in securities with the objective of enhancing his brokerage or commission or income;
  - ✓ an intermediary predating or otherwise falsifying records including contract notes, client instructions, balance of securities statement, client account statements;
  - ✓ any order in securities placed by a person, while directly or indirectly in possession of information that is not publically available, regarding a substantial impending transaction in that securities, its underlying securities or its derivative;
  - ✓ knowingly planting false or misleading news which may induce sale or purchase of securities.
  - ✓ miss-selling of securities or services relating to securities market;
  - ✓ illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or

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causing to be carried on any collective investment scheme by any person.

## 6. Investigation

6.1 Where the Board, the Chairman, the member or the Executive Director (hereinafter referred to as “appointing authority”) has reasonable ground to believe that—

- (a) the transactions in securities are being dealt within a manner detrimental to the investors or the securities market in violation of these regulations;
- (b) any intermediary or any person associated with the securities market has violated any of the provisions of the Act or the rules or the regulations,

It may, at any time by order in writing, direct any person (hereinafter referred to as the “**Investigating Authority**”) specified in the order to investigate the affairs of such intermediary or persons associated with the securities market or any other person and to report thereon to the Board in the manner provided in section 11 C of the Act.

6.2 The Investigating Authority shall have the following powers for the conduct of investigation, namely:

- to call for information or records from any person specified in section 11(2)(i) of the Act;
- to undertake inspection of any book, or register, or other document or record of any listed public company or a public company (not being intermediaries referred to in section 12 of the Act) which intends to get its securities listed on any recognized stock exchange where the Investigating Authority has reasonable grounds to believe that such company has been conducting in violation of these regulations;
- to require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorized by him in this behalf as he may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of the investigation;
- to keep in his custody any books, registers, other documents and record produced under this regulation for a maximum period of one month which may be extended up to a period of six months by the Board :

Provided that the Investigating Authority may call for any book, register other document or record if the same is needed again:

Provided further that if the person on whose behalf the books, registers, other documents and record are produced requires certified copies of the books, registers, other documents and record produced before the Investigating Authority, he shall give certified copies of such books, registers, other documents and record to such person or on whose behalf the books, registers, other documents and record were produced;

- to examine orally and to record the statement of the person concerned or any director, partner, member or employee of such person and to take notes of such oral examination to be used as an

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evidence against such person :

Provided that the said notes shall be read over to, or by, and signed by, the person so examined;

- to examine on oath any manager, managing director, officer or other employee of any intermediary or any person associated with securities market in any manner in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before him personally.

**6.3** It shall be the duty of every person in respect of whom an investigation has been ordered under regulation 7 of these Regulations—

- to produce to the Investigating Authority or any person authorized by him such books, accounts and other documents and record in his custody or control and to furnish such statements and information as the Investigating Authority or the person so authorized by him may reasonably require for the purposes of the investigation
- to appear before the Investigating Authority personally when required to do so by him under regulation 6 or regulation 7 to answer any question which is put to him by the Investigating Authority in pursuance of the powers under the said regulations.
- It shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section 12 of the Act or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorized by him in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.
- person shall—
  - ✓ allow the Investigating Authority to have access to the premises occupied by such person at all reasonable times for the purpose of investigation;
  - ✓ extend to the Investigating Authority reasonable facilities for examining any books, accounts and other documents in his custody or control (whether kept manually or in computer or in any other form) reasonably required for the purposes of the investigation;
  - ✓ provide to such Investigating Authority any such books, accounts and records which, in the opinion of the Investigating Authority, are relevant to the investigation or, as the case maybe, allow him to takeout computer out-prints thereof.

**6.4** The Investigating Authority shall, on completion of investigation, after taking into account all relevant facts, submit are port to the appointing authority:

Provided that the Investigating Authority may submit an interim report pending completion of investigations if he considers necessary in the interest of investors and the securities market or as directed by the appointing

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authority.

**6.5** The Board may, by an order, for reasons to be recorded in writing, in the interests of investors and securities market, issue or take any of the following disciplinary actions or directions, either pending investigation or enquiry or on completion of such investigation or enquiry as prescribed under Regulation 11 of the Fraudulent and Unfair Trade Practice Regulations.

**7. Applicability/ Validity of the Policy**

This Policy is subject to changes in accordance with guidelines/ directions issued by SEBI and the Nomination and Remuneration Committee /Board.

<b>Proposed by:</b>	
<b>Name</b>	<b>Signature</b>
Mr. Diwakar Jain, Company Secretary and Compliance Officer	
<b>Reviewed by:</b>	
Mr. Aman Baid, Whole Time Director	

<b>Approving Authority</b>	Board of Directors
<b>Date of Approval/ Review</b>	June 22, 2021

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