

# **Policy For Dealing With Conflicts Of Interest Of Intermediaries**

## **Introduction**

R K Global Shares & Securities Limited (hereinafter referred to as the 'Company') incorporated under Companies Act, 1956 as a Company, is Securities and Exchange Board of India (SEBI) registered broker of the National Stock Exchange of India Ltd. (NSEIL), BSE LTD & MSEI.

## **Background**

SEBI has issued circular No. CIR/MIRSD/5/2013 dated August 27, 2013, providing general guidelines on Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market.

In order to ensure the protection and primacy of client's interests and to comply with the applicable regulations, (RKG) has framed a policy and procedures and aims at preventing situations involving conflicts of interests and resolving such situations if they could arise. This policy describes our approach to the identification, prevention and management of conflicts of interests that may arise in the conduct of our activities.

## **Definition of Conflict of Interest**

Broadly, a conflict of interest is likely to arise when a given situation conflicts with the interests of a client.

The three categories of potential conflict are as follow:

- a. Conflicts between clients, for example giving one client preferential treatment in comparison to another client for the same service;
- b. Conflicts involving clients and RKG and / or its Associated Persons, for example, if RKG offers a service that would give it a higher return to the detriment of the client's interest;
- c. Conflicts involving clients and employees, for example, employees of RKG use confidential information about clients for the purpose of performing transactions on their own account.

## **Identification of Potential Conflict of Interest**

For this purpose, RKG identifies various possible conflicts of interest situations that could arise in the conduct of its activities and that could conflict the interest of a client because the

Company or other related person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to the client or a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- has a financial or other incentive to favour the interest of another client (or group of clients) over the interest of the client to whom the service is provided;
- operates the same business activity as the client; receives or will receive from someone other than the client a benefit in connection with the service provided to the client, in any form whatsoever, other than the standard commission or fee for that service.

It is used as a basis to ensure that appropriate organizational arrangements and procedures are in place to prevent and manage potential conflicts of interest and that appropriate controls are performed.

**Measures to curb conflicts of interests - Organizational measures:**

RKG is structured in such a way so as to segregate functions that are vulnerable to conflicts of interest. Right from Senior Management level to marketing teams, the functions should be clearly segregated.

Control functions (Compliance, Risk Management) are completely independent and they monitor the business activities on a continuous basis so as to make sure that internal control procedures are appropriate.

Security of confidential information held, is also ensured in a way that limited access is given on a strictly need to know basis only.

The employees are given the opportunity to report any potential or actual conflict of interest situations to the senior management level.

**Procedures and rules governing the handling of orders and primacy of the client interest**

RKG complies strictly with the rules of the financial markets in which it operates and does not allow orders to be given preferential treatment. Appropriate training of employees is being conducted to ensure that they are fully aware of their responsibilities and obligations. There may be some complex or specific cases where RKG believes that control functions are not sufficient to guarantee, with reasonable certainty, that the risk of harming the client interest will be prevented. In these cases, RKG will clearly inform the client of the general nature and source of the conflict of interest before acting so that the client can make

informed investment decisions.

Any service provided by or activity carried on by RKG that gives rise to or may give rise to a conflict of interest involving a significant risk of adversely affecting the interest of one or more clients must be recorded and presented before the Board of Directors periodically and the Board shall put in place the systems for resorting to such conflicts by reviewing the implementation of the said policy as and when necessary.

For R K Global Shares & Securities Limited

Sushil Kumar Dhancholia  
Compliance Officer