



**Utkarsh Small Finance Bank**

**Code of Conduct for Prohibition of Insider Trading and Code of  
Fair Disclosure and Conduct**

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## 1. SCOPE AND PURPOSE

In terms of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, (hereinafter referred to as the “**PIT Regulations**”) the board of directors of Utkarsh Small Finance Bank Limited (hereinafter referred to as the “**Bank**” and such board of directors of the Bank referred to as the “**Board**”) is required, inter alia, to ensure that the chief executive officer or the managing director of the Bank formulate a code of conduct to regulate, monitor and report trading by the Designated Persons (as defined herein) Immediate Relatives (as defined herein) of the Designated Persons (hereinafter referred to as the “**Insider Code/ Code**”). The Bank has adopted this Insider Code to regulate and monitor the trading of Securities (as defined herein) of the Bank by Designated Persons, their Immediate Relatives and Insiders and to ensure compliance with the PIT Regulations with respect to dealings of the Designated Persons, their Immediate Relatives and Insiders with any clients of the Bank whose securities are listed on the stock exchanges.

## 2. EFFECTIVE AND APPLICABILITY

This Code shall be effective from the date it is adopted by the Board and is applicable to all Designated Persons, their Immediate Relatives and Insiders.

## 3. DEFINITIONS

“**Compliance Officer**” means the senior officer, designated so and reporting to the Board in line with the requirements of the PIT Regulations. Such person should be financially literate and capable of appreciating requirements for legal and regulatory compliance under the PIT Regulations and shall also be responsible for compliance of policies, procedures, maintenance of records, monitoring adherence of rules for the preservation of USPI, monitoring of trades and implementation of this Policy, under overall supervision of Board.

For further details, see “4. *Compliance Officer*” of this Policy.

Note: The term ‘financially literate’ shall mean a person who has the ability to read and understand basic financial statements, i.e., balance sheet, profit and loss account, and statement of cash flows.

“**Connected Persons**” means any person who:

- a. is or has during the six months prior to the concerned act been associated with the Bank, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Bank or holds any position including a professional or business relationship between himself and the Bank whether temporary or permanent, that allows such person, directly or indirectly, access to Unpublished Price Sensitive Information or is reasonably expected to allow such access; or
- b. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be Connected Persons unless the contrary is established,
  - i. an Immediate Relative of Connected Persons specified in clause (a) above; or

- ii. a holding company or associate company or subsidiary company; or
- iii. an intermediary as specified in section 12 of Securities Exchange Board of India Act, 1992 or an employee or director thereof; or
- iv. an investment company, trustee company, asset management company or an employee or director thereof; or
- v. an official of a stock exchange or of clearing house or corporation; or
- vi. a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
- vii. a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013, as amended; or
- viii. an official or an employee of a self-regulatory organization recognised or authorized by the Board;
- ix. a banker of the Bank; or
- x. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his Immediate Relative or banker of the company, has more than 10% of the holding or interest.

**“Designated Persons”** shall cover the following:

- a. all directors, whether executive, non-executive or independent, of the Bank;
- b. Key Managerial Personnel of the Bank as per section 2 (51) of the Companies Act, 2013, as amended (KMPs);
- c. all employees upto two levels below chief executive officer irrespective of their functional role in the Bank or their ability to have access to Unpublished Price Sensitive Information;
- d. all functional heads and unit heads who are members of the Executive Committee of the Bank irrespective of their grade and all other employees who hold the position of Assistant Vice President and above in any department of the Bank;
- e. executive assistants to KMPs;
- f. all staff members attached to managing director’s office;
- g. promoter and promoter group of the Bank;
- h. directors of the promoter and promoter group of the Bank;

- i. such support staff including IT staff or secretarial staff who have access to Unpublished Price Sensitive Information; and
- j. such employees of the Bank who are designated on the basis of their functional role in the Bank (including but not limited to employees in the finance, accounts, legal, funds management department of the Bank) or are reasonably expected to have access to Unpublished Price Sensitive Information relating to the Bank; as may be decided by the Board in consultation with the Compliance Officer, from time to time.

**"Immediate Relative"** shall mean a spouse of a person, and includes parents, siblings, and children 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.

**"Insider"** shall mean any person who is:

- a. a Connected Person; or
- b. in possession of or having access to Unpublished Price Sensitive Information.

**"Legitimate Purposes"** includes sharing of Unpublished Price Sensitive Information in the ordinary course of business by an Insider with partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the PIT Regulations. It shall also include such other purpose as determined on a case-to-case basis by the Compliance Officer in consultation with the Board, subject to compliance with applicable laws.

**"Securities"** includes the securities of the Bank and shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or any modification thereof except units of a mutual fund.

**"SEBI"** means Securities and Exchange Board of India.

**"Trading day"** means a day on which the recognized stock exchange are open for trading.

**"Unpublished Price Sensitive Information" or "UPSI"** means any information, relating to the Bank, 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 include but not be restricted to information relating to:

- a. financial results;
- b. dividends;
- c. changes in capital structure;
- d. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions; and
- e. changes in Key Managerial Personnel.

All the other terms used in this Code shall have the same meaning as assigned to them under the PIT Regulations.

#### **4. COMPLIANCE OFFICER**

Unless otherwise designated by the Board, the Company Secretary of the Bank for the time being shall be deemed to be the Compliance Officer for the purpose of this Code. Subject to prior consent of the Board, the Compliance Officer can delegate his/her authority to any other officer of the Bank eligible to act as a Compliance Officer, as stated in the Policy herein and under the PIT Regulations, in the event the Compliance Officer is on leave or is away from his/her regularly seated office of the Bank for a period of 7 days or more.

Following are the responsibilities of the Compliance Officer:

- a. Shall be responsible to administer this Code and ensure compliance with the PIT Regulations.
- b. Shall report to the Board and in particular, shall provide reports to the chairman of the audit committee, if any, or to the chairman of the Board at such frequency as may be stipulated by the Board, but not less than once in a year.
- c. Shall assist all the employees and the Designated Persons in addressing any clarifications regarding the PIT Regulations and this Code.
- d. Shall assist the Board in identifying the Designated Person to be covered by this Code on the basis of their role and function in the Bank, including but not limited to employees functioning in the finance, accounts, legal, funds management department of the Bank and the access such function would provide to UPSI in addition to seniority and professional designation.
- e. Shall review the trading plan in order to assess if the plan can result in violation(s) of the PIT Regulations and shall seek such express undertakings from the Insiders in order to assess, approve and monitor the implementation of the trading plan. The Compliance Officer shall also be responsible for notifying this approved trading plan to the stock exchanges on which the Securities of the Bank are listed.
- f. Shall maintain a record of the opening and closing of trading window from time to time and shall determine the time of closure and re-opening of the trading window.
- g. Shall provide pre-clearance for the Designated Person's trades, if the value of the proposed trades are above the stipulated thresholds determined by the Board.
- h. Shall seek such declarations from the Designated Persons as required by this Code and in accordance with the PIT Regulations before approving any trades.
- i. Shall maintain a database of Designated Persons and their Immediate Relatives, and Insiders along with other details as prescribed in the PIT Regulations.
- j. Shall maintain a structured digital database of persons or entities with whom UPSI is shared as per this Code.

- k. Shall be responsible for disclosing to the stock exchanges such disclosures as required under the PIT Regulations.

**5. CHINESE WALL AND MAINTAINING CONFIDENTIALITY OF UNPUBLISHED PRICE SENSITIVE INFORMATION**

The Designated Persons / Insiders shall comply with the PIT Regulation with respect to any information that they may get access to pertaining to the Bank or to any of its existing clients including the following:

- a. Designated Persons/ Insiders shall not communicate, provide, or allow access to any Unpublished Price Sensitive Information relating to the Bank or its Securities (listed or proposed to be listed) to/from any person including other Insiders/Designated Persons, except in furtherance of a Legitimate Purpose or performance of duties or discharge of legal obligations.
- b. Further, no person shall procure from or cause the communication by any Designated Persons / Insider of UPSI, relating to the Bank or its Securities (listed or proposed to be listed) except in furtherance of a Legitimate Purpose or performance of duties or discharge of legal obligations.
- c. All information shall be handled within the Bank 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 Purpose, performance of duties or discharge of his legal obligations.

For the purpose of this Code, "need-to-know" shall mean:

- i. Unpublished Price Sensitive Information which should be disclosed only to those within the Bank who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appear as misuse of the information; or
- ii. any Unpublished Price Sensitive Information which the Designated Person / Insider receives and should be immediately reported to the head of department, who in turn shall inform the same to the Compliance Officer in the prescribed form.
- d. All Designated Persons / Insider shall maintain the confidentiality of all Unpublished Price Sensitive Information and shall not pass on such information to any person directly or indirectly by way of making a recommendation for the dealing in Securities of the Bank.
- e. Files containing confidential information shall be kept secure under the lock and key. Computer files must have adequate security of login, password, firewall protection, etc. The departmental head shall nominate a member of the department for ensuring the compliance with this clause.
- f. Any person in receipt of Unpublished Price Sensitive Information pursuant to Legitimate Purposes shall be considered as an "insider" and due notice shall be given to such persons to maintain confidentiality of such Unpublished Price Sensitive Information.

- g. Notwithstanding anything contained in the PIT Regulations, Unpublished Price Sensitive Information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
- i. entail an obligation to make an open offer under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended ("**Takeover Regulations**") where the Board of the Bank is of the informed opinion that sharing of such information is in the best interests of the Bank;
  - ii. not attract the obligation to make an open offer under the Takeover Regulations but where the Board is of the informed opinion that sharing of such information is in the best interests of the Bank and the information that constitutes Unpublished Price Sensitive Information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board may determine to be adequate and fair to cover all relevant and material facts.

For purposes of clause (g), the Board shall require the parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the purpose of clause (g), and shall not otherwise trade in Securities of the Bank when in possession of Unpublished Price Sensitive Information.

- h. The Bank shall ensure that a structured digital database is maintained containing the nature of UPSI and names of such persons or entities as the case may be with whom UPSI is shared for legitimate business purposes under this regulation along with the permanent account number or any other identifier authorized by law where permanent account number is not available. Such databases shall be maintained internally (and not be outsourced) with adequate internal controls (including email back-up) and checks such as time stamping and audit trails to ensure non-tampering of the database.

Further, the Compliance Officer shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from SEBI regarding any investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

- i. To prevent the misuse of confidential information, the Bank shall follow, including but not limited to, the following "Chinese Wall" norms:
- a. Identification of Inside Areas and Public Areas: To prevent the misuse of confidential information the Bank shall establish procedures and processes which separate/demarcate those areas of the Bank which routinely have access to Unpublished Price Sensitive Information, considered "**Inside Areas**" from other departments providing support services, considered "**Public Areas**".
  - b. The Designated Persons / Insiders in an Inside Area shall not communicate any UPSI to any one in Public Area.



- c. Even on a particular side of the Chinese Wall, UPSI may not be shared among Designated Persons or Insiders or any other recipient of such information, except on a need-to-know basis.]
- d. In exceptional circumstances persons from Public Areas may be brought “over the wall” and given confidential information/UPSI strictly on “need-to-know basis”. Upon the transmission of UPSI in the foregoing manner, the relevant person from the public area, if not already a Designated Person / Insider, will be deemed to be a Designated Person / Insider and shall become bound by this Code.
- e. Crossing the Chinese Wall: To complete or assist in a particular mandate or assignment of an Inside Area of the Chinese Wall, assistance of Designated Persons / Insiders from the Public Area may be required for discussion on or as a part of a team for such mandate or assignment. In such an instance, the Designated Persons / Insiders in the Public Area would be considered as having “Crossed the Chinese Wall” and have come on the Inside Area of the Chinese Wall, only during the duration of the mandate/assignment. Approval of the head of the concerned department must be obtained to cross the Chinese Wall and such precautions taken, as may be stipulated. Such “Crossing of Chinese Wall” should be reported to the Compliance Officer for his/her records.
- f. Responsibilities post crossing of the Wall: While any Designated Persons / Insiders from the Public Area is in the Inside Area after having crossed the Chinese Wall, he/she shall strictly maintain the confidentiality of the transaction or UPSI and will be subject to general principles governing confidentiality and the handling and use of Unpublished Price Sensitive Information.
- g. In case of doubt whether certain information falls within the scope of or not the same may be brought to the attention of the Compliance Officer for clarity.

Further, without generality of the foregoing, no Designated Persons, their Immediate Relatives or Insiders shall deal with/ trade in the securities of the clients of the Bank whose securities are listed on any stock exchanges while in possession of Unpublished Price Sensitive Information.

## 6. TRADING WHEN IN POSSESSION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

- a. No Designated Person or Insider shall trade in Securities of the Bank either on their own or on behalf of any other person, when in possession of Unpublished Price Sensitive Information except in accordance with the trading plan.

When a person who has traded in Securities has been in possession of Unpublished Price Sensitive Information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

- b. The Insider or Designated Person may prove his innocence by demonstrating the circumstances including the following:
  - i. the transaction is an off-market inter-se transfer between insiders who were in possession of the same UPSI, without being in breach of Regulation 3 of the PIT

Regulations and both parties had made a conscious and informed trade decision.

Such off-market trades shall be reported by the Insider/ Designated Person to the Bank within 2 (two) working days. The Bank in turn shall notify the particulars of such trades to the stock exchange within 2 (two) trading days from receipt of the disclosure or from becoming aware of such information.

- ii. the transaction was carried out through the block deal window mechanism between persons who were in possession of UPSI, without being in breach of Regulation 3 of the PIT Regulations and both parties had made a conscious and informed trade decision.
- iii. the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.
- iv. the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.
- v. in the case of non-individual Insiders: -
  - 1. the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking trading decisions and such decision-making individuals were not in possession of such Unpublished Price Sensitive Information when they took the decision to trade; and
  - 2. appropriate and adequate arrangements were in place to ensure that the PIT Regulations are not violated and no Unpublished Price Sensitive Information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;
- vi. the trades were pursuant to a trading plan.
- c. In the case of Connected Persons the onus of establishing, that they were not in possession of Unpublished Price Sensitive Information, shall be on such Connected Persons and in other cases, the onus would be on the Board.

## **7. TRADING PLAN**

- a. The Insider shall formulate a trading plan and present it to the Compliance Officer for approval and public disclosure pursuant to which trades in Securities of the Bank may be carried out on his behalf in accordance with such plan.
- b. Such trading plan shall:
  - i. not involve 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 20th Trading Day prior to the last

day of any financial period for which results are required to be announced by the Bank and the second Trading Day after the disclosure of such financial results;

- iii. entail trading for a period of not less than 12 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 and the intervals at, or dates on which such trades shall be effected; and
  - vi. not entail trading in Securities for market abuse.
- c. The Compliance Officer shall review the trading plan to assess whether the plan would have any potential for violation of the PIT Regulations 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.

Any trade executed as per the approved trading plan shall not require any pre-clearance from the Compliance Officer and shall not be subject to the trading window norms and restrictions on contra trade.

- d. The trading plan once approved by the Compliance Officer 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 any UPSI in possession of the Insider at the time of formulation of the trading plan has not become generally available at the time of the commencement of implementation and in such event the Compliance Officer shall confirm that the commencement ought to be deferred until such UPSI becomes generally available information so as to avoid a violation of sub-Regulation of (1) Regulation 4 of PIT Regulations.

The Compliance Officer shall notify the approved trading plan to the stock exchanges on which the Securities are listed.

## **8. TRADING WINDOW AND WINDOW CLOSURE**

- a. The trading window shall mean a notional trading window which shall be used as an instrument of monitoring trading by the Designated Persons / Insiders.
- b. The trading window shall be closed from end of every quarter till 48 hours after the declaration of financial results and when the Compliance Officer determines that the Designated Persons / Insiders or class of Designated Persons / Insiders can reasonably be expected to have possession of UPSI. Such closure shall be imposed in relation to such Securities to which such UPSI relates. No Designated Person and their Immediate Relatives and Insiders shall trade in Bank's securities when the trading window is closed.
- c. The Compliance Officer shall intimate the closure of trading window to all the

Designated Persons / Insiders of the Bank.

- d. The Compliance Officer after taking into account various factors including the UPSI in question becoming generally available and being capable of assimilation by the market, shall decide the timing for re-opening of the trading window. In any event it shall not be earlier than 48 hours after the information becomes generally available.
- e. The trading window restrictions shall not apply in respect of the following transactions subject to pre-clearance by the Compliance Officer and compliance with the respective regulations made by SEBI:
  - i. transactions which are undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.
  - ii. transaction in respect of a pledge of shares for a bonafide purpose such as raising of funds.
  - iii. transactions specified in clause 6 (b)(i) to 6(b)(iv) and clause 6(b)(vi) in this Code above.

**9. PRE - CLEARANCES OF TRADE**

- a. All trades in the Securities of the Bank by all the Designated Persons / Insiders, when the trading window is open shall be subject to pre-clearance by the Compliance Officer
- b. Application for pre-clearance shall be made in the form as set out in **Annexure A** to the Compliance Officer. The Compliance Officer may grant approval or reject the request for pre-clearance without assigning any reasons.
- c. No Designated Person shall apply for pre-clearance of any proposed trade by such Designated Person or his/her Immediate Relative, if such Designated Person or his/her Immediate Relative is in possession of UPSI even if the trading window is not closed.
- d. No Insider shall apply for pre-clearance of any proposed trade by such Insider, if such Insider is in possession of UPSI even if the trading window is not closed.
- e. Upon pre-clearance being granted, the concerned Designated Person/ Insider shall trade the Securities of the Bank within 2 (two) Trading Days including date of approval and submit a report of the trades executed within 2 (Two) working days from the date of execution of the trade in the format as prescribed in **Annexure B**.
- f. If for any reason whatsoever, the trade of Securities of the Bank is not completed within the said period of 2 ( ) Trading Days, the concerned Designated Person / Insider must also report the same in the said format as prescribed in **Annexure B** within the next 2 (two) Working Days. Penalties will lie for failure to file the report of the trades within the stipulated time-lines. The responsibility to file the report with the Compliance Officer shall lie with the Designated Persons/ Insiders.

- g. Fresh application in the form set out in **Annexure A** to the Compliance Officer would be required to be made for any trade of Securities after the expiry of 2 (two) Trading Days.
- h. All Designated Persons / Insiders who buy or sell any number of Securities of the Bank shall not enter into a contra trade, i.e. sell or buy any number of Securities of the Bank during the next (6) six months following the prior transaction. In case of any contra trade is executed inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund administered by the Board under the SEBI Act, 1992, as amended, provided that this shall not be applicable for trades pursuant to exercise of stock options.
- i. Where a Designated Person / Insider is a connected person of a listed entity and is privy to UPSI in respect of such listed entity, the securities of such listed entity shall be put on the restricted/grey list. The Designated Person / Insider shall inform the name(s) of such listed entities to the Compliance Officer for inclusion in the restricted/grey list. Trading in these securities by the Designated Person / Insider shall be prohibited. Names of such listed entities covered under the restricted/grey list, maintained by the Compliance Officer, will be notified to all the Designated Persons / Insiders on a regular basis through internal emails.

#### 10. **INSTITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING**

- a. The Compliance Officer, in consultation with the Board, as maybe required, shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the PIT Regulations to prevent insider trading.
- b. The internal controls shall include the following:
  - i. all employees who have access to UPSI are identified as designated person;
  - ii. all the UPSI shall be identified and its confidentiality shall be maintained as per the requirements of the PIT Regulations;
  - iii. adequate restrictions shall be placed on communication or procurement of UPSI as required by the PIT regulations;
  - iv. lists of all employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons to maintain confidentiality of such UPSI in compliance with the PIT Regulations;
  - v. all other relevant requirements specified under the PIT regulations shall be complied with;
  - vi. periodic process review to evaluate effectiveness of such internal controls.
- c. The Board shall ensure that the Compliance Officer ensures the compliance of this Code and the PIT Regulations.
- d. The audit committee of the Bank shall review compliance with the PIT Regulations at

least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively.

- e. The Bank may put in place such other procedures for inquiry in case of leak of UPSI or suspected leak of UPSI, which shall be approved by Board and shall form part of this Code. In an event of leak or suspected leak of UPSI may consider all measures including but not limited to collating the evidence to substantiate the leakage of UPSI, disseminating the UPSI to the public at large (through stock exchange intimations and independent press release) to control the likely damage which may be the result of undue access of UPSI by select miscreants and subsequently initiate thorough investigation and inquiry about the source of such real or suspected leakage, recipients of such UPSI and measures to control any such leakage in future. The Compliance Officer shall inform the Board promptly of such leaks, inquiries and results of such inquiries.
- f. The Bank shall have a whistle-blower policy and make employees aware of such policy to enable employees to report instances of leak of UPSI.
- g. In case of any inquiry to be initiated by the Bank in case of leak or suspected leak of UPSI, all the relevant intermediaries and fiduciaries associated with the Bank shall co-operate with the Bank in connection with any such inquiry conducted by the Bank.

**11. PRINCIPLES OF FAIR DISCLOSURE FOR PURPOSES OF CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UPSI**

- 1. The Board shall endeavour prompt public disclosure of UPSI that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.
- 2. The Board shall endeavour to make disclosures of UPSI, as and when made, in a universal and uniform manner through forums like widely circulated media and / or through stock exchanges where the Securities are listed or proposed to be listed. The Board shall ensure against selective disclosure of UPSI.
- 3. The Compliance Officer [or any other person as may be designated by the Board] of the Bank shall deal with dissemination of information and disclosure of UPSI. The Compliance Officer can be contacted for any queries or clarifications as regards dissemination of UPSI.
- 4. The Board shall ensure that whenever UPSI gets disclosed selectively, inadvertently, it shall ensure prompt and proper dissemination of such information so as to make it generally available.
- 5. The Compliance Officer in consultation with the chief executive officer or the chief financial officer shall provide appropriate and fair responses to queries on news reports and requests for verification of market rumours by regulatory authorities.
- 6. The Compliance Officer shall ensure that information shared with analysts and research personnel is not UPSI. While dealing with analysts or research persons or large investors like institutions, the Bank/Compliance Officer shall provide only public information.
- 7. The Compliance Officer shall develop best practices to make transcripts or records of

proceedings of meetings or update calls with analysts and other investor relations conferences on the official website to ensure official confirmation and documentation of disclosures made.

8. The Compliance Officer shall ensure that systems are in place for handling of all UPSI only on a need-to-know basis.

## **12. DISCLOSURE REQUIREMENTS**

The disclosures to be made by any person under this Code shall include those relating to trading by such person's Immediate Relatives, and by any other person for whom such person takes trading decisions.

Such disclosures of trading in Securities shall also include trading in derivatives of securities and the traded value of the derivatives shall be taken into account for purposes of this Code. Such disclosure is applicable only if the trading in derivatives of Securities is permitted by any law for the time being in force.

### **Initial Disclosure**

- a. Every promoter, members of promoter group, Key Managerial Personnel and director of the Bank, within thirty days of this Code taking effect in the Bank, shall disclose to the Bank his/her holding of Securities of the Bank.
- b. Every person on appointment as a Key Managerial Personnel or a director of the Bank or upon becoming a promoter or member of the promoter group shall disclose his/her holding of Securities of the Bank as on the date of appointment or becoming a promoter, to the Bank within seven days of such appointment or becoming a promoter.

### **Disclosures by other Connected Persons**

- a. The Bank may, at its discretion require any other Connected Person or class of Connected Persons to make disclosures of holdings and trading in Securities of the Bank in such form and at such frequency as may be determined by the Bank in order to monitor compliance with the PIT Regulations and this Code.

### **Continual Disclosures:**

- a. Every promoter, member of the promoter group, Designated Person and director of the Bank shall disclose to the Bank 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.
- b. The Bank shall notify the particulars of such trading to the stock exchange on which the Securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.



- c. The above disclosures shall be made in such form and such manner as may be specified by SEBI from time to time.

The Compliance Officer shall maintain records of all the disclosures made in the appropriate form for a minimum period of 5 years.

### **13. DISCLOSURE REQUIREMENTS FOR DESIGNATED PERSONS**

- a. Designated Persons shall be required to disclose, as set out in Annexure C, names and permanent account number or any other identifier authorized by law of the following persons to the Bank on an annual basis and as and when the information changes:
  - i. Immediate Relatives;
  - ii. persons with whom the Designated Persons share a material financial relationship;
  - iii. phone, including mobile numbers which are used by them.

Material financial relationship shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a Designated Person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm's length transactions.

- b. Designated Persons shall also disclose, on a one time basis, the names of educational institutions from which such Designated Persons have graduated and names of their past employers (as set out in Annexure C).

### **14. DEALING WITH ANALYSTS / INSTITUTIONAL INVESTORS**

The chairman, managing director and chief executive officer and chief financial officer of the Bank shall interact with analysts, institutional and other large investors. The Compliance Officer and a designated employee shall be present while addressing the analysts, institutional or large Investors.

No Unpublished Price Sensitive Information shall be disclosed to analysts or institutional and other large investors by such persons and only public information is provided to them.

### **15. PENALTIES FOR CONTRAVENTION**

All Designated Persons and Insiders shall also ensure compliance with the PIT Regulations and this Code. Any Designated Person or Insider who trades in Securities or communicates any information for trading in Securities, in contravention of this Code may be penalized and appropriate action may be taken by the Bank.

The disciplinary action may include wage freeze, suspension, recovery, ineligibility for future participation in any schemes / plans of the Bank like employees stock option, etc. and such amount collected shall be remitted to SEBI for credit to the Investor Protection and Education Fund administered by SEBI under the SEBI Act, 1992, as



amended.

The action by the Bank shall not absolve the person from prosecution by SEBI under the PIT Regulations.

In case of the Compliance Officer becoming aware of any violation by the Designated Persons, their Immediate Relatives or Insider of the PIT Regulations, the Compliance Officer must promptly inform the Stock Exchange(s), where the Securities are traded, or any other appropriate regulatory authority, as required, in the standardized format as prescribed by SEBI in Circular SEBI/HO/ISD/ISD/CIR/P/2019/82 dated July 19, 2019 (or in such form and manner as may be specified by SEBI from time to time) so that appropriate action may be taken.

#### **16. Protection against retaliation and victimisation**

1. The Board shall ensure that suitable protection against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination against any employee who files a Voluntary Information Disclosure Form (as defined and provided under the PIT Regulations), irrespective of whether the information is considered or rejected by the Board or he/ she is eligible for a reward under the PIT Regulations, by reason of:
  - i. filing a Voluntary Information Disclosure Form; or
  - ii. testifying in, participating in, or otherwise assisting or aiding SEBI in any investigation, inquiry, audit, examination or proceeding instituted or about to be instituted for an alleged violation of insider trading laws (as defined under the PIT Regulations) or in any manner aiding the enforcement action taken by SEBI; or
  - iii. breaching any confidentiality agreement or provisions of any terms and conditions of employment or engagement solely to prevent any employee from cooperating with SEBI in any manner.

For the purpose of this provision, “employee” means any individual who during employment may become privy to information relating to violation of insider trading laws and files a Voluntary Information Disclosure Form and is a director, partner, regular or contractual employee, but does not include an advocate.

2. Notwithstanding anything contained herein, any employer in non-compliance with these provisions may be liable for penalty, debarment, suspension, and/or criminal prosecution by SEBI, as the case may be, provided that nothing in the PIT Regulations will require SEBI to direct re-instatement or compensation by an employer.

#### **17. AUTHORITY TO MAKE ALTERATIONS**

The Board is authorized to make such alterations to this Code as considered appropriate, provided that such alterations shall not be inconsistent with the provisions of the PIT Regulations and any other applicable law from time to time.

## ANNEXURE A

### UTKARSH SMALL FINANCE BANK LIMITED APPLICATION FOR PRE- CLEARANCE OF TRADING IN SECURITIES OF THE BANK

(Under the Code of Conduct for Prohibition of Insider Trading and Code of Fair Disclosure and Conduct (the "Code"))

Date: \_\_\_\_\_  
To: The Compliance Officer  
Utkarsh Small Finance Bank Limited  
From: \_\_\_\_\_ (Name)  
\_\_\_\_\_ (Emp. No.)  
\_\_\_\_\_ (PAN)  
\_\_\_\_\_ (Designation)  
\_\_\_\_\_ (Department)

Pursuant to Clause 9 of the Code, I hereby seek your approval to purchase/sell Securities of Utkarsh Small Finance Bank Limited as per the details given below:

Sr. No.	Name of the Designated Person/Immediate Relative proposing to deal in Securities	Relationship with Designated Person/ PAN of Immediate Relative	No. of Securities	Value of Securities (in ₹)

I declare that the Securities in respect of which the approval is sought, will be held/have been held by the above named for a minimum period of six months.

I hereby undertake that:

- I do not have any access to nor have received any UPSI up to the time of giving this undertaking.
- In case I have access to or receive any UPSI after this undertaking, but before the execution of the transaction, I shall inform the Compliance Officer of the change in my position and that I and/or the persons named above would completely refrain from trading in the Securities till the time such information becomes public.

I have not contravened the PIT Regulations and the Code. I have made a full and true disclosure in the matter.

Signature:

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For Office Use

With reference to the above application, I hereby approve/ reject the application for \_\_\_\_\_ number of Securities of Utkarsh Small Finance Bank Limited for ₹ [•]\_\_\_\_\_

Further, the approval is valid only for a period of two Trading Days from the date of approval.

Date:

Signature of Compliance Officer:

## ANNEXURE B

### UTKARSH SMALL FINANCE BANK LIMITED (THE “BANK”) INTIMATION OF TRADING IN SECURITIES OF THE BANK

(Under the Code of Conduct Prohibition of Insider Trading and Code of Fair Disclosure and Conduct (the “Code”))

Date: \_\_\_\_\_  
To: The Compliance Officer  
Utkarsh Small Finance Bank Limited  
From: \_\_\_\_\_ (Name)  
\_\_\_\_\_ (Emp. No.)  
\_\_\_\_\_ (PAN)  
\_\_\_\_\_ (Designation)  
\_\_\_\_\_ (Department)

I hereby report that pursuant to the approval of the pre clearance granted to me, the following trades have been executed:

Name of the applicant/Immediate Relative in case the trade is done by the Immediate Relative of the applicant	
PAN of applicant/Immediate Relative	
Approval date of pre-clearance	
Approval taken for no. of Securities	
No. of Securities traded	
Market value of Securities traded	
Date of trading	
No of Securities not traded (if any) for which approval has been taken	
Reasons for not trading	

I hereby state that the above details are correct, true and complete in all respects.

Signature: \_\_\_\_\_

### Reporting of Non-Execution of Pre-Cleared Trade

Date: \_\_\_\_\_  
To: The Compliance Officer  
Utkarsh Small Finance Bank Limited  
From: \_\_\_\_\_ (Name)  
\_\_\_\_\_ (Emp. No.)  
\_\_\_\_\_ (PAN)  
\_\_\_\_\_ (Designation)  
\_\_\_\_\_ (Department)

I, \_\_\_\_\_ wish to inform you that the trade for which approval was granted by you on \_\_\_\_\_ has not been undertaken by me/Immediate Relative due to reasons given below:

1. [●]

2. [●]

\_\_\_\_\_  
Signature  
Name

## ANNEXURE C<sup>1</sup>

### DISCLOSURE - SHAREHOLDING AND IMMEDIATE RELATIVES, ETC.

To,

The Compliance Officer,  
Utkarsh Small Finance Bank Limited

I \_\_\_\_\_ S/o /D/o \_\_\_\_\_ Director/  
Employee do hereby confirm and disclose that -

(i) The following persons are my Immediate Relatives<sup>\*</sup>:

Sr. No.	Self and Name of the Immediate Relative	PAN	Relationship	Phone / Mobile No.	Shareholding
1.					
2.					
3.					
4.					

(ii) I have shared the material financial relationship<sup>#</sup> with following persons in the immediately preceding 12 months:

Sr. No.	Name	PAN	Relationship	Phone / Mobile No.	Shareholding
1.					
2.					
3.					
4.					

(iii)<sup>2</sup> I also confirm that the following are my graduation and past employment details:

Sr. No.	Name of the Institution/University	Education Major	Graduated in the year
1.			

<sup>1</sup> To be given on Annual Basis and as and when, there is a change in the information provided except units holding

<sup>2</sup> To be given on one-time basis

2.			
3.			

AND

Sr. No.	Name of the Company	Designation	Year of Employment
1.			
2.			
3.			

(iv) I also confirm that in case of any change in the abovementioned list in point (i) & (ii), I shall intimate the same in writing to the Compliance Officer.

Name of Director/Employee: \_\_\_\_\_ Employee Code: \_\_\_\_\_

Designation: \_\_\_\_\_ Company/Department: \_\_\_\_\_

Signature of Director/Employee: \_\_\_\_\_

Place:

Date:

\* "Immediate Relative" means 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/units.

# "Material financial relationship" shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but excluding the relationships in which the payment is based on arm's length transactions."