

POLICY ON PREVENTION OF UNAUTHENTICATED NEWS & RUMORS

1. Objective & Scope

The Indian capital markets are highly sensitive to market rumors and unauthenticated information. This policy establishes internal controls to prevent the creation, circulation, or dissemination of unauthenticated news, rumors, or speculative tips by the firm's employees, dealers, or research analysts through any communication channel (such as blogs, chat rooms, instant messengers, or social media platforms).

2. General Principles & Core Restrictions

- **Verification First:** No market information, corporate developments, or news shall be forwarded to clients or public forums unless it is verified or sourced from an official corporate announcement or mainstream financial news platform.
 - **No Speculation:** Employees must not state personal opinions, price targets, or market gossip as verified facts.
 - **Capital Market Integrity:** Speculating on regulatory investigations, takeovers, or board changes before they are formally disclosed to the Stock Exchanges is strictly prohibited.
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3. Permissible Channels and Content Verification

Brokers are responsible for the information sent via their corporate infrastructure. Content must comply with the following source rules:

3.1 Authorized Sourcing Rules

Information can only be circulated to clients if it originates from an **Authorized Public Source**:

- Official corporate filings uploaded to the Stock Exchanges (NSE/BSE) [1.4].
- Press releases explicitly published on the target company's official corporate website.
- Certified reports from reputed regulatory or government bodies (SEBI, RBI, Ministry of Corporate Affairs, etc.).

3.2 Pre-Verification Workflow

[Raw News / Rumor Received] → [Check Exchange Corporate Filings] → Match Found? → [Approved for Client Delivery]

4. Code of Conduct across Communication Modes

This policy governs all forms of official and personal communication equipment used during or for official business:

- **Instant Messaging Apps (WhatsApp, Telegram, Signal):** Employees and Authorized Persons (APs) are prohibited from creating or joining unapproved market-gossip groups to broadcast stock "tips" or unverified rumors to clients.
 - **Official Research Reports:** Stock research analysts must ensure that all projections and target prices are supported by rigorous financial modeling and disclosed public facts. Speculative target prices based on "market chatter" are strictly banned.
 - **Social Media & Blogs (LinkedIn, X, Blogs):** Employees must not post market-moving information or insights regarding listed companies on personal social media accounts using the firm's name or brand identity without written corporate approval.
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5. Surveillance, Log Retention, and IT Controls

To monitor and enforce compliance, the IT and Compliance desks must implement the following safeguards:

- **Chat Logging:** All official communication channels (including emails, corporate chat platforms, and recorded dealer landlines) must be continuously logged and audited by the compliance team.
 - **System Blocking:** Access to unauthorized chat rooms, personal webmails, and unapproved messaging sites must be blocked on the corporate network and all trading-terminal systems.
 - **Log Retention Mandate:** In compliance with SEBI record-keeping regulations, communication logs, recorded voice lines, and email trails must be preserved securely for a minimum of **8 years**.
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6. Material Price Sensitivity & Market Rumor Verification (LODR Alignment)

If a client or internal desk flags a massive price-sensitive rumor regarding a listed company, the following protocols apply:

- The research/compliance desk must check the exchange's **Corporate Announcements Section** to determine if the listed entity has officially confirmed or denied the rumor [1.4].
 - Employees must not execute proprietary or discretionary trades based on unverified market information that could classify as **Unpublished Price Sensitive Information (UPSI)** [1.2].
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7. Disciplinary Action and Penalty Framework

Any employee or Authorized Person found creating or circulating unauthenticated news or market rumors will face immediate disciplinary action, including but not limited to:

- **First Offense:** Formal written warning and a mandatory compliance retraining session.
 - **Serious/Repeated Violations:** Suspension of trading terminal access, financial penalties, or immediate termination of employment/franchise contract.
 - **Regulatory Reporting:** If the violation results in systemic market manipulation, the firm will report the matter directly to SEBI and the Stock Exchanges for statutory prosecution.
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