

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING  
IDFC INFRA DEBT FUND LIMITED

Q.

01/12/2016.

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## 1. INTRODUCTION:

Securities and Exchange Board of India (SEBI) through its Gazette Notification dated January 15, 2015, issued the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") to put in place a framework for prohibition of insider trading in securities and to strengthen the legal framework thereof. These Regulations replace the SEBI (Prohibition of Insider Trading) Regulations, 1992.

Clause 9 of the Regulations requires that the board of directors of every listed company and market intermediary shall formulate a code of conduct to regulate, monitor and report trading by its employees and other connected persons towards achieving compliance with these regulations, adopting minimum standards as set out in schedule B of the Regulations, without diluting the provisions of these regulations in any manner.

IDFC Limited ("IDFC"), the ultimate holding company is a listed entity and has put in place a Code of Conduct for Prevention of Insider Trading which is applicable to IDFC and its Group entities. Accordingly, IDFC Infra Debt Fund Limited ("Company") has formulated the Code of Conduct for Prevention of Insider Trading ("Code"), which is applicable to its Board Members, Employees and their Immediate Relatives.

## 2. TITLE, COMMENCEMENT AND EXTENT

- I. This Code is called IDFC Infra Debt Fund Code of Conduct for Prevention of Insider Trading.
- II. It shall be approved in the Board Meeting and implementation shall commence from the date to be intimated later by the Compliance Officer and/or a person designated from the Compliance department. Till then, IDFC Code of Conduct for Prevention of Insider Trading shall continue to be applicable.
- III. This Code is applicable to the Board Members, Employees of the Company and their Immediate Relatives.

## 3. DEFINITIONS

"Board" shall mean the board of directors of IDFC Infra Debt Fund Limited;

"Board Members" shall mean the members of the Board;

"Code" means this IDFC Infra Debt Fund Code of Conduct for Prevention of Insider Trading, as modified from time to time.

"Company" for the purpose of this Code means IDFC Infra Debt Fund Limited

"Compliance Officer" means as defined in clause 5 of this code.

"Designated Employees" include Board Members and All employees of IDFC Infra Debt Fund.

"Generally available information" means information that is accessible to the public on a non-discriminatory basis.

"Immediate relative" means a spouse of a person who is a Designated employee of the Company, 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;

"Listed Company/ies" means IDFC Ltd. and IDFC Bank Ltd., which has/have its/their Securities listed on recognised stock exchanges in India.

"Other Listed Company/ies" means any entity other than IDFC Ltd. and IDFC Bank Ltd., which has/have its Securities listed or 'to be' listed on a recognised stock exchange in India.

"Regulations" means the SEBI (Prohibition of Insider Trading) Regulations, 2015

"SEBI" means Securities and Exchange Board of India

"Securities" 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. For the purpose of clarity it is mentioned that "securities" include —

- i. shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
- ii. derivative;
- iii. units or any other instrument issued by any collective investment scheme to the investors in such schemes;
- iv. security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
- v. any certificate or instrument (by whatever name called), issued to an investor by any issuer being a special purpose distinct entity which possesses any debt or receivable, including mortgage debt, assigned to such entity, and acknowledging beneficial interest of such investor in such debt or receivable, including mortgage debt, as the case may be;
- vi. Government securities;
- vii. such other instruments as may be declared by the Central Government to be securities; and
- viii. rights or interest in securities;

"Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly

"Unpublished price sensitive information (UPSI)" means any information, relating to a company or its securities, 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 including but not restricted to, information relating to the following: —

- i. financial results;
- ii. dividends;
- iii. Change in capital structure;
- iv. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;

- v. changes in key managerial personnel; and
- vi. material events in accordance with the listing agreement.

#### 4. COVERAGE OF THIS CODE:

This Code covers all Board Members and Employees of IDFC Infra Debt Fund Limited.

All requirements / restrictions prescribed by the IDFC Code of Conduct at the Group level shall also apply '*Mutatis Mutandis*' to the employees of the Company

#### 5. COMPLIANCE OFFICER

For the purpose of this Code, the Compliance Officer shall be the officer appointed to ensure compliance with this Code of Conduct. Compliance Officer appointed under the SEBI and RBI regulations shall be the Compliance Officer for the purpose of this Code.

The Compliance Officer shall be responsible for setting forth policies, procedures, maintenance of records, monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, pre-clearing of all Board Members/ Designated Employees and their Immediate Relatives proposed dealings, addressing any clarifications/difficulties regarding the Regulations and/or the Code, implementation of the Code, delegation of functions pertaining to the implementation of the Code, under his/her overall supervision.

#### 6. PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

All Board Members and Employees shall maintain the confidentiality of all Unpublished Price Sensitive Information in their possession.

Unpublished Price Sensitive Information shall be handled only on a "need-to-know" basis. Board Members and Employees shall not advise, communicate, counsel, inform or pass on such information to any person, directly or indirectly, except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations, however on confidential basis.

#### 7. PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION

Notwithstanding anything contained in the Code, the Board Members and Employees shall not engage in dealings/trading in Securities, whether on their own account, on account of their Immediate relatives and further shall ensure that their Immediate relatives shall also not engage in Dealing/Trading in Securities on their own account, if such Directors or Employees (or in case of Immediate Relatives, the concerned Board Member or Employee) is in possession of any Unpublished Price Sensitive Information.

## 8. PRE-CLEARANCE OF TRADES IN EQUITY STOCKS AND EQUITY CONVERTIBLES

All Designated Employees and their immediate relatives should pre-clear every trading/transaction (buy/sell, etc.) through the Compliance Officer and/or a person designated from the Compliance department by making a request through the Employee Trading approval system or other method designated by the Compliance Department in the format provided therein. Purchase of shares in Offer for Sale through Secondary Market mechanism shall also need prior approval from the Compliance Officer and/or a person designated from the Compliance department.

On receipt of trading approval, transaction can be executed.

Any Trading without pre-clearance shall be treated as non-compliance with the Code. No Designated Employee shall apply for pre-clearance of any proposed trade on his behalf or on behalf of his/her Immediate Relative if such Designated Employee is in possession of or access to or reasonably expected to have access to unpublished price sensitive information in the scrip which he wants to trade.

Prior to pre-clearing any trades, the Compliance Officer shall be entitled to seek declarations to the effect that the applicant for pre-clearance is not in possession of any unpublished price sensitive information.

## 9. Managed Accounts:

The Employees are permitted to appoint outside managers or investment advisors (who exercise full discretion) with the approval of the respective Departmental Head and Compliance Officer. Such accounts should only be opened once the same has been approved by the Departmental Head and Compliance Officer. In such cases complete investment discretion must be granted to the outside manager or investment advisor and the Employee should not participate, directly or indirectly, in individual investment decisions, nor be made aware of such decisions before transactions are executed.

## 10. HOLDING PERIOD AND PRE-CLEARANCE OF TRADES IN BONDS / NCDS / DEBENTURES

All Designated Employees shall hold their investments in Securities of Other Listed Companies for a minimum period of 30 days. The holding period shall also apply to subscription in the primary market (IPOs / FPO) and would commence from the date of allotment of Securities. Please refer Paragraph 13 hereinafter for holding period for trading in shares of IDFC Limited and IDFC Bank Limited.

Pre-clearance of trades in Bonds / Non-convertible Debentures / Debentures is not required for trades up to a value of Rs. 1 Crore per annum.

## 11. VALIDITY OF PRE-CLEARANCE

The pre-clearance granted to trade shall be valid for the same trading day only.

## 12. RESTRICTED LIST

Employees of the Lending & Portfolio Teams making loan originations or appraisals would/might be privy to Unpublished Price Sensitive Information or UPSI (i.e. possession of UPSI or access to UPSI or reasonably expected to have access to UPSI) on securities in which the IDFC Infra Debt Fund Limited has (i) signed a NDA (Non-Disclosure Agreement) and/or (ii) received a lending proposal or (iii) any exposure. Such Employees shall be responsible for informing the Compliance Officer on when any scrip is to be included in the Restricted list.

Upon UPSI becoming "generally available information", such employees would be responsible for informing the Compliance Officer about the same. Scrips in the Restricted List will continue to remain in the Restricted List for a period of six (6) months from the date of UPSI becoming "generally available information".

When any Securities of Other Listed Company are on the applicable Restricted Lists, Trading in such Securities by the Designated Employees and their Immediate relatives is not permitted and shall be rejected at the time of pre-clearance of trades.

However, Designated Employees will be allowed to subscribe to such Securities in the primary market (IPO, FPO and Rights Issue), based on the offer document, subject to other restrictions or tender the securities as part of the delisting / buy-back / open offers made under SEBI regulations.

The Restricted List itself is highly confidential and will be maintained by the Compliance Officer.

It is clarified that the Trading in any Security/ies whether covered or not in the Restricted List will also need pre-clearance and disclosure. Transaction can be executed only on receipt of approval. Approval shall be valid only on the day of approval. Any transaction / trading proposed on a day post the approval day, shall need fresh pre-clearance.

## 13. ESOPS of IDFC Limited and IDFC Bank Limited

Exercising of ESOPs of IDFC Ltd. / IDFC Bank Limited ("IDFC / IDFC Bank") may be made at any time in accordance with the IDFC / IDFC Bank ESOP scheme irrespective of whether the trading window for the respective scrips is closed or open

There would be no minimum holding period applicable to sale of equity shares of IDFC / IDFC Bank received pursuant to exercise of ESOPs.

No prior approval is required for exercise of ESOPS of IDFC / IDFC Bank. However, sale of the Securities acquired pursuant to ESOP Scheme of IDFC / IDFC Bank would require prior approval.

This would also be governed by the Group Policy in this regard.

#### 14. HOLDING PERIOD FOR TRADING IN SHARES OF IDFC LIMITED AND IDFC BANK LIMITED

In respect of secondary market transactions in the shares of IDFC / IDFC Bank, all employees and their Immediate Relatives shall not execute any contra trade within a period of six months. Last-In-First-Out (LIFO) concept shall be applicable for counting six (6) months restriction. Designated Employees shall apply for buy/sell only if it fulfills the contra trade restrictions mentioned herein. However, there would be no minimum holding period applicable to sale of equity shares of IDFC / IDFC Bank received pursuant to exercise of ESOPs.

*For the sake of understanding, it is clarified that if a Designated Employee purchases shares of IDFC / IDFC Bank from the secondary market, he will have to hold it for at least for six months from the date of purchase. In case a Designated Employee sells shares of IDFC / IDFC Bank, he is not allowed to purchase shares of IDFC / IDFC Bank from the secondary market, for a period of at least for six months from the date of sale.*

In any case, purchase and sale of shares of IDFC / IDFC Bank through Secondary market is prohibited when the Trading Window for dealing in such shares is closed.

#### 15. CLOSURE OF TRADING WINDOW

All Designated Employees and their Immediate Relatives are prohibited to trade in shares of IDFC / IDFC Bank when the trading window is closed.

Trading Window for IDFC / IDFC Bank Securities shall be closed when the Compliance Officer of IDFC / IDFC Bank determines that the Designated Employees can reasonably be expected to have possession of unpublished price sensitive information.

The Closure of Trading Window shall be communicated to all employees on e-mail.

The timing for re-opening of the Trading Window shall be determined by the Compliance Officer taking into account various factors including the unpublished price sensitive information in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than forty-eight hours after the information becomes generally available.

#### 16. TRADING IN DERIVATIVES

Trading in Stock futures and options is prohibited for all employees at all times.



Trading in Index Derivatives (i.e. NSE / BSE / MSEIL Futures/Options and other Index Based Futures/Options) is permitted for Employees and their Immediate Relatives.

All Employees are required to hold their investments in Derivatives (as specified above) for a minimum period of 30 days.

#### 17. TRANSACTIONS PERMITTED WITHOUT OBTAINING PRIOR APPROVALS

Trading in the following instruments would not require prior approval of the Compliance Officer:

- i. All type of Mutual Funds
- ii. All type of Exchange Traded Funds
- iii. Gold
- iv. Commodities Futures and Options
- v. Currencies Futures and Options
- vi. Insurance & Tax saving products
- vii. Trades in Bonds / Non-convertible Debentures / Debentures up to a value of Rs. 1 Crore per annum.

#### 18. REPORTING OF PRE-CLEARED TRADES

Employees for themselves and for their Immediate Relatives shall report their executed transactions in the system within 7 days after execution.

#### 19. STATEMENT OF HOLDINGS

Employees for themselves and for their Immediate Relatives shall submit the statement of holdings as on March 31 to Compliance Department every year on or before April 30 (i.e. within one month of end of the respective financial year) or such other time as may be advised by the Compliance Officer and/or a person designated from the Compliance department.

#### 20. DEALING IN SECURITIES NECESSITATED BY PERSONAL EMERGENCY

In case the trading in securities is necessitated by personal emergency of the Designated Employee (or the Compliance Officer), such Designated Employee (or the Compliance Officer) may seek the waiver of the holding period specified herein above by making an application to the Compliance Officer (or Managing Director/Whole-time Director/ Supervisor, in the case of the Compliance Officer) in the format given herein. The Compliance Officer (or the Managing Director/ Whole-time Director, as the case may be) may waive the holding period after recording in writing, the reasons in this regard.

#### 21. PENALTY FOR CONTRAVENTION OF THE CODE OF CONDUCT

Any Designated Employee who trades in Securities or communicates any information or counsels any person on trading in Securities, in contravention of the Code, may be penalised and appropriate action may be taken by the Company.

Any Designated Employee of the Company who violates the Code may also be subject to disciplinary action by the Company, which may include monetary penalty, wage freeze, suspension/termination, etc.

Further, all employees should make note that as per the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, any profits made through contravention of the Regulations are liable to be disgorged.

The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

## **22. Formats of Declarations and various requests**

The Formats of Declarations and making various requests under this code are provided alongwith. These Formats shall be reviewed and updated by the Compliance Department for any changes from time to time without a need to seek separate approval from the Board.

Form I

Format of Application for Seeking Pre-clearance for Dealing/Trading in Securities

I wish to buy / sell the following security(ies) in my own name / in the name of my Immediate relatives (as defined in the Code of Conduct for Prevention of Insider Trading) Mr./Ms.

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Sr. No.	Name of the Company(ies)	Description of security(ies) (e.g. Equity share, Debenture, Bond etc.)	Buy / Sale	Quantity

I hereby declare and undertake the following:

1. I shall take delivery of the security(ies) being purchased.
2. I am/my Immediate Relatives is holding the above security(ies) for more than 30 days (in case of a sale transaction).
3. As on date, I am not aware that IDFC Infra Debt Fund and/or any of its Subsidiary intends to transact in the above security(ies) of the above company(ies) and believe that the transaction being undertaken by me/my relative will not amount to front running.
4. The transaction being undertaken by me/my Immediate Relatives is not based on any unpublished price sensitive information to which I had an access by virtue of my office and believe that the same will not amount to self-dealing.
5. In case I have access to, or receive, "Unpublished Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction, I shall inform the Compliance Officer of the change in the position and I/my Immediate Relatives would completely refrain from dealing in the securities of the client company till the time such information becomes public.
6. I have not contravened any provision of the code of conduct for prevention of insider trading as specified by IDFC Infra Debt Fund from time to time.
7. I have made full and true disclosure in the matter. I will furnish such information as may be requested by IDFC Infra Debt Fund Limited, from time to time, in connection with the above security(ies).

8. In case the deal/trade is not executed on the day of approval, I will obtain pre-clearance again before dealing in securities.
9. I will indemnify and hold harmless IDFC Infra Debt Fund Limited and/or its Group Company /ies and its Directors/Officers from and against any and all actions, claims, demands, proceedings and any and all losses, liabilities, damages, costs, charges and expenses (including legal fees) made or alleged against, or which are suffered or incurred by IDFC Infra Debt Fund Limited and/or its Group Company /ies and which relates to or arise from, directly or indirectly, the dealing in the above security(ies).

Name of the Employee:		Approved/Rejected	
Designation		Signature of the Approving Authority	
Employee No.:		Reason for rejection	
Signature:		Date:	
Date:			Compliance Officer

Form II

To  
The Compliance Officer  
IDFC Infra Debt Fund Limited

Re: Initial Disclosure - At the Time of Joining

Dear Sirs,

1. With reference to above subject, I hereby and declare that the following constitutes full and true disclosure of all Securities held by me and my Immediate Relatives (as defined in the Code of Conduct for Prevention of Insider Trading) as on date of joining of IDFC Infra Debt Fund Limited:

Sl. No	Type of Security	Name of the Company	Number of Securities

(a) [Name of the Immediate Relatives and relationship with the concerned Employee]

Sl. No	Type of Security	Name of the Company	Number of Securities

(b) [Name of the Immediate Relatives and relationship with the concerned Employee]

Sl. No	Type of Security	Name of the Company	Number of Securities

Signature :

Name :

Designation :

Dept/Group :

Employee No. :

Date :

Form III

To  
The Compliance Officer  
IDFC Infra Debt Fund Limited

Re: Annual Disclosure of Securities – Holding Statement

Dear Sirs,

1. With reference to above subject, I hereby and declare that the following constitutes full and true disclosure of all Securities held by me and my Immediate Relatives (as defined in the Code of Conduct for Prevention of Insider Trading) as on March 31, 200\_:

Sl. No	Type of Security	Name of the Company	Number of Securities

- (a) [Name of the Immediate Relatives and relationship with the concerned Employee]

Sl. No	Type of Security	Name of the Company	Number of Securities

(b) [Name of the Immediate Relatives and relationship with the concerned Employee]

Sl. No	Type of Security	Name of the Company	Number of Securities

2. Further, I hereby confirm and declare that I have not contravened the IDFC Infra Debt Fund Code of Conduct for Prevention of Insider Trading and amendments thereto as notified by IDFC Infra Debt Fund Limited, as may be applicable, from time to time.

Signature :

Name :

Designation :

Dept/Group :

Employee No. :

Date :



FORM IV

APPLICATION FOR WAIVER OF MINIMUM HOLDING PERIOD

Date: \_\_\_\_\_

To: The Compliance Officer

IDFC Infra Debt Fund Limited

Through: Departmental Head

From : \_\_\_\_\_ (Name)

\_\_\_\_\_ (Emp. No.)

\_\_\_\_\_ (Designation)

\_\_\_\_\_ (Department)

I request you to grant me waiver from the minimum holding period as required under the Code with respect to \_\_\_\_\_ (nos.) \_\_\_\_\_ (description of the Securities) \_\_\_\_\_ (name of the entity) held by me/ \_\_\_\_\_ [name of Immediate Relatives] singly/jointly acquired on \_\_\_\_\_ [Date(s)].

I/ \_\_\_\_\_ [name of Immediate Relatives(s)] desire to sell the above securities on account of \_\_\_\_\_ (give reasons).

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

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

**For Compliance Officer Use**

With reference to the above application, I approve/reject the selling of \_\_\_\_\_ (no. & description of securities).

Date:

Signature of Compliance Officer: