

# **SF3-IN Code of Conduct for Prevention of Insider Trading Policy**

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**Version 01**

**May, 2016**

**BMW India Financial Services Private Limited****Table of Contents**

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## 1. Introduction

Insider Trading is dealing (buying and / or selling) in the securities by the Shareholder Company, by any connected or deemed to be connected persons while in possession of any material un-published price sensitive information, in breach of a fiduciary duty or other relationship of a trust and confidence, to gain personal benefit out of such dealing.

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “the Regulations”) replaced the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 w.e.f. 15<sup>th</sup> May, 2015. The SEBI Regulations requires every listed company shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations and enforce a code of internal conduct and procedures based on the Model code provided therein.

In Compliance with the said requirements, BMW India Financial Services Private Limited (“Company”) has introduced a code for prohibition of Insider Trading (hereinafter referred to as the “Code”).

This Code shall come into force from the date of its approval in the Board Meeting.

## 2. Objective

The Company endeavours to preserve the confidentiality and prevent the misuse of un-published price sensitive information. The Company is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all the applicable laws and regulations. Every Director, Officer, Designated Employee and connected person of the Company has a duty to safeguard the confidentiality of all such information which he/ she obtained in the course of performance of official duties. Directors, Officers, Designated Employees and Connected persons of the Company should not use their position to gain personal benefit.

The Code is also intended to serve as a guiding charter for all concerned persons associated with the functioning of listed companies and their trading in Securities of such companies. The provisions of this Code have to be read along with the Regulations and if there is any inconsistency /contradiction between the two, the provisions of the Regulations shall prevail.

## 3. Definitions

- a) **“Act”** means the Securities and Exchange Board of India Act, 1992 (15 of 1992).
- b) **“Board”** means the Securities and Exchange Board of India.
- c) **“Code”** means the Code of Conduct for prevention of Insider Trading, as notified hereunder, including any amendments/ modifications made from time to time.

- d) “Compliance Officer”** means the Company Secretary of the Company or any other senior level employee who shall be directed by the Board of Directors of the Company to act as such and designated as the compliance officer of the Company.
- e) “Connected Person”** means the persons so defined in the Regulation 2(d) of SEBI (Prohibition of Insider Trading) Regulations, 2015 to the extent applicable to the Company.
- f) “Dependent(s)”** includes a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities.
- g) “Employee(s)”** mean employee(s) of the Company, whether working in India or abroad.
- h) “Insider”** means any person who is a connected person or in possession of or having access to unpublished price sensitive information.
- i) "Trading"** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- j) "Unpublished price sensitive information"** (UPSI) means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –
- (i) financial results;
  - (ii) dividends;
  - (iii) change in capital structure;
  - (iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;
  - (v) changes in key managerial personnel; and
  - (vi) material events in accordance with the listing agreement.
  - (vii) any other information that may be considered relevant by the Board of Directors
- k) “Key Managerial Personnel”**, in relation to the Company, means Key Managerial Personnel as defined in the Companies Act, 2013 and amended from time to time.
- l) Regulations”** means SEBI (Prohibition of Insider Trading) Regulations, 2015.

Words and phrases used in the Code and not defined hereinabove shall have the same meaning as defined under the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (18 of 2013) and rules and regulations made there under shall have the meanings respectively assigned to them in those legislation.

#### **4. Applicability**

This code shall apply to Directors, Key Managerial Personnel, Designated Employees of the Company and their dependent.

## **5. Compliance Officer**

- 5.1 The Compliance Officer shall report to the board of directors of the Company and in particular, shall provide reports to the Chairman of the Audit Committee, if any, or to the Chairman of the board of directors at such frequency as may be stipulated by the board of directors.
- 5.2 The Compliance Officer shall be responsible for setting forth the policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the board of directors of the Company.
- 5.3 Procedures for various activities referred to in the Code.
- 5.4 Compliance with the policies and procedures referred hereinabove.
- 5.5 Grant of pre-trading approvals to the Designated Persons for trading in the Company's Securities by them / their Immediate Relatives and monitoring of such trading.
- 5.6 All such things as provided in the Regulations and as may be prescribed by SEBI from time to time.

## **6. Preservation of Unpublished Price Sensitive Information**

All information shall be handled within the Company on a need-to-know basis and no unpublished price sensitive information shall be communicated to any person except in furtherance of the insider's legitimate purposes, performance of duties or discharge of his legal obligations or as permitted in the Regulations.

## **7. Chinese Wall**

To prevent the misuse of UPSI, the Company has adopted a Chinese Wall' strategy which separates those departments which routinely have access to UPSI, considered inside areas from those departments which deal with sale/marketing or other departments providing support services, considered —public areas. As per the said strategy:

- 7.1 The Employees in the inside areas are not allowed to communicate any UPSI to anyone in the public areas.
- 7.2 The Employees in inside area may be physically separated from the Employees in public area.
- 7.3 The demarcation of various departments as inside area may be determined by the Compliance Officers in consultation with the Board.
- 7.4 Only in exceptional circumstances, Employees from the public areas are brought over the wall 'and given UPSI on the basis of need to know criteria, under intimation to the Compliance Officer.

## **8. Prevention of Misuse of "Unpublished Price Sensitive Information"**

All Directors/ Key Managerial Personnel/ Designated Employees/ Connected person of the Company shall be subject to trading restrictions as enumerated below.

- 8.1 Trade in Securities of the Company either on their own behalf or on behalf of any other person when in possession of any unpublished price sensitive information; or

8.2 Communicate, provide or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

### 8.3 Trading Window

8.3.1 The Company shall specify a trading period, to be called "Trading window", for trading in the Company's Securities. The trading window shall be closed during the time the information referred to in para 8.3.2 is unpublished.

8.3.2 When the trading window is closed, the Directors/ Key Managerial Personnel/ Designated Employees/ Connected persons and their Dependents shall not trade in the Company's Securities in such period except where trading plan has been approved by the Compliance Officer.

The trading window shall be inter alia, closed at the time of:-

- a) Declaration of financial results;
- b) Declaration of dividends;
- c) Change in capital structure by way of public/ rights/ preferential issue;
- d) Mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions;
- e) Changes in Key Managerial Personnel; and
- f) Material events in accordance with the debt listing agreement, if any prescribed.
- g) Any other relevant events as may be determined by the Board of Directors

8.4 The time for commencement of closing of trading window and re-opening of trading window shall be decided by the Company. However, in any case

Unless communicated otherwise, trading window will close at least 48 hours before the information referred to in para 8.3.2 becomes public.

The re-opening of trading window shall not be earlier than 48 hours after the information referred to in para 8.3.2 becomes public.

All Directors/ Key Managerial Personnel/ Designated Employees/ Connected person of the Company shall conduct all their dealings in the Securities of the Company only in a valid trading window or as per approved trading window is closed or where there is no pre-approved trading plan, or during any other period as may be specified by the Company from time to time.

### 8.5 Trading Plan

8.5.1 An insider shall be entitled to formulate a Trading Plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades may be carried out on his behalf in accordance with such plan. Under such plan an Insider can trade in Securities

even when trading window is closed. It gives an option to Insiders who may be perpetually in possession of unpublished price sensitive information and enabling them to trade in Securities in a compliant manner.

#### 8.5.2 Trading Plan shall:

- (i) not entail commencement of trading on behalf of the insider earlier than six months from the public disclosure of the plan;
- (ii) not entail trading for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- (iii) entail trading for a period of not less than twelve months;
- (iv) not entail overlap of any period for which another trading plan is already in existence;
- (v) set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade (i.e. acquisition or disposal) and the intervals at, or dates on which such trades shall be effected; and
- (vi) not entail trading in securities for market abuse.

8.5.3 The Compliance Officer shall review the Trading Plan made as above to assess whether the plan would have any potential for violation of the Code and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan in accordance with the Code.

8.5.4 The Trading Plan once approved shall be irrevocable and the insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the Trading Plan.

However, the implementation of the Trading Plan shall not be commenced, if at the time of formulation of the plan, the insider is in possession of any unpublished price sensitive information and the said information has not become generally available at the time of the commencement of implementation. In such event the Compliance Officer shall confirm that the commencement of the Plan ought to be deferred until such unpublished price sensitive information becomes generally available information. Further, the insider shall also not be allowed to deal in securities of the Company, if the date of trading in securities of the Company, as per the approved Trading Plan, coincides with the date of closure of Trading Window announced by the Compliance Officer.

8.5.5 Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the securities are listed.

## 8.6 Pre-clearance of Trades

All Directors/ Key Managerial Personnel/ Designated Employees and their Dependents who intend to deal in the Securities of the Company shall pre-clear the intended transactions including those of 'Dependent' in the Securities of the Company as per the pre-dealing procedure described hereunder.

8.6.1 Pre-clearance of trade would be applicable wherever any Key Managerial Personnel/Designated Employee/his Dependent intends to deal in the Securities of the Company in excess of the minimum threshold limit of market value exceeding Rs. 500,000/- or 500 Securities whichever is less. Directors have to pre-clear their all intended transactions irrespective of value or number of Securities involved. Trades of the Compliance Officer which require pre-clearance in terms of the above shall be approved by the Managing Director or any Whole Time Director of the Company.

8.6.2 An application in "Form D", shall be made to Compliance Officer, after obtaining the approval of departmental head, if any, indicating the estimated number of Securities that Director/ Key Managerial Personnel /Designated Employee intends to deal in and details of depository with which he has a depository account and such other details as may be required by any rule made by the Company in this behalf.

8.6.3 An undertaking in "Form D" shall be executed in favour of the Company by such Director /Key Managerial Personnel/ Designated Employee.

## **9. Disclosure Requirements:**

### **9.1 Initial Disclosure:**

Every Promoter, Key Managerial Personnel and Director of the Company and any other person for whom such person takes trading decisions shall disclose his holding of securities of the Company as on the date of these regulations taking effect, within 30 days in Form A;

Every person on appointment as a Key Managerial Personnel or a Director of the Company or Designated Employee or upon becoming a Promoter shall disclose his holding of securities of the Company and any other person for whom such person takes trading decisions as on the date of appointment or becoming a promoter, to the Company within seven days of such appointment or becoming a Promoter in Form B.

### **9.2 Continual Disclosure:**

Every Promoter, Designated Employee and director of Company and any other person for whom such person takes trading decisions shall disclose to the Company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by the Compliance Officer from time to time in Form C.

#### **9.2.1 Disclosure by the Company to the Stock Exchange(s):**

The Company shall within 2 Working days the receipt of disclosures as mentioned as aforesaid, discloses to all Stock Exchanges on which the securities of the Company are listed, the information received as aforesaid.



## **10. General Provision:**

The Compliance Officer shall maintain records of all the declarations in the appropriate form given by the directors / designated employees for a minimum period of five years. All Directors/ Key Managerial Personnel/ Designated Employees and their Dependents shall inform the Board of Directors promptly when it is observed by them that there has been a violation of the code

The Compliance Officer shall place before the Managing Director / Chief Executive Officer or a committee specified by the company, on a quarterly basis if any all the details of the dealing in the securities by the employees / director / officer of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in this code.

## **11. Penalties**

Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her dependents).

Any Designated Person who trades in securities or communicates any information for trading in securities, in contravention of this Code may be penalised and appropriate action may be taken by the Company. The penalties will be as per the Securities Contract (Regulation) Act, 1956.

The action by the Company shall not preclude SEBI and other authorities from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015. In case the SEBI Regulations or any Statutory Provisions are more stringent than those contained in the Code, the SEBI Regulations / Statutory Provisions will prevail.

## **12. Review**

The contents and compliances under the Policy shall be approved by the Board of Directors and shall be reviewed at least once a year. In cases where necessary the Board of Directors may seek support from external professionals in order to smoothen the functioning and accomplishment of the objectives of the Policy.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference shall be made to Board of Directors. In all such matters, the decision of the Board of Directors shall be final and conclusive.

**Form A****Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (a) read with Regulation 6(2)]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

Details of Securities held by Promoter, Key Managerial Personnel (KMP) or Director or Designated Employee or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN No. CIN/ DIN & Address With contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate Relatives /others etc.)	Securities held as on the date of regulation/ policy coming into force		% of Security holding	Open Interest of the Future contracts held as on the date of regulation/ policy coming into force		Open Interest of the Option Contracts held as on the date of regulation/ policy coming into force	
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No		Number of units (contracts * lot size)	Notional value in Rupee terms	Number of units (contracts * lot size)	Notional value in Rupee terms

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

**Signature:****Designation:****Date:**

**Form B****Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (b) read with Regulation 6(2)]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Designated Employee or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN No .CIN/ DIN & Address With contact nos.	Category of Person (Promoters/ KMP / Directors/ immediate Relatives /others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/ appointment Of Director/KMP		% of Security holding	Open Interest of the Future contracts held at the time of becoming Promoter/appointm ent of Director/KMP		Open Interest of the Option Contracts held at the time of becoming Promoter/appointm ent of Director/KMP	
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No		Number of units (contracts * lot size)	Notiona l value in Rupee terms	Number of units (contracts * lot size)	Notiona l value in Rupee terms

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Signature:

Designation:

Date:

**Form C**

**Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015  
[Regulation 7(2) read with Regulation 6(2)]**

Name of the company: \_\_\_\_\_

ISIN of the company: \_\_\_\_\_

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or Designated Employee or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN No., CIN/DIN, & address of Promoter / Employee / Director with	Category of Person (Promoter s/ KMP / Directors/ immediate relatives/ others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed		% of shareholding		Date of allotment advice/ acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition (market purchase/ public rights/ preferential offer / off market/ Inter-se transfer etc)	Trading in derivatives (Specify type of contract, Futures or Options etc)		Exchange on which the trade was executed
		Type of security	No.	Type of security	No	Pre transaction	Post transaction	From	To			Buy	Sell	

### Form D

To,  
 The Compliance Officer  
 BMW India Financial Services Private Limited

Date:

From,  
 Name: Designation: Department:

**Through: Head of Department**

With reference to the Code of Conduct for Prevention of Insider Trading of the Company, I, the undersigned, seek your approval to buy/sell as a principal/agent in Securities of the Company, aggregating in value Rs.\_\_\_\_\_ (approx.)

STATEMENT OF HOLDINGS AT THE TIME OF PRE-CLEARENCE

I. DETAILS OF SECURITIES HOLDING OF DIRECTOR/ KEY MANAGERIAL PERSONNEL/ DESIGNATED EMPLOYEES HELD IN THEIR OWN NAME

Name	Designation	Department	No. of securities Held (with Folio No/DP ID/Client ID)	Nature of Transaction for which Approval is sought [Purchase/Sell/Others (Pls. Specify)]	No. of securities to be dealt	Aggregate value of the Transaction (Rs.) (approx.)

II. DETAILS OF SECURITIES HELD BY DEPENDANTS

Name	Relationship	No. of securities Held (with Folio/DP ID/Client ID)	Nature of Transaction for which Approval is Sought [Purchase/Sell /Others (Pls. Specify)]	No. of securities to be dealt	Aggregate value of the Transaction (Rs.) (approx.)

Please tick the appropriate case:

I/We hereby declare that I have not purchased any securities in last 6 months ( If approval is sought for selling of securities)	
I/We hereby declare that I have not sold any securities in last 6 months ( If approval is sought for purchase of shares)	

Signature

Name of Director/ Key Managerial Personnel/ Designated Employee:

Name of Department Head Signature

\*\*In case the sale of securities is necessitated by personal emergency, Director/ Key Managerial Personnel / Designated Employees shall specify the reasons. Reasons

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1. **Enclosure: Undertaking**

**FOR OFFICE USE ONLY PRE-CLEARANCE ORDER**

This is to inform you that your request for dealing in \_\_\_\_\_(nos.) \_\_\_\_\_ Shares/Debentures/Other Securities of the Company is approved. Please note that the said transaction must be completed within 7 days from the date of this order.

Conditions ( if any).....

**For BMW India Financial Services Private Limited**

**Compliance Officer/Managing Director**

**Date:**

## UNDERTAKING

I, \_\_\_\_\_ (Name, Designation and Dept.) residing at \_\_\_\_\_, desirous of dealing in \_\_\_\_\_ (nos.) of \_\_\_\_\_ securities/ Debentures/Other Securities (Please specify) as mentioned in my application dated \_\_\_\_\_ for pre-clearance of the transaction.

As required by the Code, I hereby state that

- (a) I have no access to nor do I have any information that could be construed as "Price Sensitive Information" as defined in the Code upto the time of signing this undertaking;
- (b) I am executing the transaction as per duly approved trading plan. (Please delete this clause if not applicable);
- (c) In the event that I have access to or received any information that could be construed as "Unpublished price sensitive information" as defined in the Code, after the signing of this undertaking but before executing the transaction for which approval is sought, I shall inform the Compliance Officer of the Same and shall completely refrain from dealing in the Securities of the company until such information becomes public;
- (d) I have not contravened the provisions of the Code as notified by the company from time to time;
- (e) I have made full and true disclosure in the matter.

**Signature:**

**Name :**

**Place:**

**Date:**