ASIAN MARKETS SECURITIES

Portfolio Management Service

Transactions Policy Document

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1. Scope

As per SEBI circular SEBI/HO/IMD/IMD-I DOF1/P/CIR/2022/133 dated September 30, 2022 under SEBI (Portfolio Manager) Regulations 2020 there needs to be a specific policy with regards to transactions undertaken by Portfolio Managers under various scenarios. This policy outlines such scenarios and mode of execution, as well as the exception policy for the same.

This Code shall be reviewed annually and if required, be re-issued. In case of amendments to the policy consequent to regulatory or event-based changes, the same may be approved by the Compliance Officer and CEO. These amendments need to be ratified by the Board of the Company at its subsequent meeting.

2. Order placement:

For all model portfolio-oriented strategies, orders are generally pooled for efficient execution. Allocation to client accounts is done by the end of day as mandated in the regulations. Each such strategy has its own UCC Code and hence intended allocations are clear at the time of order placement.

In case of tailored mandates (discretionary and non-discretionary), orders cannot be pooled and hence are placed directly in client accounts. Again, each such account has a distinct UCC and therefore, intended allocations are clear in these cases as well.

For model portfolio-oriented strategies, generally, orders are pooled and subsequently allocated to client accounts' proportionately. In case of specific transactions executed orders are not allocated proportionately to all investors but only to specific investors when:

- Initial corpus or top-ups (cash or stocks) are received
- A change is initiated in the model portfolio
- Funds are received as part of Systemic Transfer Plan (STP) on a pre-decided interval
- Partial or full redemption requests are received
- Securities are being sold to recover fees & expenses.

Where the fund manager decides to subscribe to rights issues of existing holdings. In such cases, there is no order placed. Instructions to subscribe are communicated to the custodian specifying the strategy that is subscribing to the said rights issue. The custodian directly effects the demat holding changes in clients' accounts based on entitlement.

For model portfolio-oriented strategies, trades are placed directly in client account if

- A client is an NRE/NRO account,
- In case of corporate actions like bonus and splits there is no order placement. The custodian directly effects the demat holding changes in clients' accounts based on entitlement.

3. Permitted deviation in allotment of securities as intended at time of placement of orders

In some scenarios, there would be deviations in allotment of securities from what was intended at the time of the placement of orders. The permissible scenarios would be:

- Only a partial quantity is executed. In this case, the executed quantity will be allocated in proportion to the client's portfolio value in the said model portfolio strategy. Where trades are placed directly in a client account, the question of proportionate allocation does not arise. For ample clarity, post execution allocation will only be made to the strategy/account to which the UCC used in order execution is mapped.
- In case a wrong UCC / strategy being selected while penetrating the trade ticket/ order file or communication of the order, to avoid impact cost and tax implications for clients, the dealing team or the fund manager shall obtain an exception approval from the principal officer or the CEO to change the UCC. The fund manager / dealing team shall make every effort to ensure that these incidents are minimized.Order is not executed at all.

4. Scenarios on placing margin/ collateral to execute certain orders

- Futures & Options trade — Margin is required to be placed in advance before trades are executed and the same is reflected in clients' accounts by EoD on T Day.
- Peak margin requirement — The margin is required to be given to custodians in case trades cannot be settled on T- day. The same is informed by custodians around 6 pm and will be implemented in clients' accounts subsequently. The amount of margin is equivalent to the value of trades executed under the same CP code for same ISIN. (Contract note)
    - For Sale trade — if there is insufficient stock in the account
    - For Buy trade — if there is insufficient cash in the account

Deviations, if any, apart from above, shall be on account of exigencies only and require prior written approval of the Principal Officer of the Portfolio Manager with a detailed rationale for such deviations.