



FINO PAYMENTS BANK LIMITED

*POLICY FOR DETERMINATION OF*  
*“LEGITIMATE PURPOSES”*

*(as a part of “Code of Fair Disclosure and  
Conduct”)*

**POLICY FOR DETERMINATION OF “LEGITIMATE PURPOSES”**

**(Version 1.0)**

**Document Review and Approval**

**Revision history**

	<b>Summary of Change</b>	<b>Prepared By</b>	<b>Reviewed by</b>	<b>Recommended by (Mgt. Com)</b>	<b>Approved by</b>	<b>Ver No.</b>	<b>Effective Date</b>
1	First Release	Basavraj Loni - AVP Legal and Company Secretary	Ketan Merchant - Chief Financial Officer	N.A.	Board of Directors	1.0	November 12, 2021

## 1. Objective:

This Policy is made for the purpose of determining the legitimacy for sharing unpublished price sensitive information in the ordinary course of business by an Insider with partners, collaborators, lenders, customers, suppliers, merchant bankers,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, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time).

## 2. Applicability

This policy shall apply to all Insiders including Designated Persons and immediate relatives of such Designated Persons and persons in possession of or having access to UPSI.

## 3. Statutory Rationale:

This Policy has been made pursuant to Regulation 3(2A) of Chapter II read with Regulation 8 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 dated December 31, 2018.

This Policy shall be read with the Code of Conduct to Regulate, Monitor and Report Trading by Insiders of the Bank and the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time).

## 4. Approval and Commencement:

This Policy was approved by the Board of Directors of FINO PAYMENTS BANK LIMITED through resolution passed by the Board and becomes effective upon listing of the securities of the Company on the Stock Exchange(s).

## 5. Definitions:

<b>Expression</b>	<b>Meaning</b>
<b>Act</b>	: Means Securities and Exchange Board of India Act, 1992
<b>Board</b>	: Means the board of directors of FINO PAYMENTS BANK LIMITED.
<b>Companies Act</b>	: Means the Companies Act, 2013.
<b>Company</b>	: Means FINO PAYMENTS BANK LIMITED.

<b>Compliance Officer</b>	:	Means as defined in the “code of conduct to regulate, monitor and report trading by Insiders” adopted by the Company.
<b>Connected Person</b>	:	Means as defined in the “code of conduct to regulate, monitor and report trading by Insiders” adopted by the Company.
<b>Consultant</b>	:	Means any person who is engaged by the Bank to provide expert advice.
<b>Designated Person/ (DP)</b>	:	Means as defined in the “code of conduct to regulate, monitor and report trading by Insiders” adopted by the Company.
<b>Insider</b>	:	Means as defined in the “code of conduct to regulate, monitor and report trading by Insiders” adopted by the Company.
<b>Legitimate purposes</b>	:	Means and includes sharing of unpublished price sensitive information 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, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulations.
<b>Lenders</b>	:	Means any financial institution or Banking Company or any Non-Banking Finance Company or any other institution that lends money.
<b>Unpublished Price Sensitive Information/ UPSI</b>	:	Means as defined in the “code of conduct to regulate, monitor and report trading by Insiders” adopted by the Company.
<b>Policy</b>	:	Means this policy for determination of "legitimate purposes."

The terms used but not defined in this Policy will have the meaning ascribed to them in the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time).

## 6. Database of insiders:

The Company shall maintain a database of Insiders including immediate relatives of Designated Persons with whom such designated person(s) share a material financial relationship and residing at the same address for more

than one year, in the format set out in **Annexure A**.

All intermediary(ies), fiduciary(ies) shall designate and inform the Compliance Officer about specific person(s) within their respective organisation who would ensure compliance under this Code.

## **7. Determination Of Legitimate Purpose:**

'Legitimate purpose' shall be determined on case-to-case basis, in accordance with the statutory provisions, by the Compliance Officer or any other officer of the Company authorised by the Managing Director / Whole Time Director/ CEO in this behalf ("Authorised Officer") on a request from any employee ("Requesting Employee") for sharing UPSI on the basis of below mentioned principles:

- a. Nature and Extent of UPSI: What is the nature and extent of the UPSI which is being sought.
- b. Purpose: For what purpose is the data being sought (including, for instance, towards any genuine corporate purpose or to discharge a fiduciary duty or in the interest of a body of public security holders or stakeholders in the Company or transactions in the public interest or transactions undertaken without an intent to make profit or to gain unlawfully or without a view to misuse information, or the like).
- c. Necessity: Is the data requested of utmost necessity for the purpose it is being sought.
- d. Interest: Is it in the best interests of the Company and its security holders, to protect the interest of the Company and its security holders or is it in public interest and without any intention to make profits / gains or avoid losses unlawfully.
- e. External Circumstances: the purpose to be evaluated in context of (i) the circumstances which are affecting the Company at that time, and (ii) any information that is generally available about the Company, at that time.

In addition to the above, the Authorised Officer may keep in mind the following factors:

- a. information intended to be available only for a legitimate purpose and not for the personal benefit of any one.
- b. if there are two purposes further to which the UPSI is being shared i.e. one being legitimate purpose and the other being illegal or merely for the purpose of personal benefit of any one, the existence of the legitimate purpose would not 'sanitize' the illegitimate ones.

- c. the concept of legitimate purpose is best referred to in the negative i.e. where it is not for an illegitimate purpose (such as the misuse of such information for personal gain or illegal profit).
- d. in the event the Authorised Officer is contemplating multiple purposes for selective sharing of UPSI, each purpose will be evaluated on its own merits, in line with the principles set out herein.

All Insiders shall adhere to the conditions of strict confidentiality and shall not share any UPSI except for the aforesaid purposes.

**8. Responsibilities of the recipient of UPSI:**

- a. To maintain confidentiality with respect to information received;
- b. To use the confidential information only for the legitimate purpose;
- c. To disclose the confidential information with any other person strictly on a need to know basis;
- d. To safeguard the UPSI with the same degree of care to avoid unauthorized disclosure as the receiving party uses to protect its own confidential information, but in no case less than reasonable care; and
- e. To ensure compliance with applicable provisions of Insider Trading Regulations, Code of Conduct of the Company and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

**9. Information sharing with lenders:**

It shall be legitimate for the Insider to share information about the financials or such other information demanded by the lender, which is a UPSI, provided that such sharing has not been carried out to evade or circumvent the prohibition of these Regulations.

In the event where the Board of Directors is of the opinion to borrow funds from any lender(s) it shall be the duty of the Management to enter into Non-Disclosure Agreement with the lender(s).

Explanation: the expression lender includes the team members of the department, who is interacting with the Company by whatever name the department is called, of the lender involved and cross functional department(s) involved in extending the financial assistance to the Company.

**10. Appointment of Professionals as Consultants/ Legal Advisors and Information sharing with them thereon:**

An Insider shall assess the business transaction whether a Consultant

and/or Legal Advisor(s) is required to be appointed.

Once it is finalised that the required transaction needs professional support it shall be the primary responsibility of the Insider or of the designated person as the case may be for whom the Consultant and/or legal advisor(s) is working for, to ensure that: (i) the information is shared with the Consultant/legal advisor on a need to know basis; and (ii) the information so shared with them shall remain confidential and it should not be misused in any manner.

It shall be legitimate for the Insider to share insights of a particular transaction for which the Consultant and/or legal advisor is specifically being appointed for.

Thereafter, it shall be the responsibility of the Consultant and Legal Advisor to ensure the confidentiality of the information among their team members. In case the consultant or Legal Advisor is a firm then the person who is leading the team shall be responsible for maintaining confidentiality.

#### **11. Information sharing during Audits:**

The Company has to undergo audits of its financial records, secretarial records, taxation records etc. There are different audits which are to be carried out at different intervals or from time to time as per various laws applicable to the Company. Also there is an internal audit which is to be carried out periodically. At such audit times the auditor and his team access various records of the Company and there might be situations where such information may be Unpublished Price Sensitive Information.

During such audit periods the designated person under whose supervision the audit is driven shall be responsible for ensuring that the information shared shall remain confidential between the Auditor and his team and the team members of the department whose documents are subject to audit.

It shall be the responsibility of the auditor or the team leader of the group leading the audit as the case may be that the information so obtained by them during audit shall not be leaked to any third party.

#### **12. Information Sharing during due diligence:**

During investigative process for providing the desired comfort level about a potential investment and/or to minimize the risks for a particular transaction such as hidden uncovered liabilities, poor growth prospects, price claimed for proposed investment being on higher side etc., there may be a need to disclose UPSI.

Further, Regulation 3(3) of the Insider Trading Regulations allows communication / procurement of UPSI for purposes of facilitating due diligence exercises involved in transactions which (a) trigger an open offer and (b) do not trigger an open offer.

The board of directors of the Company is required to evaluate and opine that any such proposed transaction is in the best interests of the Company, before allowing the UPSI relating to the Company to be communicated.

**13. Information sharing during corporate actions:**

An Insider may be required to share UPSI with intermediaries such as registrar and share transfer agents during various corporate actions like declaration of dividend, Bonus issue, Stock Splits, mergers, etc. Sharing of UPSI for such corporate actions shall be considered as sharing of information for “legitimate purpose” for giving effect to such corporate actions.

**14. Information sharing with suppliers and customers:**

An Insider may share UPSI with suppliers and customers in the ordinary course of business for securing supplies, orders, expansion of business, etc. which shall be considered as “legitimate purpose” however sharing of UPSI will be done strictly on a ‘need to know’ basis.

**15. Information sharing as given below:**

- (a) for investigation, inquiry or request for information by statutory or governmental authorities or any other administrative body recognized by law; or
- (b) under any proceedings or pursuant to any order of courts or tribunals; or
- (c) as part of compliance with applicable laws, regulations, rules and requirements; or
- (d) Sharing UPSI with any regulatory body or governmental authority or any quasi-judicial body incorporated under any law including Stock Exchanges on the basis of any order/written communication received from them; or
- (e) arising out of any contractual obligations or arrangements entered into by the Company provided that appropriate measures are taken to ensure that UPSI is shared on a need to know basis subject to confidentiality restrictions; or
- (f) arising out of business requirements including requirement for the purposes of promoting the business and strategies of business which may require sharing of information with holding companies,



subsidiaries, associates, joint ventures and with the promoters, and the promoters in turn with their promoters, as well as by the promoters with their advisors, consultants, intermediaries, fiduciaries etc., provided UPSI is shared on a need to know basis subject to confidentiality restrictions.

#### **16. Non-Disclosure Agreement:**

While sharing UPSI for “legitimate purpose”, the Company shall sign a confidentiality/ non-disclosure agreement with, the person with whom UPSI is shared, informing him/her that they have to ensure the compliance of the PIT Regulations while in possession of UPSI shared with him/her.

The respective Functional Head shall require the parties to execute agreements as per **Annexure B** to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential and shall not otherwise trade in securities of the Bank when in possession of unpublished price sensitive information.

#### **17. Amendments:**

The Board of Directors shall amend / modify the provisions of this Policy from time to time, as may be necessary.

The formats attached with this Policy may be modified by the Compliance Officer from time to time, as may be required, so however that such modification does not dilute any of the provisions of this Policy.

In the event of an inconsistency between this Policy and any legal provisions, the provisions of law shall override this Policy.

**Annexure A**

**Database of insiders:**

Name of Insider	PAN of Insider	Immediate relatives of Insider / person residing at same address for at least one year with Insider	PAN of Immediate relative of Insider/ person residing at same address for at least one year with Insider	Person with whom Insider shares UPI	PAN of the person with whom UPI is shared by Insider

**Non-Disclosure Agreement**

This Agreement is made on this\_ Day of \_between

\_\_\_\_\_(Name of the Company, Firm, Partnership firm/LLP), having its registered office/principal place of business/ corporate office at \_\_\_\_\_ (Address) (hereinafter referred to as “ABC”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors-in-business and assigns) of the First Part,

and

Fino Payments Bank Limited, is a Public Limited Company incorporated under the provisions of the Companies Act 2013 and also a Banking company under the provisions of the Banking Regulation Act 1949 and having its registered office at “Mindspace Juinagar”, Plot No. Gen 2/1/F, Tower 1, 8th Floor, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai – 400706, Maharashtra, India, (hereinafter referred to as “BANK”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to mean and include its successors-in-business and assigns) of the Second Part

WHERE AS the Bank has formed a code of conduct known as the “Code of Conduct to Regulate, Monitor and Report Trading by Insiders” in pursuance of Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

In Compliance of which We/I, “ABC” agrees to the following covenants that

1. Unpublished Price Sensitive Information (“UPSI”) acquired by me/us or my associates during the course of my preliminary discussion or during providing services will be handled on a strictly confidential basis and shall not be disclosed to any outside party or any other person.
2. We/I shall not:
  - a. at any time without the consent of the Bank disclose, divulge make public or pass on such UPSI to any person directly or indirectly by way of making are commendation for the purchase or sale of securities of the Bank based on the same
  - b. disclose UPSI to family members, friends, business associates or any other individual.
  - c. discuss UPSI in public places.
  - d. disclose UPSI to any employee who does not need to know the information for discharging his or her duties.
  - e. recommend to any one that they may undertake dealing in securities of the Bank while being in possession, control or knowledge of UPSI.
  - f. be seen or perceived to be dealing in securities of the Bank on the basis of UPSI
  - g. We /I and our/my employees will not trade in the securities of the Bank, either in my name or through any other person
3. The UPSI shall be used by us, directly or indirectly, solely for the legitimate purpose and not for any other purpose.



4. Without limiting the above, We/ I further undertake:
  - a. not to make copies of, or reproduce in any form and by any process, all or any of the UPSI, except in the form of notes or memoranda made by the Bank or their Affiliate's employees during their evaluation of the UPSI;
  - b. to limit the access to the UPSI solely to those of its directors, officials or employees or its affiliate's directors, officials or employees who have reason to require access;
  - c. to ensure that each of such director, official or employee referred to in Clause 4 (c) to whom the UPSI is disclosed, observes strictly the restrictions as to use and disclosure contained herein;
  - d. to return all UPSI to the Bank forthwith upon request by the Bank or upon conclusion of the transaction with the Bank, whichever is later. If Bank permit the destruction of such UPSI, We/I shall destroy the UPSI and shall provide the Bank with written confirmation/undertaking that such destruction has been carried out.
5. The Bank shall obtain injunctive relief in case of unauthorized disclosure of UPSI.
6. We/I understand that the Bank has in place a policy for prohibition of insider trading applicable to all its employees and various stakeholders under which reporting of trading in securities of FINO PAYMENTS BANK LIMITED needs to be reported to the Bank.
7. We/I further state that I have read the policy carefully and have understood the same.
8. We/I also understand that the Bank reserves full right and shall inform any breach of this agreement to the Securities and Exchange Board of India and I/We shall be liable for appropriate action.

**For** \_\_\_\_\_

**For Fino Payments Bank Limited**

\_\_\_\_\_  
 Name:  
 Designation:

\_\_\_\_\_  
 Name:  
 Designation: Compliance Officer/Functional Head

In presence of the within named  
 witness:  
 Signature:  
 Name:

In presence of the within named  
 witness:  
 Signature:  
 Name: