

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

Version 6.0

**TAMILNAD MERCANTILE BANK LTD
SECRETARIAL DEPARTMENT**

**CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY
INSIDERS**

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TAMILNAD MERCANTILE BANK LTD., SECRETARIAL DEPARTMENT

Policy on Code of conduct to regulate, monitor and report trading by insiders

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CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT

TRADING BY INSIDERS

1. Introduction:

This Code aims to define and establish:

- i. Prevention of Trading of Securities of the Bank by Insiders
- ii. Maintenance of confidentiality of price sensitive information
- iii. Adherence to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended and other applicable guidelines, by all Connected persons including Directors, Officers and designated persons for prevention of Trading by Insiders.

2. Objective:

To elucidate and inform to all connected or any deemed connected persons of the Bank, that, they have the responsibility and duty to preserve the confidentiality of all price sensitive information held by him or her and to put in place a framework for prevention of insider trading in Securities of the Bank.

3. Definitions:

- i. **“Board”** means the Board of Directors of the Tamilnad Mercantile Bank Limited.
- ii. **“Bank”** means Tamilnad Mercantile Bank Limited.
- iii. **“Code”** means this Code of Conduct to Regulate, Monitor and Report Trading by Insiders.
- iv. **“Compliance Officer”** means Company Secretary or any other Senior Officer, who may be designated as ‘Compliance Officer’ for this purpose and who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under the Regulations, designated so by the Board and reporting to the Board.

The Compliance Officer shall be responsible for compliance of policies, procedures, maintenance of records, educating the Employees, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in the Regulations under the overall supervision of the Board.

'Financially Literate', shall mean a person who has the ability to read and understand basic financial statements i.e. Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows.

- v. **“Connected Person”** means any person who-
- i. is or has been, 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 Company or holds any position including a professional or business relationship between himself and the company, 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.
 - ii. 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 –
 - a. a relative of connected persons specified in clause (i); or
 - b. a holding company or associate company or subsidiary company; or
 - c. an intermediary as specified in section 12 of the SEBI Act, 1992 or an employee or director thereof; or
 - d. an investment company, trustee company, asset management company or an employee or director thereof; or
 - e. an official of a stock exchange or of clearing house or corporation; or
 - f. 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
 - g. 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; or

- h. an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- i. a banker of the company; or
- j. a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of a company or his relative or banker of the company, has more than ten per cent of the holding or interest or;
- k. a firm or its partner or its employee in which a connected person specified in sub-clause (i) is also a partner; or
- l. a person sharing household or residence with a connected person specified in sub-clause (i);

NOTE: It is intended that a connected person is one who has a connection with the company that is expected to put him in possession of unpublished price sensitive information. Relatives and other categories of persons specified above are also presumed to be connected persons but such a presumption is a deeming legal fiction and is rebuttable. This definition is also intended to bring into its ambit persons who may seemingly not occupy any position in a company but are in regular touch with the company and its officers and are involved in the know of the company's operations. It is intended to bring within its ambit those who would have access to or could access unpublished price sensitive information about any company or class of companies by virtue of any connection that would put them in possession of unpublished price sensitive information.

vi. **“Designated Persons”** shall include:

- a) Promoter and Promoter Group
- b) Managing Director/Chief Executive Officer/Executive Director and employees up to two levels below **Executive Director**, intermediary, fiduciary and material subsidiaries irrespective of their functional role in the Bank or ability to have access to unpublished price sensitive information;
- c) All Directors / Officers / Employees including all Employees from 'Deputy Vice President' (Scale V) and above;
- d) All the employees (Irrespective of their scale/cadre/designation, including Supporting Staff) working in the following Departments;
 - a. Accounts Department
 - b. Business Process Reengineering Department**
 - c. Compliance Department
 - d. Credit Department

- e. Customer Value Enhancing Department
- f. Digital Banking Department
- g. Information Technology Department (including DR Site)
- h. Information Security Department**
- i. Integrated Treasury
- j. International Banking Division
- k. IS Audit Cell**
- l. MIS Department
- m. Operations & Services Department
- n. Performance Review Department
- o. Risk Management Department and
- p. Secretarial Section

e) All the 'Assistant Vice President' (Scale IV) and above executives working in the following Departments;

- a. All the Regional Offices of our Bank
- b. Bancassurance Cell
- c. Credit Monitoring Department
- d. Credit Review Department**
- e. Customer Service Cell
- f. DP Cell**
- g. Elite Service Group Department**
- h. Forex Processing Center**
- i. Fraud Risk Management Cell
- j. Disciplinary Action Cell
- k. Legal Department
- l. Establishment Department
- m. HRD Department
- n. Integrated Back Office**
- o. Inspection Division
- p. KYC/AML Cell
- q. Recovery Department
- r. RTGS Cell**
- s. Trade Finance Forex Processing Department**
- t. Policy Product Procedures Department and**
- u. Vigilance Department

- f) Directors of Holding Companies and the relevant employees of holding and subsidiary Companies;
- g) Support staff of the Bank, intermediary or fiduciary such as IT staff or secretarial staff who have access to unpublished price sensitive information;

- h) Such Employees as designated and notified by the Compliance Officer from time to time.
- vii. **“Director”** means a Director of the Tamilnad Mercantile Bank Limited appointed under the provisions of the Companies Act, 2013, SEBI Regulations and/or the Banking Regulation Act, 1949.
- viii. **“Generally available information”** means information that is accessible to the public on a non-discriminatory basis and shall not include unverified event or information reported in print or electronic media;

NOTE: It is intended to define what constitutes generally available information so that it is easier to crystallize and appreciate what constitutes unpublished price sensitive information. Information published on the website of a stock exchange, would ordinarily be considered generally available.

- ix. **“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.
- x. **“Insider”** means any person who is:
- a) a connected person; or
 - b) in possession of or having access to unpublished price sensitive information;

NOTE: Since “generally available information” is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered as an “insider” regardless of the manner in which one came into possession of or had access to such information. Various circumstances are provided to enable such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances.

- xi. **“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.
- xii. **“Promoter”** and **“Promoter Group”** shall have the respective meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- xiii. **“Regulation(s)”** means Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
- xiv. **“Securities”** shall have the meaning assigned to it under the Securities Contracts (Regulation) Act, 1956 or any modification thereof.
- xv. **“Trading”** means and includes subscribing, redeeming, switching, buying, selling, dealing or agreeing to subscribe, redeem, switch, buy, sell, deal in any securities and "trade" shall be construed accordingly.
- xvi. **“Trading day”** means a day on which the recognized stock exchanges are open for trading.
- xvii. **“Unpublished Price-Sensitive Information (UPSI)”** means any information, which relates directly or indirectly to the bank or its securities and that is not generally available which upon becoming generally available, is likely to materially affect the price of securities of the bank and shall, ordinarily including but not restricted to, information relating to the following;
 - a) Financial results of the Bank;
 - b) Intended declaration of dividends;
 - c) Change in capital structure;
 - d) Mergers, demergers, acquisitions, delistings, disposals and expansion of business, **award or termination of order/contracts not in the normal course of business** and such other transactions;
 - e) Changes in Key Managerial Personnel **other than due to superannuation or end of term, and resignation of a Statutory Auditor or Secretarial Auditor;**
 - f) **Change in rating(s), other than ESG rating(s);**
 - g) **Fund raising proposed to be undertaken;**

- h) **Agreements, by whatever name called, which may impact the management or control of the company;**
- i) **Fraud or defaults by the company, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the company, whether occurred within India or abroad;**
- j) **Resolution plan/ restructuring or one time settlement in relation to loans/borrowings from banks/financial institutions;**
- k) **Admission of winding-up petition filed by any party /creditors and admission of application by the Tribunal filed by the corporate applicant or financial creditors for initiation of corporate insolvency resolution process against the company as a corporate debtor, approval of resolution plan or rejection thereof under the Insolvency and Bankruptcy Code, 2016;**
- l) **Initiation of forensic audit, by whatever name called, by the company or any other entity for detecting mis-statement in financials, misappropriation/ siphoning or diversion of funds and receipt of final forensic audit report;**
- m) **Action(s) initiated or orders passed within India or abroad, by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, promoter or subsidiary, in relation to the company;**
- n) **Outcome of any litigation(s) or dispute(s) which may have an impact on the company;**
- o) **Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the company not in the normal course of business;**
- p) **Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.**

Words and expressions used and not defined in this Code but defined in any other SEBI Acts/ Regulations including Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, etc.; the Depositories Act, 1996 or the Companies Act, 2013 and rules and regulations made thereunder shall have the meanings respectively assigned to them thereunder.

xviii. **“Relative”** shall mean the following:

- (i) spouse of the person;
- (ii) parent of the person and parent of their spouse;
- (iii) sibling of the person and sibling of their spouse;
- (iv) child of the person and child of their spouse;
- (v) spouse of the person listed at sub-clause (iii); and
- (vi) spouse of the person listed at sub-clause (iv)

4. Responsibilities of the Compliance Officer: The Compliance Officer shall be responsible for:

- i. setting forth policies, procedures, as approved by the Board and monitoring adherence to the rules for the preservation of “Unpublished Price Sensitive Information”
- ii. pre-clearing of Trades by Designated Persons and by their Relatives monitoring of Trades and the implementation & administration of the Code under the overall supervision of the Board, in compliance with the Regulations;
- iii. Obtaining and maintaining a record of the designated persons and any changes made in the list of designated persons along with such list, he/she shall also keep a record of Name and Proof of Identity of the following persons as provided by-
 - the designated person and relatives;
 - persons with whom such designated person(s) share a material financial relationship; and
 - Phone, mobile and cell numbers which are used by them.
- iv. maintaining a record of the Designated Persons and any changes made in the list of Designated Persons;
- v. assisting all the Employees in addressing any clarifications regarding the Regulations and the Code;
- vi. reporting to the Board and in particular, providing reports to the Chairman of the Audit Committee of the Board once in every year;
- vii. Putting in place adequate and effective system of internal controls as explained in Regulation 9A(2) of the PIT Regulation;
- viii. maintaining records of all declarations and disclosures received by him under the Code for a minimum period of 5 years;
- ix. reviewing and approving of Trading Plans, seeking such express undertakings as may be necessary and notification of the Trading Plans to the Stock Exchanges; and
- x. closing of trading window when a designated person or class of designated persons can reasonably be expected to have possession of unpublished price sensitive information & re-opening thereof
- xi. maintaining a record of Trading Window from time to time.
- xii. disclosing to the Stock Exchange disclosures as necessitated under the Regulations;

In the event that the Compliance Officer is privy to any UPSI, any preclearance for Trading in Securities will be provided by the Managing Director and Chief Executive Officer of the Bank.

5. Preservation of Unpublished Price Sensitive Information (UPSI)

- i. No Insider when in possession of UPSI shall:
 - a) Either on his behalf or on behalf of any other person trade in Securities of the Bank;
 - b) Communicate, counsel or provide or allow access to, directly or indirectly, any UPSI to/from any person.
- ii. All information shall be handled in-house on a need-to-know basis and no UPSI shall be communicated to any person except in furtherance of such person's legitimate purposes, performance of duties or discharge of legal obligations.
- iii. UPSI may however be communicated, provided, allowed access to or procured, in connection with a transaction that would:
 - a) Entail an obligation to make an open offer under the Takeover Regulations where the Board is of informed opinion that the sharing of such information is in the best interests of the Bank; or
 - b) not attract the obligation to make an open offer under the Takeover Regulations but where the Board is of informed opinion that the sharing of such information is in the best interests of the Bank and the information that constitute UPSI 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.
- iv. Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered an "Insider" for purposes of these Regulations and due notice shall be given to such persons to maintain confidentiality of such UPSI in compliance with the Regulations.
- v. 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 limited purpose set out above in Para 5(ii) and shall not otherwise Trade in Securities of the Bank when in possession of UPSI.

- vi. The Board of Directors or head(s) of the organization of every person required to handle UPSI, shall ensure that a Structured Digital Database (SDD) is maintained containing the nature of UPSI and the names of such persons who have shared the information and also the names of such persons with whom information is shared under this regulation along with the Permanent Account Number or any other identifier authorized by law, where Permanent Account Number is not available. Such database shall not be outsourced and shall be maintained internally with adequate internal controls and checks, such as time stamping and audit trails to ensure non-tampering of the database for 8 years after completion of relevant transactions.

Further, the entry of information, not emanating from within the organization, in Structured Digital Database (SDD) may be done not later than 2 calendar days from receipt of such information.

- vii. **Need to know:** The Designated Persons, who are privy to UPSI, shall handle the same strictly on a “Need to Know” basis. This means the UPSI shall be disclosed only to those persons who need to know the same in furtherance of a legitimate purpose, the course of performance or discharge of their duty and whose possession of UPSI will not in any manner give rise to a conflict of interest or likelihood of misuse of the information.
- viii. **Limited access to confidential information:**
 - a) Soft copies of files must have adequate security by way of login and password, etc.
 - b) Confidential information shall be kept fully secured.
 - c) Norms for maintenance of electronic records and systems as may be prescribed by the IT Department shall be confirmed to.
- ix. **Chinese wall:** To prevent the misuse of UPSI, the Bank has adopted a “Chinese Wall” policy which separates those departments such as Accounts Department, Compliance Department, Credit Department, Digital Banking Department, Information Technology Department (including DR Site), Integrated Treasury, International Banking Division, MIS Department, Operations & Services Department, Customer Value Enhancing Department, Risk Management Department and Secretarial Section, which routinely have access to UPSI, from other departments. Other departments providing services, considered “public areas”.

6. Restrictions and procedures for Designated persons while dealing in Bank's Securities

- i. All Designated Persons and their Relatives shall conduct all their dealings in the Securities of the Bank only within a valid trading window, within the threshold limit prescribed hereunder and not during the Prohibited Period (as defined below), except as provided in a Trading Plan formulated.
 - a) Valid trading window period shall mean a period other than the Prohibited Period.
 - b) Prohibited Period means:
 - Period beginning from the end of every quarter till 48 hours from the time the Unpublished Price Sensitive Information is made public,
 - Period which is considered and approved by the Board and informed to the Stock Exchanges.
 - Such other period as may be specified by the Compliance Officer from time to time.
- ii. The Compliance Officer shall intimate the closure of the valid trading window to all the Designated Persons of the Bank when he / she determines that a Designated Person or a class of Designated Persons can reasonably be expected to have possession of Unpublished Price Sensitive Information. Such closure shall be imposed in relation to such Securities to which such Unpublished Price Sensitive Information relates.
- iii. Additionally, the trading window shall be closed in particular for a designated person or class of Designated Persons, when the Compliance Officer determines that a Designated Person or class of Designated Persons can reasonably be expected to have possession of UPSI, for such periods.
- iv. The valid trading window shall remain closed during the time the Price Sensitive Information remains un-published, as determined by the Compliance Officer. The valid trading window shall be opened after a minimum of 48 hours after the Unpublished Price Sensitive Information is made public.
- v. All Designated Persons (including their Relatives) shall conduct all their dealings in the Securities only when the valid trading window is open and no Designated Person shall deal in the Securities during the period when the

valid trading window is closed or during any other period as may be specified by the Compliance Officer from time to time.

- vi. Despite the valid trading window being open, Designated Persons (and their Relatives) would only be allowed to Trade, in excess of the threshold limits (2,000 number of Securities or Rs. 10 Lakhs in Market Value, whichever's value is lower), subject to pre-clearance by the Compliance Officer and provided that they are not in possession of any Unpublished Price Sensitive Information at the time, they carry out the transaction.
- vii. The trading window restrictions mentioned herein shall not apply in respect of transactions specified in clauses (i) to (iv) and (vi) of the proviso to sub-regulation (1) of Regulation 4 of the SEBI LODR Regulations and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the Compliance Officer and compliance with the respective regulations made by the SEBI.
- viii. Trading Window norms shall not be applicable for trades carried out in accordance with an approved trading plan.
- ix. The gap between clearance of accounts by Audit Committee of the Board and Meeting of the Board of Directors shall be as narrow as possible and preferably on the same day to avoid leakage of material information.

7. Policy for determination of Legitimate Purposes:

- i. The term "legitimate purpose" shall include sharing of UPSI 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. In any case, such sharing shall not be carried out to evade or circumvent the prohibitions of the Regulations.
- ii. Any person in receipt of UPSI pursuant to a "legitimate purpose" shall be considered an "insider" for purposes of the Regulations
- iii. The Bank shall execute a confidentiality agreement with such persons, to maintain confidentiality of such UPSI in compliance with the Regulations.
- iv. Any person who receives UPSI knowing it to be an UPSI shall be deemed to have received notice from the Bank of the requirement to maintain

confidentiality and shall be deemed to have agreed to such confidentiality requirements if he received such UPSI

8. Trading Plan

- i. An insider shall be entitled and have the option to formulate a trading plan for trading in Securities of the Bank and present it to the Compliance Officer (mail id: cs@tmbank.in), for approval and public disclosure, pursuant to which Trades may be carried out on his / her behalf in accordance with such Trading Plan. By doing so, the possession of Unpublished Price Sensitive Information received subsequent to framing the said Trading Plan would not prohibit the execution of such Trades that he/she had pre-decided even before the possession of such Unpublished Price Sensitive Information.
- ii. The Trading Plan shall:
 - a) not entail commencement of Trading on behalf of the Insider earlier than one hundred and twenty calendar days from the public disclosure of the plan;

NOTE: It is intended that to get the benefit of a trading plan, a cool-off period of one hundred and twenty calendar days is necessary. Companies declare their results quarterly and there exists a trading restriction, in terms of these Regulations, from quarter end to two days after declaration of quarterly result, which, it is seen, is generally a period of around one month for most companies. Thus, one hundred and twenty calendar days period is considered reasonably long for unpublished price sensitive information that is in possession of the insider when formulating the trading plan, to become generally available. It is also considered to be a reasonable period for a time lag in which new unpublished price sensitive information may come into being without adversely affecting the trading plan formulated earlier. In any case, it should be remembered that this is only a statutory cool-off period and would not grant immunity from action if the insider were to be in possession of the same unpublished price sensitive information both at the time of formulation of the plan and implementation of the same.

- b) not entail overlap of any period for which another Trading Plan is already in existence;
 - c) set out either the value of Trade 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 not exceeding five

consecutive days; and price limit, that is an upper price limit for a buy trade and a lower price limit for a sell trade, subject to the range as specified below:

a. for a buy trade: the upper price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent higher than such closing price;

b. for a sell trade: the lower price limit shall be between the closing price on the day before submission of the trading plan and upto twenty per cent lower than such closing price.

d) not entail trading in securities for market abuse.

- iii. The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the Trading Plan, without being entitled to either execute any Trade in the Securities outside the scope of the Trading Plan or to deviate from it except due to permanent incapacity or bankruptcy or operation of law.
- iv. The implementation of the Trading Plan shall not be commenced, if at the time of formulation of the Trading Plan, the Insider was in possession of any Unpublished Price Sensitive Information and the said information has not become Generally Available Information at the time of the commencement of implementation of the Trading Plan.
- v. The commencement of the Plan shall be deferred until such Unpublished Price Sensitive Information becomes Generally Available Information and the same is confirmed by the Compliance Officer.
- vi. The compliance officer shall approve or reject the trading plan within two trading days of receipt of the trading plan and notify the approved plan to the stock exchanges on which the securities are listed, on the day of approval.

9. Process for how and when people are brought 'inside' on sensitive transactions

The Compliance Officer in consultation with the MD & CEO of the Bank shall decide on how and when any person(s) should be brought 'inside' on any proposed or on-going sensitive transaction(s).

A person(s) shall be brought inside on any proposed or on-going sensitive transaction(s) of the Bank who may be existing or proposed partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants etc. for legitimate purpose, which shall include the following:

- a. in the ordinary course of business;
- b. in furtherance of performance of duty(ies);
- c. for discharge of legal obligation(s);
- d. for any other genuine or reasonable purpose as may be determined by the Managing Director of the Bank;
- e. for any other purpose as may be prescribed under the Securities Regulations or Companies Act, 2013 or any other law for the time being in force, in this behalf, as may be amended from time to time.

10. Pre-clearance of trades & Contra Trades

- i. All Designated Persons of the Bank who intend to trade/deal in the securities of the Bank, when the trading window is open and the value of trade is above 2,000 Securities or Rupees 10 lakh in value (market value) whichever is less, should get the transaction pre-cleared by Compliance Officer by submitting an application as per 'Form F' and an undertaking as per 'Form G'. The designated person shall not be entitled to apply for pre-clearance while in possession of UPSI.
- ii. The Compliance Officer shall not approve any proposed Trade by Designated Person, if the Compliance Officer determines that such person is in possession of UPSI.
- iii. The pre-clearance approval obtained shall be valid for a period of seven days within which the trade has to be executed after which the designated person must secure fresh pre-clearance of transaction.
- iv. **Holding Period of Securities**
 - a. All Designated Persons who trade in securities of the Bank shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction. All such persons shall also not take positions in derivative transactions in the shares of the Bank at any time.

In case of any contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to

be disgorged for remittance to the Securities and Exchange Board of India (SEBI) for credit to the Investor Protection and Education Fund administered by SEBI under the Act. **The above shall not be applicable for trades pursuant to exercise of stock options.**

- b. Restrictions on contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.
- c. In case of subscription in the Primary Market (Initial/ Follow-on Public Offers), the above mentioned entities shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- d. The Compliance Officer may waive off the holding period in case of sale of securities in personal emergency after recording reasons for the same. However, no such sale will be permitted if such relaxation violates the Regulations.
- v. Any trade by an Insider / Designated Person in contravention to preclearance procedure as laid above shall attract penalties as envisaged in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

11. Disclosure & Reporting

i. Initial Disclosure

- a) Every person on appointment as a Key Managerial Personnel or a Director of the Bank or upon becoming a member of the Promoter Group shall disclose his/her holdings along with the holdings of his/her relatives as on the date of appointment or becoming member of the promoter group, to the Bank within seven days of such appointment or becoming member of the promoter group, as per Form B set out as Annexure.

ii. Continual Disclosure

- a) Every Promoter or member of Promoter Group, Director, Designated Person of the Bank and their relatives shall within two trading days disclose such transaction(s) as per Form C to the Bank, the value of the securities traded, whether in one single transaction or a series of transactions over any calendar quarter, aggregates to a total traded value in excess of Rs.10 Lakhs.

- b) The Compliance Officer shall notify the stock exchanges, particulars of trades within two trading days of receipt of disclosure or from becoming aware of such information.

iii. Disclosure by certain persons

- a) Disclosures of holdings and trading in securities of the Bank can be obtained from other connected persons annually or at such periodicity as may be decided by the Compliance Officer as per Form D.
- b) Every Promoter, Director and Designated Person of the Company shall make Annual Disclosures of the number of Securities held as at end of each year as on March 31st of each year, in the prescribed format as per Form E.
- c) The following information shall be disclosed by the Designated Persons, their relatives and persons with whom such Designated Persons share material financial relationship, on one-time basis to the Bank and thereafter, any changes to be intimated as applicable as per Form H -
- His/ her mobile number
 - Permanent Account Number or any other identifier authorized by law, where Permanent Account Number is not available.

12. Contravention of code of conduct & Penalty:

Every Director, Promoter, member of Promoter Group and Designated Person shall be individually responsible for complying with the applicable provisions of this Code (including to the extent the provisions hereof are applicable to their Relatives).

The persons who violate this Code shall, in addition to any other penal action that may be taken by the Bank pursuant to law, also be subject to disciplinary action, which in respect of an Employee of the Bank may include wage freeze, suspension, recovery, clawback or termination of employment.

Action taken by the Bank for violation of the Regulations and the Code against any person will not preclude SEBI from taking any action for violation of the Regulations or any other applicable laws/rules/regulations.

13. Action in case of Violation of Regulations

In case it is observed by the Bank, that there has been a violation of the Regulations, the Compliance Officer shall promptly inform the stock exchanges where the concerned securities are traded, in such form and such manner as may be specified by the Board from time to time.

For all queries concerning this Code, please contact the Compliance Officer on cs@tmbank.in.

14. Validity of this policy

The policy shall be reviewed every year and is valid for one year from the date of approval by the Board and is valid till next review. Any regulatory / other changes in the intervening period will be implemented as and when the timeframe fixed by the regulator(s) and the same will be updated in the policy during the next review.

FORM B
SEBI (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a
KMP/Director/Promoter/ Member of the Promoter Group]

Name of the company: **Tamilnad Mercantile Bank Limited**
ISIN of the company: **INE668A01016**

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter or Member of the Promoter Group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (KMP/Directors or Promoter or Member of the Promoter Group/immediate relative to/others, etc.)	Date of appointment of KMP/Director or Date of becoming Promoter / Member of the Promoter Group	Securities held at the time of appointment of KMP/Director or upon becoming Promoter or Member of the Promoter Group		% of Shareholding
			Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlements, etc.)	No.	
1	2	3	4	5	6

Note: “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives on the securities of the company held on appointment of KMP or Director or upon becoming a Promoter or Member of the Promoter Group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of becoming Promoter/member of the promoter group / appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/member of the promoter group / appointment of Director/KMP		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

FORM C
SEBI (Prohibition of Insider Trading) Regulations, 2015
[Regulation 7 (2) read with Regulation 6(2) – Continual disclosure]

Name of the company: **Tamilnad Mercantile Bank Limited**
ISIN of the company: **INE668A01016**

Details of change in holding of Securities of Promoter, Member of the Promoter Group, Designated Person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/Member of the Promoter Group/Designated Person/Director s/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ disposal of shares, specify		Date of intimation to company	Mode of acquisition / disposal (on market / public / rights / preferential offer / off market / Inter-se transfer, ESOPs etc.)	Exchange on which the trade was executed
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/ Sale/ Pledge / Revocation/Invocation/ others – please specify)	Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	From	To			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note: (i) “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015

(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives on the securities of the company by Promoter, Member of the Promoter Group, Designated Person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
16	17	18	19	20	21	22

Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

Annexure 4

FORM D

SEBI (Prohibition of Insider Trading) Regulations, 2015

Regulation 7(3) – Transactions by Other connected persons as identified by the company

Details of trading in securities by other connected persons as identified by the company

Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company	Connection with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition of shares/ disposal of shares, specify		Date of intimation to company	Mode of acquisition/disposal (on market/public / rights/ Preferential offer / off market/Interse transfer, ESOPs etc.)	Exchange on which the trade was executed
		Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement,	No. and % of shareholding	Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase / Sale/ Pledge / Revocation/Invocation/others – please specify)	Type of security (For e.g. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of shareholding	From	To			

		etc.)												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note: (i) "Securities" shall have the meaning as defined under Regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives on the securities of the company by other connected persons as identified by the company

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
16	17	18	19	20	21	22

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name:

Signature:

Place:

Date:

FORM- E
ANNUAL DISCLOSURE OF HOLDING BY DESIGNATED PERSONS

Date:

To
The Compliance Officer
Tamilnad Mercantile Bank Limited (Company)

Name :		Employee ID :	
Designation :		Department :	

1. Statement of shareholding of Directors / Officers / Designated Employees

No. of Shares held on 01.04.20__	No. of shares bought during the year	No. of shares sold during the the year	No. of shares held on 31.03.20__	Folio No./ DP ID/ Client ID

2. Details of shares held by dependent family members

Name	Relationship	Number of Shares				Folio No. / DP ID Client Id
		Held on 01.04._ _	Bought during the Year	Sold during the Year	Held on 31.03._ _	

- I /We declare that the shares sold have been held by me/us for 6 Months.
- I/We further declare that the above disclosure is true and correct and is in accordance with the previous disclosure, if any, given to the Company.

Signature.....

FORM- F
REQUEST FOR PRE-CLEARANCE – Trading/ Dealing of Shares

Date: _____

To,
The Compliance Officer
Tamilnad Mercantile Bank Limited

Name :		Employee ID	
Designation :		Department	

With reference to the Code of Conduct for Prevention of Insider Trading of the Bank, I, the undersigned, seek your approval to sell / buy _____ Equity Shares/ Securities of the Company, aggregating in value Rs. _____.

STATEMENT OF HOLDINGS AT THE TIME OF PRE-CLEARANCE

I. Details of Shareholding of Director/ Officer/ Designated Employees held in their own name

No. of Shares held (with Folio No/DP ID/ Client ID)	Nature of Transaction for which Approval is sought [Purchase/Sell/Others (Pls. Specify)]	No. of Shares to be dealt	Aggregate value of the Transaction (Rs.)

II. *Details of Shares held by Dependents

Name :		Relationship:	
No. of Shares held (with Folio No/DP ID/ Client ID)	Nature of Transaction for which Approval is sought [Purchase/Sell/Others (Pls. Specify)]	No. of Shares to be dealt	Aggregate value of the Transaction (Rs.)

Please tick the appropriate case:

**I/We hereby declare that the shares to be sold have been held by me/us for a minimum period of 6 months (or) the Shares to be dealt in are allotted under ESOP Scheme of the Company and are not subject to lock in period of 6 month.

Signature: _____

**** In case the sale of securities is necessitated by personal emergency, Director/ Officer /Designated Employees shall specify the reasons.**

Reasons: _____

FOR OFFICE USE ONLY

PRE CLEARANCE ORDER

This is to inform you that your request for dealing in _____ (nos.) _____ Shares /Debentures / Other Securities of the Company is approved. Please note that the said transaction must be completed within 7 days from the date of this order.

For Tamilnad Mercantile Bank Limited

Compliance Officer

Date:

FORM- G
'Undertaking by Employee'
To be given at the time of applying for permission for trading

Date: _____

The Compliance Officer
Tamilnad Mercantile Bank Limited (Company)

Dear Sir/Madam,

In regard to my request for trading in security dated _____ by letter/mail,
I, _____ (name of the employee) S/o / D/o _____ aged ____ years residing at
_____ hereby undertake that:

- I do not have any access or has not received any “Unpublished Price Sensitive Information” up to the signing of the undertaking.
- That in case I have access to or receive “Unpublished Price Sensitive Information” after the signing of undertaking but before the execution of transaction, I shall immediately inform the Compliance Officer and would completely refrains from dealing in the securities of the Bank till the information become public.
- I have not contravened the policy of the Company for Prohibition of Insider Trading as notified from time to time.
- I have made a full disclosure in the matter.

Regards

Signed:

Employee Name:

FORM- H
DISCLOSURE BY DESIGNATED PERSONS

Pursuant to Regulation 14 of Schedule B of SEBI (Prohibition of Insider Trading) Regulations, 2015

To

The Compliance Officer
Tamilnad Mercantile Bank Limited

1. Name :
2. Director Identification No :
3. Permanent Account Number :
4. DP ID / Client ID :
5. Phone & Mobile Number :
6. Name of educational Institution
7. from where I graduated :
8. List of Past employers :
9. Immediate relatives :

SI No.	Name	Relation	Permanent Account Number	Phone & Mobile Number

Note: “*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.

Any other person with whom I share a material financial relationship

SI No.	Name	Relation	Permanent Account Number	Phone & Mobile Number

Note: The term “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

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

Signature:

Name :

Designation:

Date:

Place: