



Policy on Prohibition & Circulation of Unauthenticated News

(Pursuant to SEBI Circular Cir/ ISD/1/2011 dated March 23, 2011 31-March-2011)

Introduction:

Securities and Exchange Board of India (SEBI) vide its circular Cir/ISD/1/2011 dated 23rd March, 2011 has ordered restriction on transmitting 'unauthenticated news' by Broking houses and other SEBI registered Intermediaries on blogs, chat forums, messenger sites in an effort to prevent stock manipulation through unverified news and rumours. Intermediaries need to have proper internal controls and ensure that proper checks and balances are in place to govern the conduct of their employees to prevent speculative news and rumours. The move follows growing concerns over some employees indulging into activities like fraud against the clients, front-running, circular trading and manipulating stock prices through rumour mongering. Market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms. Broking houses will also have to ensure that any market-related news received by their employees, either in their official or personal mail, should be forwarded to clients only after the same has been approved by its compliance officer.

Concepts:

Company: For the purpose of this Policy Company shall mean Mukul Amratlal Sonawala, being a SEBI registered Intermediary.

Employee: Employee means persons on the payroll of the Company and includes persons employed on a contractual basis.

Unauthenticated News: Unauthenticated News means information which are not established or confirmed from reliable sources. The claims made by or about the subject may or may not be true.

Blogs: Blogs are a type of website or part of a website wherein regular entries of commentary, descriptions of events, or other material such as graphics or video etc. are maintained and discussed in an interactive way.

Chat Forums: Chat forums or message board, is an online discussion site where people can hold conversations in the form of posted messages.

Communication Channels: Communication Channels means a channel, whether electronic or otherwise, used to convey any market related information. For example, telephone/mobile phones, SMS, MMS, Blogs, Chat Forums, Messenger sites, Social Networking Sites and such other channels as may from time to time be used.

Scope:

Employees of the Company especially those who have access to market information viz. Sales Team, Dealers, Research analyst, Equity/ Portfolio Advisors etc. shall not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other source without verification. Employees shall circulate only that information which is received from reliable sources only. If the source of the information is not verifiable, then such information may be used only after its use is approved by the Compliance Officer of the Company.

Illustrative list of Reliable Sources includes Information posted on websites of Government/Regulatory authorities, Print media and their websites, Business New Channels and such information which are communicated by the Corporates by way of press release.

Reporting:

Employee of the Company is obliged to promptly furnish any market related news/information received by him from an unverified source / communication channel to the Compliance Officer of the Company and shall forward the same only after the same has been approved by the Compliance Officer.

Restricted Internet Usage:

The company has restricted the access of Private E-Mails, Chat Forums/Messengers, Blogs, Social Networking websites etc. in office, unless otherwise permitted to specific individuals by the Management. Such individuals irrevocably undertake that access to such sites will not be misused to

the extent of facilitating unauthenticated news in any manner. The use of the official e-mail id for posting unauthenticated news in mail groups, forums, blogs etc. will attract disciplinary action. Further strict action would also be initiated against any employee representing the company in any manner whatsoever, who facilitates posting unauthenticated news during the non-business hours and outside the office premises.

Penalty:

An employee of the Company fails to observe the provisions of this Policy shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for penal action. The Compliance Officer shall also be held liable for breach of duty in this regard. Nothing contained in this clause shall prevent the Company/Management/Compliance Officer to take appropriate action against such employee for breach of duty. The Compliance Officer of the company shall take all prudent steps to identify and restrict any act that may lead to violation of this policy.

For Mukul Amratlal Sonawala


Jayant Amrutlal Pandya
Compliance Officer