

ANNEXURE – I
ATTACHMENT TO CONTRACT NOTE

Dear Clients,

Extract from SEBI SECURITIES CONTRACTS (REGULATION) (STOCK EXCHANGES AND CLEARING CORPORATIONS) REGULATIONS, 2012

Please note that any person who is dealing in shares of listed stock exchange/s must comply with regulation 19 and 20 of SECC Regulations, 2012 which state that only fit and proper person are eligible to deal in shares of listed stock exchange/s. The detailed regulations are given below:

Eligibility for acquiring or holding shares.

19. (1) No person shall, directly or indirectly, acquire or hold equity shares of a recognised stock exchange or recognised clearing corporation unless he is a fit and proper person.

(2) Any person who, directly or indirectly, either individually or together with persons acting in concert, acquire equity shares such that his shareholding exceeds two per cent. of the paid up equity share capital of a recognised stock exchange or recognised clearing corporation shall seek approval of the Board within fifteen days of the acquisition.

(3) A person eligible to acquire or hold more than five per cent. of the paid up equity share capital under sub-regulation (2) of regulation 17 and sub-regulation (2) of regulation 18 may acquire or hold more than five per cent. of the paid up equity share capital of a recognised stock exchange or a recognised clearing corporation only if he has obtained prior approval of the Board.

(4) Any person holding more than two per cent. of the paid up equity share capital of the recognised stock exchange or the clearing corporation on the date of commencement of these regulations, shall ensure compliance with this regulation within a period of ninety days from the date of such commencement.

(5) If approval under sub-regulation (2) or (4) is not granted by the Board to any person, such person shall forthwith divest his excess shareholding.

(6) Any person holding more than two per cent. of the paid up equity share capital in a recognised stock exchange or a recognised clearing corporation, as the case may be, shall file a declaration within fifteen days from the end of every financial year to the recognised stock exchange or recognised clearing corporation, as the case may be, that he complies with the fit and proper criteria provided in these regulations.

Fit and proper criteria.

20. (1) For the purposes of these regulations, a person shall be deemed to be a fit and proper person if—
(a) such person has a general reputation and record of fairness and integrity, including but not limited to—

(i) financial integrity;

(ii) good reputation and character; and

(iii) honesty;

(b) such person has not incurred any of the following disqualifications—

(i) the person, or any of its whole time directors or managing partners, has been convicted by a court for any offence involving moral turpitude or any economic offence or any offence against the securities laws;

- (ii) an order for winding up has been passed against the person;*
- (iii) the person, or any of its whole time directors or managing partners, has been declared insolvent and has not been discharged;*
- (iv) an order, restraining, prohibiting or debaring the person, or any of its whole time directors or managing partners, from dealing in securities or from accessing the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the expiry of the period specified in the order has not elapsed;*
- (v) any other order against the person, or any of its whole time directors or managing partners, which has a bearing on the securities market, has been passed by the Board or any other regulatory authority, and a period of three years from the date of the order has not elapsed;*
- (vi) the person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force; and*
- (vii) the person is financially not sound.*

(2) If any question arises as to whether a person is a fit and proper person, the Board's decision on such question shall be final.

COMPLIANCE WITH FIT & PROPER REQUIREMENT BY MEMBERS IN CASE OF TRADING IN SECURITIES OF LISTED DEPOSITORIES

SCHEDULE II SECURITIES AND EXCHANGE BOARD OF INDIA (INTERMEDIARIES) REGULATIONS, 2008

As specified under **Regulation 6(B) of SEBI (Depositories and Participants) Regulations, 2012**, Members are required to ensure that their clients who are executing transactions in the securities issued by listed depositories through them are fit & proper. Accordingly, Members shall also attach the text of the criteria for fit & proper person as specified in **Schedule II of the SEBI (Intermediaries) Regulations, 2008**

Criteria for determining a 'fit and proper person'

For the purpose of determining as to whether an applicant or the intermediary is a 'fit and proper person' the Board may take account of any consideration as it deems fit, including but not limited to the following criteria in relation to the applicant or the intermediary, the principal officer and the key management persons by whatever name called –

- (a) integrity, reputation and character;*
- (b) absence of convictions and restraint orders;*
- (c) competence including financial solvency and networth;*
- (d) absence of categorization as a wilful defaulter.*

You may refer the following link for full text of Relevant SEBI Regulations and Circulars.

Read Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012

(Link - http://www.sebi.gov.in/sebi_data/attachdocs/1340272091708.pdf)

SEBI Circular No: CIR/MRD/DSA/01/2016 Dated: 01/01/2016

(Link - http://www.sebi.gov.in/legal/circulars/jan-2016/circular-on-compliance-with-secc-by-listed-stock-exchanges_31402.html)

Yours truly,

For Sykes & Ray Equities (I) Ltd.