

**POLICY FOR PROCEDURE OF INQUIRY IN
CASE OF LEAK OF UNPUBLISHED PRICE
SENSITIVE INFORMATION (“UPSI”)**

Version 6.0

**TAMILNAD MERCANTILE BANK LTD
SECRETARIAL SECTION**

POLICY FOR PROCEDURE OF INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)

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TAMILNAD MERCANTILE BANK LTD., SECRETARIAL SECTION

Policy for Procedure of Inquiry in Case of Leak of Unpublished Price Sensitive Information ("UPSI")

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POLICY FOR PROCEDURE OF INQUIRY IN CASE OF LEAK OF UNPUBLISHED PRICE SENSITIVE INFORMATION (“UPSI”)

1. PREAMBLE

The SEBI (Prohibition of Insider Trading) Regulations, 2015 (SEBI PIT Regulations) mandates every listed company to formulate a written policy and procedures for inquiry in case of leak of unpublished price sensitive information and initiate appropriate action on becoming aware of leak of Unpublished Price Sensitive Information and inform the Board promptly of such leaks, inquiries and results of such inquiries.

In this regard, the Board of Directors of **Tamilnad Mercantile Bank Limited (“the Bank”)** has laid down this policy for procedure of inquiry in case of leak of Unpublished Price Sensitive Information. This document embodies the Code of Fair Disclosure and shall be deemed to have come in to force from 03.08.2021.

2. OBJECTIVE

This Policy has been framed with the intent to strive to preserve the confidentiality of ‘Unpublished Price Sensitive Information’ (UPSI) and to prevent misuse of such information as trading with insider information is not only illegal, but also tarnishes the credibility of the Bank. The Policy decodes the procedure to initiate inquiry in case of leak of UPSI or suspected leak of UPSI and inform the same to the Audit Committee and Board promptly.

3. APPLICABILITY

This policy shall apply to all designated persons and relatives of designated persons and persons in possession of or having access to UPSI and any other persons as assigned by law from time to time.

4. DEFINITIONS

4.1. **Bank** means Tamilnad Mercantile Bank Limited.

4.2. **Board** shall mean the Board of Directors of Tamilnad Mercantile Bank Limited

- 4.3. **Designated Persons** shall cover all Insiders, employees whether contractual or otherwise, persons / entities stated under Regulation 9(4) of SEBI PIT Regulations and other connected persons as defined under Regulation 2(d) of the SEBI PIT Regulations.
- 4.4. **Relative** shall include persons defined under Regulation 2(hc) of SEBI PIT Regulations.
- 4.5. **Compliance Officer** shall mean the Compliance Officer of the Bank appointed by the Board of Directors under the Securities and Exchange Board India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4.6. **Leak or Suspected Leak of UPSI** shall refer to such act / circumstance(s) by virtue of which an UPSI is made available or becomes available, by any means or mode to any person, association, body, firm, agency, society, entity or to a group thereof, whether registered or otherwise before its official publication or announcement or formal circulation in public domain and which shall also include any purported attempt thereto.
- 4.7. **Un-published Price Sensitive Information (“UPSI”)** shall mean any information, relating to the Bank 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 include but not restricted to, information relating to the following;
- a) Financial Results of the Bank;
 - b) Intended declaration of Dividends (Interim and Final);
 - c) Change in capital structure
 - d) Mergers, de-mergers, 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 Bank;**
 - i) **Fraud or defaults by the Bank, its promoter, director, key managerial personnel, or subsidiary or arrest of key managerial personnel, promoter or director of the Bank, 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 Bank 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 Bank 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 Bank or its directors, key managerial personnel, promoter or subsidiary, in relation to the Bank;**
- n) Outcome of any litigation(s) or dispute(s) which may have an impact on the Bank;**
- o) Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party, by the Bank not in the normal course of business;**
- p) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.**
- q) Such other information, in the opinion of the Board, if disclosed is likely to materially affect the prices of the securities.

5. PROCEDURE FOR INQUIRY IN CASE OF LEAK OF UPSI

The below mentioned procedure be followed in order to enquire and/or otherwise investigate the matter.

- a) Complaint (written or oral or electronic) regarding a leak or suspected leak of UPSI may be received by the Bank from the following sources:
 - i. Pursuant to any information received from any whistle blower;
 - ii. Pursuant to receipt of any UPSI from an outside source (E.g. Social media, etc.);
 - iii. Pursuant to sabotage of systems storing details of UPSI or phishing e-mail attack, planted or unauthorized USB drive in the systems storing UPSI.
 - iv. Pursuant to theft / unauthorized destruction of important physical records or portable equipments.
 - v. Pursuant to any complaints received from statutory authorities
 - vi. Pursuant to wilful breach of the SEBI PIT regulations by an Insider resulting in communication of UPSI
- b) The Compliance Officer, if required may appoint and / or authorize any person(s), as he may deem fit, to initiate/conduct preliminary enquiry to collect the relevant fact, material substances on actual or suspected leak of UPSI.
- c) The Compliance Officer shall send intimation to the complaine of the accusations received and give opportunity to make their representations within 7 days of receipt of intimation.
- d) The Compliance Officer shall inquire about manner in which the breach was carried out, details of any person assisting in the crime, amount of gain made by the suspect.

- e) The Compliance Officer shall report the Complaint to the Audit Committee within a reasonable time from the date of receipt of the Complaint.
- f) Based on the update provided by the Compliance Officer, the Audit Committee shall put forward its recommendation to the Board. The Board, on receipt of such recommendation and after due review/deliberations, shall decide on the next steps.
- g) Once, the allegations are fully substantiated, the Compliance Officer in consultation with and by order of the Board shall determine the action to be taken against the guilty.
- h) The Compliance Officer shall inform about the violation of the Regulations and action taken by the Bank to the Securities Exchange Board of India (SEBI).
- i) If the Compliance Officer is of the opinion that the allegation is frivolous, not maintainable or outside the scope, the same may be dismissed with reasons recorded in writing.
- j) The Bank suo moto reserves the right of initiating an inquiry under this Policy against any designated person, if it has reasons to believe that such person has leaked UPSI or suspected to have been leaked UPSI.

6. REVIEW OF POLICY

The Board shall have the power to amend the Policy based on findings of the investigation, existing processes, controls and procedure to be revisited and strengthened to avoid similar incident(s) in future. Also, the Board shall have the power to amend any of the provisions of this Policy, substitute any of the provisions and also replace this Policy entirely. In any circumstance where the terms of this Policy differ from any law, rule, regulation, etc., for the time being in force, the law, rule, regulation, etc., shall take precedence over this Policy.