

## ***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.

