

KOTAK MAHINDRA BANK LIMITED

Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)

Kotak Mahindra Bank's policy is to maintain an active and open communication with the shareholders, institutional investors, brokers/dealers, analysts and potential investors regarding the Company's historical performance and future prospects. The Bank is committed to fair disclosure of information to its investors in compliance with all applicable laws. The Bank believes that when information is equally available to all, there is no distinct advantage that insiders can capitalize on.

The Board of Directors of the Bank had adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) ('Code') in line with the Regulation 8 of the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended) ('Regulations'). The Board of Directors of the Bank has revised the Code with effect from 20th January 2020.

Prompt public disclosure of unpublished price sensitive information

The Bank would disclose the events and occurrences that would impact price discovery in the market no sooner than credible and concrete information comes into being in order to make such information generally available. Following is the indicative list of events which are material and/or price sensitive and which would require disclosure:

Sr. No.	Events & Occurrences which are material and/or price sensitive	Trigger point for disclosure
1	Change in general character or nature of business	Prior to the media release
2	Commencement or any postponement or commercial operations of any material division	Prior to the media release
3	Arrangements for strategic, technical, manufacturing, marketing or financial tie-up	Prior to the media release
4	Adoption of new lines of business	Prior to the media release
5	Closure of operations of any material division	Prior to the media release
6	Acquisitions, Scheme of Arrangement (amalgamation/merger/demerger/restructuring) or sale/disposal of any division/subsidiary	Board Meeting approving the proposal
7	Material capacity or material product launch	Prior to the media release
8	Awarding, bagging/receiving, amendment or termination of awarded/bagged material orders/contract	Board Meeting approving the proposal
9	Agreements (viz. Shareholder Agreement(s), joint venture agreement(s), agreements/contracts with media companies) or material loan agreement(s)	Upon execution of the requisite agreement
10	Issuance or forfeiture of securities or change in terms/structure of existing securities or buy back of securities. <ul style="list-style-type: none">• Issuance of securities• Split/consolidation of shares	Board Meeting approving the proposal

	<ul style="list-style-type: none"> • Bonus Issue • Buy back of securities • Options to purchase securities (including any ESOP/ESPS Scheme) at the time of instituting the scheme and vesting or exercise of options • Any restrictions on transferability of securities • Change on terms/structure of any existing securities 	
11	Material disruption of operations of any division/subsidiary due to natural calamity, force majeure and events such as strikes, lockouts	Immediately upon occurrence of event
12	Material effects arising out of change in the applicable regulatory framework	Upon change in the applicable regulatory framework
13	Litigation/dispute/regulatory action with a material impact	Immediately upon occurrence of event
14	Revision in ratings	Prior to the media release
15	Material fraud/defaults etc. by directors/employees/agents of the Bank	Immediately upon occurrence of event
16	<p>Outcome of Board meeting with respect to</p> <ul style="list-style-type: none"> • Dividend and/or cash bonuses • Decision on buyback of securities • Decision on fund raising • Increase in capital • Reissue of forfeited shares • Alterations of capital • Financial results • Decision on voluntary delisting from Stock Exchange(s) 	Board Meeting approving the proposal
17	<p>Miscellaneous events</p> <ul style="list-style-type: none"> • Change in directors/KMPs, Auditors, Compliance Officer • Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals • Corporate Debt Restructuring • Notices/resolutions/circulars sent to shareholders/debentureholders/creditors or advertised in the media • Proceedings of general meetings • Amendment to memorandum and articles of association • Major development likely to affect business/reputation of the bank 	Immediately upon occurrence of events

Uniform and universal dissemination of unpublished price sensitive

The Bank would disclose the events/release the information immediately to the Stock Exchanges first before releasing it to the media/analyst.

In case where the unpublished price sensitive information which has not been given to the Stock Exchanges but has been released to a section of the market viz. at the investor/analyst meet or at the media briefing or through its publication on a website or in social media, the Bank should immediately give the information to the Stock Exchanges for release to the market.

Group Chief Financial Officer would deal with dissemination of information and disclosure of unpublished price sensitive information to the stock exchanges, analysts, shareholders and media. Information disclosure/dissemination needs to be approved in advance by the Group Chief Financial Officer. If information is accidentally disclosed without prior approval, the person responsible may inform the Group Chief Financial Officer immediately.

Appropriate and fair response to comments, speculation in media and market rumours

The Bank will make appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities. However, this should not compromise sharing of UPSI and the Bank will ensure to comply with all its disclosure obligations.

Sharing of unpublished price sensitive information (UPSI) – Policy for determination of ‘Legitimate Purpose’

Definition of Legitimate Purpose

The term “legitimate purpose” shall include sharing of unpublished price sensitive information (UPSI) in the ordinary of business by an insider with the partners, collaborators, lenders, customers, suppliers, merchant bankers, legal advisors, auditors, credit rating agencies, statutory/regulatory authorities, directors, potential investors, vendors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibition of the Regulations.

Determination of Legitimate Purpose

The Regulations require the Board to formulate a policy for determination of ‘legitimate purpose’, in line with the guidance provided in the Regulations. The assessment of whether sharing of UPSI for a particular instance would tantamount to ‘legitimate purpose’ would depend on the specific facts and circumstances of such case.

In respect of the proposed transactions which are required to be specifically approved by the Board of Directors, the Board shall approve and permit communicating, providing, allowing access to UPSI where it is of the informed opinion that the sharing of such information is in the best interest of the company and is for the legitimate purpose with respect to those proposed transactions.

Where the information is required to be shared in ordinary course of business, the Group Chief Financial Officer (GCFO) of the Bank in consultation with the concerned President of the Bank is authorized to evaluate the specific instances of sharing UPSI under this Policy based on the following guiding principles:

- Whether sharing of UPSI is on need-to know basis and not to evade or circumvent the prohibitions of the Regulations;
- Whether sharing of UPSI is in the best interests of the Bank and mandatory for performance of duties or discharge of legal obligations;
- Whether sharing of UPSI is with intermediaries/fiduciaries for assisting / advising the Bank in relation to a proposal/deal;
- Whether sharing of UPSI is with persons for legitimate business purposes;
- Whether sharing of UPSI is with persons with whom a Non-Disclosure Agreement/Confidentiality Agreement has been entered into for keeping the information confidential.

Under the system, the Presidents of the relevant Business Group of the Bank are required to send the proposal for sharing of UPSI for a legitimate purpose based on their business related needs to the GCFO. The GCFO may consider the proposal and if satisfied permit sharing of UPSI for the said legitimate purpose. The GCFO may also consult the Executive Board of the Bank while determining legitimate purpose. The GCFO shall take care to ensure that he/she is reasonably satisfied that UPSI being shared is for a legitimate purpose in the ordinary course of business and not to evade or circumvent the prohibitions of the Regulations. The Secretarial Department would need to centrally maintain the data in this regard, in a digital form that is time stamped and having requisite audit trails.

Sharing of UPSI

Until such time the UPSI becomes generally available, it can be shared only on need-to-know basis and for legitimate purpose in relation to the subject matter of proposal, and for performance of duties or discharge of legal obligations.

Once the UPSI is shared, the Recipient of UPSI essentially becomes an “Insider” as per the Bank’s Trading Code of Conduct and the Regulations.

The President of the relevant Business Group before sharing the UPSI shall ensure the following:

- Compliance of the process for protection of UPSI as laid down.
- Sharing of UPSI to be in line with the Bank’s Policy for determination of ‘Legitimate Purpose’.
- Notice to be given to the recipient of UPSI to maintain confidentiality by way of execution of confidentiality/non-disclosure agreements.
- Recipient of UPSI to be sensitized or informed about the confidentiality of the matter in order to avoid any leakage.
- Recipient of UPSI to be given a copy of the Bank’s Trading Code of Conduct.
- Obtain an undertaking from the Recipient of UPSI that he has understood the provisions of the Code and shall comply with the same till he/she holds the UPSI.

- Obligations under the Bank's Trading Code of Conduct and the Regulations to continue till the information continues to be UPSI and to cease when it becomes generally available.
- Details of the Recipient of UPSI to be maintained by the Bank digitally, including the Permanent Account Number (PAN) or any other identifier authorised by law where PAN is not available.
- Utmost care would be taken to ensure that the information shared with analysts/ research personnel/large investors like institutions is not unpublished price sensitive information.
- Presentations/Transcripts/records of proceedings of the meetings with analysts and other investor relations conferences would be made available on the Bank's website.

Amendment to the Code

Subject to applicable law, the Board may, in its absolute discretion from time to time amend or alter the Code or any terms and conditions thereof.