

## **NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED**

### **CODE OF CONDUCT AND ETHICS FOR KEY MANAGERIAL PERSONNEL/ KEY MANAGEMENT PERSONNEL**

#### **1. DEFINITIONS**

- a) "Key Managerial Personnel" as per Companies Act 2013 ('KMP Cos Act') in relation to the Company means the persons specified in section 2(51) of the Companies Act 2013 and Regulation 2 (1) (o) of SEBI LODR 2015.
- b) "Key Management Personnel" as per SEBI SECC Regulations 2018 ('KMP SECC') typically would include a person serving as head of any department or in such senior executive position that stands higher in hierarchy to the head(s) of the department(s) in the Exchange or any person who directly reports to the Managing Director & Chief Executive Officer (MD & CEO). As per the Company's organizational hierarchy, the executives in the full time employment of the Company two levels below the Managing Director & CEO i.e., Chiefs and Executive Vice President or any other person as may be identified by the Nomination and Remuneration Committee (NRC) will be treated as KMP for the purpose of this Policy as per the provisions of the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulation, 2018.
- c) KMP" would include typically both KMP Cos Act and KMP SECC unless otherwise specifically stated in this policy.
- d) "Board of Director" means the Board of Directors of the Exchange;
- e) "Exchange" shall mean the National Commodity & Derivatives Exchange Limited ('the Exchange');

#### **2. PURPOSE**

The Code of Conduct and Ethics for KMP is aimed at improving the professional and ethical standards in the functioning of Exchange thereby creating better investor confidence in the integrity of the market. The Code of Conduct and Ethics for KMP seeks to establish a minimum level of business/ professional ethics to be followed by the KMP of the Exchange towards establishing a fair and transparent marketplace.

### **3. OBJECTIVES AND UNDERLYING PRINCIPLES**

The Code of Ethics for KMP of the Exchange seeks to establish a minimum level of business/ professional ethics to be followed by the KMP Cos Act/ KMP SECC, towards establishing a fair and transparent marketplace. The Code of Conduct and Ethics is based on the following fundamental principles:

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

### **4. OVERVIEW OF CODE OF CONDUCT AND ETHICS**

The Regulatory Oversight Committee of the Exchange will oversee the implementation of Code of Conduct and Ethics.

### **5. GENERAL STANDARDS**

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

- g. KMP shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.
- h. KMP shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.
- i. KMP shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Exchange at large.

## **6. DEALINGS IN COMMODITY DERIVATIVES BY KMP OF THE EXCHANGE**

The Exchange is a Stock Exchange and is primarily operating as a commodity derivatives exchange and accordingly, for the purpose of this policy the term securities has been construed to include only commodity derivatives available for trading on Exchange platform and/or any other exchanges.

The Exchange has in place a Commodity Trading Policy that prohibits all employees including KMP of the Exchange and his/her immediate relatives from trading in commodity derivatives that are traded on the Exchange platform and/or any other exchanges. KMP are expected to be aware of and abide by the provisions of Commodity Trading Policy strictly.

## **7. DISCLOSURES OF BENEFICIAL INTEREST**

All KMP shall disclose to the Board of Directors, 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 or clearing member;
- b. shareholding, in cases where the shareholding of the key management personnel, 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.

## **8. ACCESS TO INFORMATION**

- a. 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.
- b. All such information, especially which is non-public and price sensitive, shall be kept confidential and not be used for any personal consideration/ gain.
- c. Any information relating to the business/operations of the Exchange which may come to the knowledge of KMP 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.

## **9. ETHICS AND CODE OF CONDUCT POLICY FOR EMPLOYEES**

The Ethics and Code of Conduct Policy as applicable to all the employees of the Exchange is also applicable to the KMP and they shall adhere to the same.

## **10. AFFIRMATION**

The KMP shall affirm compliance with this Code of Conduct and Ethics on an annual basis.

## **11. REGULATORY OVERSIGHT COMMITTEE TO LAY DOWN PROCEDURES**

- a. The regulatory oversight committee shall lay down procedures for the implementation of the code and prescribe reporting formats for the disclosures required under the code.
- b. The Compliance Officer shall execute the requirements laid down by the regulatory oversight committee.