

THE FIRST CUSTODIAN FUND (INDIA) LTD.



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POLICY ON CONFLICT OF INTEREST

1. Introduction SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 issued a General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines. SEBI advised to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned.

SEBI guidelines intends Intermediaries and their Associated Persons to comply with the following –

- high standards of integrity in the conduct of business;
- fair treatment of clients and no discrimination amongst them;
- avoidance of conflict of personal interest with the client and primacy of clients' interest;
- appropriate disclosure to the clients of possible source or potential areas of conflict of interest;
- reducing the opportunities for conflict through prescriptive measures;
- appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security;
- not to deal in securities while in possession of material non published information;
- not to communicate the material non published information while dealing in securities on behalf of others
- not to manipulate the demand for or supply of or to influence prices of, securities.
- not to have an incentive structure that encourages sale of products not suiting the risk profile of the clients;
- not to share client information for the personal interest;

This document sets out the Policy on management of Conflict of Interest for THE FIRST CUSTODIAN FUND (INDIA) LTD, with intent to define a policy and procedure for dealing with Conflict of Interest and to effectively manage any conflicts of interest that may arise in carrying out its business. Senior Management is responsible for ensuring that the Company's systems, controls and procedures are adequate to identify and manage conflicts of interest.

“Conflict of Interest”

Conflicts of Interest can be defined in many ways, including any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A conflict of interest is a manifestation of the moral hazard problem, particularly when a financial institution provides multiple services and the potentially competing interests of those services may lead to a concealment of information or dissemination of misleading information. A conflict of interest exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.