



STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

4, Lee Road, Vaibhav, Kolkata – 700 020

Tel: (91 33) 3051 5400 / 4011 5400 Fax: (91 33) 2289 3401

CONFLICT OF INTEREST POLICY

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Policy reviewed on November, 2013



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1. Objective:

1.1 Stewart & Mackertich Wealth Management Limited (the "Company") conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its Clients and between one Client and another.

1.2 As a SEBI Registered Intermediary (Stock Broker & Depository Participant), the Company faces actual and potential Conflicts of Interest periodically. In order to establish highest standards of ethical and market practice with regard to management of conflicts of interest and to act at all times in the best interests of our client, this "**Conflict of Interest Policy**" has been formulated under the instructions of the Board Members of the Company, in compliance and/or as mandated by Securities and Exchange Board of India and The Stock Exchanges, where the Company is a Trading Member.

1.3 The Policy lays down appropriate procedures and measures that shall be followed to identify, control and manage relevant conflicts of Interests entailing a material risk of damage to a Client's interest.

The Company is required to take all reasonable steps to identify and adequately manage Conflict. This policy specifies the requirement for the Company, to have in place in order to identify and manage any such material Conflicts of Interest.

2. Responsibility:

2.1 The Compliance Officer shall be responsible for the implementation and supervision of this Policy.

2.2 The Legal Department and Associate Compliance Officer shall assist the Compliance Officer in the identification and monitoring of actual and potential Conflicts of Interest and report to on a daily basis if any non-compliance(s) of this policy is observed.

2.3 The Compliance Officer shall take all necessary steps to identify, monitor, document, analyze the key conflicts and potential conflicts we face in our day to day business and report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.

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2.4 The Compliance Officer shall exercise his/her independent judgment and take adequate precautions to ensure implementation of an effective monitoring mechanism, based on the day-to-day activities of the clients, general market information and the facts and circumstances.

2.5 The Internal Auditor of the Company, shall review the implementation, documentation, effectiveness and review the actions taken during the period of audit and shall record the observations with respect to the same in their Internal Audit Reports.

2.6 The Board of Directors shall peruse, review and provide necessary guidance with regard to the "**Conflict of Interest Policy**", periodically, for strengthening the processes.

3. Scope:

3.1 Conflict of Interests:

3.1.1 The word "Conflict of Interest" specifies those Conflicts of Interest that may give rise to a material risk of damage to the interests of a Client.

3.1.2 Conflicts of Interest may arise between:

- The Company and a Client;
- A Relevant Person and a Client;
- Two or more Clients of the Company in the context of the provision of services by the Company to those Clients;

Examples have been included in Section Examples of Potential Conflicts of Interest of this policy to illustrate a range of possible Conflicts of Interest that might arise.

3.2 Clients: Clients include:

- Existing Clients of the Company;
- Potential Clients
- Past Clients where fiduciary or other duties remain in place





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3.3 Relevant Person: "Relevant Person" means any of the following:

- Dominant Promoters of the Company
- Major Shareholder of the Company
- Director of the Company
- Manager of the Company
- Employee of the Company
- Sub-Broker of the Company registered with SEBI
- Authorized Persons of the Company registered with the Stock Exchanges
- Vendor – Agent non Trading / Financial Activities
- Appointed Representative of the Company

3.4 Regulated Business : "Regulated Business" means all forms of sales and trading activities in securities and derivatives and their underlying(s), underwriting and placing activities, research and investment advice.

4. Application:

This policy applies to all divisions within the Company. It also applies to Relevant Persons. This policy sits, together with the Core Principles of the Company, above all existing policies and procedures of the Company referencing the identification and management of potential Conflicts of Interest and forms the basis for any divisional-specific procedures.

5. Management Procedure:

The Company's regulators have issued rules and guidance regarding Conflicts of Interest. The Company's policy is to adhere to such rules and guidance where applicable. This policy sets out the minimum standards that the Company will meet to comply with such rules and guidance.

The Policy summarizes the means by which we manage these conflicts and it shall be made available to all Personnel to ensure that they are aware of how we deal with relevant conflicts.





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5.1 Identification of Conflicts:

5.1.1 For the purposes of identifying the types of situations that arise which may cause a material risk of damage to the interests of a client, we shall take into account whether our Company or a relevant person, or a person directly or indirectly linked by control to our Company:

In identifying Conflicts of Interest, the Company shall consider all of the factual circumstances and the Company will take into account, inter alia, whether the Company or a Relevant Person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- Has 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 that outcome;
- Has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client;
- Carries on the same business as the Client; and/or
- 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.

5.1.2 Identifying and Managing Conflicts of Interest:

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard the Company has in place arrangements designed to ensure that:

- Divisions and legal entities operate with appropriate independence from one another;
- There are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- Supervisory arrangements provide for separate supervision of staff where necessary for the fair management of Conflicts of Interest;
- There are appropriate controls in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;
- Relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interest;
- In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- Appropriate inter- and intra-divisional escalation processes are in place and complied with where a Conflict of Interest has been identified or may be identified;



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- Adequate records are maintained of the services and activities of the Company where a Conflict of Interest has been identified;
- Where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- Where necessary, Relevant Persons are subject to personal account transaction rules; and
- There is a periodic review of the adequacy of the Company's systems and controls.

5.2 Conflict Management:

5.2.1 Where a conflict is identified, the Senior Management shall organize its business activities in a manner which avoids such a conflict. This may include considering the appropriateness of external relationships.

5.2.2 Where conflicts are unavoidable, the Senior Management shall identify them in advance and provide for their mitigation and management. These management arrangements shall be designed to ensure the Company or its members, managers or employees are not advantaged where there is a material risk that a client is disadvantaged.

5.2.3 Where the Senior Management are not reasonably confident that they are able to manage conflicts to adequately protect the interest of a client, they shall clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking any business.

5.2.4 The disclosure will be in a durable medium and provide sufficient details, taking into account the nature of the client, to enable that client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

5.3 Conflict Monitoring

5.3.1 Information Barriers : The Company shall establish and operates internal organization arrangements to avoid conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of confidential (including price sensitive) information between the different areas of business. The Company shall maintain permanent information barriers between its different business areas.

5.3.2 The Company shall adopt following general principles in order to handle confidential, including price sensitive information:

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- a) It shall provide confidential information to external parties only to the extent that it is obliged to do so by law, regulation and/or if foreseen in the provision of services requested.
- b) Client information shall always be treated in accordance with the appropriate level of confidentiality.
- c) Client information shall only be shared internally on a "need to know" basis unless other arrangements have been agreed upon with a client.
- d) Confidential and price sensitive information shall be subject to Chinese Walls procedures and shall not be passed between different business areas.

5.3.3 Personal Conflicts: The Company aim to employ experienced and professional staff. However, the actions of a staff member may be influenced by, or create an influence over the activities of the Company. Potential conflicts therefore arise with respect to; inter alia, those issues listed below.

| Issues | Potential Conflict | Management Arrangements |
|---|--|---|
| Personal account trading | Stewart & Mackertich personnel may trade on personal account in an inappropriate manner, to the detriment of clients. | Stewart & Mackertich shall implement a Personal Account Dealing policy with which staff and related persons under their control must comply. |
| Remuneration Policy | The employees may seek to enhance revenue and personal compensation by engaging in activities which may place the firm and/or its clients at higher risk. | Stewart & Mackertich shall have in place a remuneration policy which does not align risk taking with individual compensation. |
| Inducements and entertainment (including bribery risks) | Stewart & Mackertich personnel may be influenced in making investment or trading decisions or outsourcing selections that are not in the best interests of clients when entertainment or other forms of inducement are | Stewart & Mackertich shall implement a reporting norms in case any gifts and entertainment 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, |



