

MACY SHARES & STOCK BROKERS PVT.LTD

Member, National Stock Exchange of India Ltd. Capital & Derivatives
SEBI Regn No.: INZ000271830 Member Code : 07140

Regd. Office : 6 C1-2, Court Chambers, 35, Vithaldas Thakersey Marg,
New Marine Lines, Mumbai-400 020. Tel: 022-6639 0005/6/7 E-Mail : : macysecurities@gmail.com / macyshares@rediffmail.com

MACY SHARES & STOCK BROKERS PVT LTD POLICY FOR DEALING WITH CONFLICTS OF INTEREST (Applicable for all exchanges/segment) Version 3.0

1. Background

MACY SHARES & STOCK BROKERS PVT LTD is registered with the Securities and Exchange Board of India (SEBI) as:

1. Stock Broker (SEBI Registration Number INZ000271830)

Its current activities include Stock Broking self-clearing trades through NSE Clearing Limited (NCL)..

As per the requirements listed in SEBI Circular ref. CIR/MIRSD/5/2013 dated 27-Aug-2013 and other regulatory requirements from time to time, MACY SHARES & STOCK BROKERS PVT LTD has to adhere to guidelines for avoiding or dealing with or managing conflict of interest, and also educate their associated persons for compliance of these guidelines.

Principle 8 listed under "A. Principles Relating to the Regulator" in the "Objectives and Principles of Securities Regulation" issued by International Organization of Securities Commissions (IOSCO) version May 2017 is reproduced as under:

"8 The Regulator should seek to ensure that conflicts of interest and misalignment of incentives are avoided, eliminated, disclosed or otherwise managed."

Based on the above circular and in observations made in the Final Report on "Guidelines for the Regulation of Conflicts of Interest Facing Market Intermediaries" dated November 2010 issued by the Emerging Markets Committee of the International Organization of Securities Commissions (the IOSCO 2010 Report), MACY SHARES & STOCK BROKERS PVT LTD has formulated and implemented this conflict of interest policy.

2. Definition of Conflict of Interest

The IOSCO 2010 Report contents pertaining to Definition of Conflicts of Interest is reproduced as below:

"The term conflict of interest is widely used in commercial and legal transactions and is acknowledged in the codes of ethics of various professional bodies, to identify behavior that is unacceptable. Despite international usage of the term, there is no universally accepted definition of conflicts of interest. To further accentuate the problem, the globalization of the world's financial markets has led to different definitions and regulations of what constitutes



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a conflict in different jurisdictions. Conflicts of interest are normally attributed to imperfections in the financial markets and asymmetric information.

Previous work by IOSCO has dealt in regulating conflicts of interest in various areas of the capital market but has not provided a general definition of what constitutes a conflict of interest. Similarly the European Union (EU) has established a number of rules regarding situations where a conflict of interest arises in the capital markets but has so far abstained from a general definition. Not all conflicts of interest create market failures i.e. where the transacting parties are unable to find appropriate contractual solutions themselves, hence only those conflicts that can result in market failure should be addressed. Most jurisdictions surveyed responded that they did not have a legal definition of what constitutes a conflict of interest in place, but for the sake of this report a conflict of interest is said to arise when the interests of particular firms and investors are pursued at the expense of other firms and investors.”

The Report further classifies conflicts of interest into three categories, viz.

1. Firm/Client Conflicts – Where conflicts take place between a firm’s own economic interests and the interests of its clients, usually reflected in the extraction of rents or mispriced transfer of risk.
2. Client/Client Conflicts – Where conflicts are present between a firm’s clients or types of clients, which place the firm in a position of favouring one client at the expense of another
3. Intra Group Conflicts – Where there is incompatibility, incongruence, or disagreement between members, business units or departments of an intermediary or between subsidiaries or branches of an internationally active financial group across jurisdictions regarding their goals, functions or activities.

3. Policy of MACY SHARES & STOCK BROKERS PVT LTD to handle conflict

In consideration of the above, MACY SHARES & STOCK BROKERS PVT LTD shall have the following policy to handle potential conflicts of interests:

i. The Board of Directors of MACY SHARES & STOCK BROKERS PVT LTD have laid down the following policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest and developed an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities. These policies, procedures and code have been communicated to all concerned by placing on the website.

The following four mechanisms will be implemented to handle the conflict:

- Disclosure of Conflicts – In situations where a conflict arises within MACY SHARES & STOCK BROKERS PVT LTD and MACY SHARES & STOCK



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BROKERS PVT LTD is unable to ensure fair treatment towards the client, disclosure of the conflict should be made mandatory in order to allow the client to make an informed decision

- Information Barriers - Information barriers will be used in MACY SHARES & STOCK BROKERS PVT LTD to block or hinder the flow of information from one department to another
- Limitation/Prohibition of Business Conduct - When a conflict arises and MACY SHARES & STOCK BROKERS PVT LTD feels that it cannot be dealt with even after disclosure of the conflict to the client, MACY SHARES & STOCK BROKERS PVT LTD will refrain from acting, therefore protecting its customer from issues created by the conflict.
- Self Control and Firm's Internal Conflict of Interest Management – The members of the Board of Directors can be approached to deal with identifying and addressing particular cases of conflicts of interest.

4. Examples of conflict of interest:

Some common examples of potential conflict of interest as provided in the IOSCO 2010 Report is listed below for reference:

A. Conflicts between Brokerage and Dealing:

- A.1 Churning
- A.2 Front Running
- A.3 Unfair Practices in Analysis, Report Preparation and Distribution
- A.4 Conflicts between Clients in Order Aggregation and Allocation of Securities

B. Conflicts of Interest That May Arise Between Corporate Finance Services and Other Securities/Business Services

- B.1 Pricing (Underpricing/Overpricing)
- B.2 Preferential Allocation of Securities to More Profitable Clients
- B.3 Advising Multiple Bidders in a Transaction
- B.4 Advising the Seller and a Potential Buyer in the Same Transaction
- B.5 Exaggerated Investment Solicitation or Sales of Securities Underwritten by the

Intermediary

- B.6 Publishing Favourable Analysis Reports
- B.7 Using Non Public Insider Information Obtained in the Process of Underwriting Securities

C. Conflicts of Interests That May Arise Between Asset Management Services(AMS) and Other

Securities Businesses/Services



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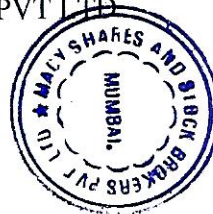
- C.1 AMS Operation and Proprietary Trading
- C.2 AMS operation/Sales of CIS Interests Vs Brokerage
- C.3 AMS operation Vs Corporate Finance Services

5. Other policy declarations:

- MACY SHARES & STOCKBROKERS PVT LTD will at all times maintain high standards of integrity in the conduct of their business;
- MACY SHARES & STOCK BROKERS PVT LTD will ensure fair treatment of their clients and not discriminate amongst them;
- MACY SHARES & STOCK BROKERS PVT LTD will ensure that their personal interest does not, at any time conflict with their duty to their clients and client's interest always takes primacy in their advice, investment decisions and transactions;
- MACY SHARES & STOCK BROKERS PVT LTD make appropriate disclosure to the clients, if any, of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services
- MACY SHARES & STOCK BROKERS PVT LTD will endeavor to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc. as and where found suitable
- MACY SHARES & STOCK BROKERS PVT LTD will place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- MACY SHARES & STOCK BROKERS PVT LTD will not deal in securities while in possession of material non published information
- MACY SHARES & STOCK BROKERS PVT LTD will not to communicate the material non published information while dealing in securities on behalf of others;
- MACY SHARES & STOCK BROKERS PVT LTD will not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
- MACY SHARES & STOCK BROKERS PVT LTD will not have an incentive structure that encourages sale of products not suiting the risk profile of their clients;
- MACY SHARES & STOCK BROKERS PVT LTD will not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;

MACY SHARES & STOCK BROKERS PVT LTD


(Udhayakumar Mani Nadar)
Compliance Officer



The above revised policy was approved by Macy Shares & Stock Brk. Pvt.Ltd at the Board meeting held on 10-Nov-2022