

CODE OF CONDUCT FOR THE FEDERAL BANK LTD. FOR PROHIBITION OF INSIDER TRADING

This code of Conduct shall be called “**FEDERAL BANK DIRECTORS AND EMPLOYEES CODE FOR PROHIBITION OF INSIDER TRADING CODE OF CONDUCT**” (hereinafter referred to as the Code)

OBJECTIVE AND SCOPE OF THE CODE

1. The Securities and exchange Board of India (SEBI) has notified the SEBI (Prohibition of Insider Trading) Regulations, 2002 (hereinafter referred to as “Regulations”) dealing, inter alia, with buying and selling of Securities of the Bank by Directors / employees. The Federal Bank has evolved a Code to be implemented thereat, which is set forth below.
2. The Code shall come into force with effect from the date of approval of this memorandum by the Board of Directors of Federal Bank Ltd. (hereinafter referred to as the “Bank”)

APPLICABILITY OF THE CODE:

3. The Code would be applicable to
 - (I) All the Directors on the Board of Directors of the Bank, and Executive Directors who are not members of the Board.
 - (II) *All the employees of the Bank in the management cadre’ viz. Scale V, VI and VII.
 - (III) *All the employees of Accounts Department, Chairman’s Secretariat, Executive Director’s Office, Secretarial Department, Department Heads and secretaries to General Managers; and
 - (IV) All connected persons and persons deemed to be connected as defined in the Regulations.

*The employees referred above in column (ii) and (iii) are hereinafter referred to as “Designated Employees for the purpose of these Regulations.

COMPLIANCE OFFICER

4. The Chairman and Chief Executive Officer is authorised to appoint an officer of the Bank as the Compliance Officer, under this code, who shall report to the Chairman and Chief Executive Officer of the Bank.
5. The Compliance Officer shall be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of

“Unpublished Price Sensitive Information”, pre-clearance of trades of designated employees and their dependents (directly or through respective department heads as directed by the Bank), monitoring of trades and;

6. Implementation of the Code of conduct under the overall supervision of the Board of Directors of the Bank.
7. The Compliance Officer shall maintain a record of the designated employees and change if any, from time to time.
8. The Compliance Officer shall assist all the Designated Employees in addressing any clarifications regarding the Regulations and the Bank's code.

PRESERVATION OF UNPUBLISHED PRICE SENSITIVE INFORMATION

9. The Directors and Designated Employees shall maintain confidentiality of all “Unpublished Price Sensitive Information”. The Directors and Designated Employees shall not pass on such Information to any person directly or indirectly by way of making a recommendation for the purpose or sale of securities of the Bank based on the same.

NEED TO KNOW:

10. “**Unpublished Price Sensitive Information**” shall be handled on a ‘**need to know**’ basis. Such Information should be disclosed only to those within the Bank who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.
11. All non-public information directly received by any Designated Employee should be reported to the head of his / her department / compliance officer immediately.

LIMITED ACCESS TO CONFIDENTIAL INFORMATION :

12. All files containing confidential Information shall be kept secured under lock and key. Computer files shall have adequate security of login and Passwords.
13. Files containing confidential information should be deleted / destroyed after its use. Shredders should be used wherever necessary for the destruction of physical files.

PREVENTION OF MISUSE OF UNPUBLISHED PRICE SENSITIVE INFORMATION:

14. All Directors / Designated employee shall be subject to certain trading restrictions as enumerated below;

- a. The Bank has designated a Trading Window as the period during which the purchase or sales of transactions are allowed in respect of the Directors and Designated Employees of the Bank subject to their satisfying the conditions laid down by the code.
- b. The TRADING WINDOW shall, remain closed from the date of notice given to Stock Exchanges for convening the meeting of the Board of Directors of the Bank to consider.
 - i) Declaration of Financial results (quarterly, half yearly and annual);
 - ii) Declaration of dividends (interim and final);
 - iii) Issue of securities by way of public/ rights / bonus etc.;
 - iv) Any major expansion plans or execution of new projects;
 - v) Amalgamation, mergers, takeovers and buy-back;
 - vi) Disposal of whole or substantially whole of the undertaking; and
 - vii) Any changes in policies, plans or operations of the Bank.
- c. The Directors / Designated Employees shall not trade in the Bank's securities during the period when the 'TRADING WINDOW' is closed and will have to forego the opportunity to trade in the Bank's security during such period.
- d. The TRADING WINDOW shall be opened twenty-four hours after the information referred to in Clause (b) is made public.
- e. All Directors and Designated Employees shall conduct all their dealings in the securities of the Bank only in a valid 'TRADING WINDOW' and shall, not deal in any transaction involving the purchase or sale of the Bank's securities during the periods when 'TRADING WINDOW' is closed or during any other period as may be specified by the Bank from time to time.

PRE-CLEARANCE OF TRADES

15. All Directors / Designated Employees who intend to deal in the securities of the Bank, from 5000 shares and above, shall get the transactions pre-cleared in the manner enumerated below:

- a) An application in the prescribed Form No. 3 (Annexure III) shall be made to the compliance officer by the Directors / Designated

Employees indicating the estimated number of securities that such person intends to deal in, the details of depository and such other information as may be prescribed by the Bank in Form No. 4 (Annexure IV)

- b) The Director / Designated Employee shall before executing any transaction, execute an undertaking in Form No. 6 (Annexure Vi) in favour of the Compliance Officer of the Bank incorporating inter alia, the following clauses, as may be applicable that:
- i) The Director / designated employees does not have nay access or has not received 'Unpublished Price Sensitive Information' upto the date of signing the undertaking;
 - ii) In case the Director / Designated employees has cases to or receives 'Unpublished Price Sensitive Information' after the signing of this undertaking but before the execution of the transaction, he / she shall inform the compliance Officer of the change in his / her position and that he / she shall completely refrain from dealing in the securities of the Bank till such time such information becomes public;
 - iii) He/ she has not contravened the Code of Conduct for Prohibition of Insider Trading as notified by the Bank from time to time: and
 - iv) He/ she has made full and true disclosure in the matter.

OTHER RESTRICTIONS

16. The pre-clearance issued by the Compliance Officer shall be valid only for one week. A Director / Designated Employee shall execute their order in respect of the securities of the Bank within one week, after the receipt of the pre-clearance. If the order is not executed within one week from the receipt of pre-clearance, the Director / Designated Employee shall inform the Compliance Officer in writing of the same within four days thereof. The Compliance Officer at the request of Director / Designated Employee may revalidate the pre clearance granted earlier.

17. The Directors / Designated Employees shall hold their investments in securities for a minimum period of thirty (30) days in order to be considered as being held for investment purposes. The holding period shall also apply to subscription of securities from the primary market, in which case, the holding period shall commence from the date on which the securities are actually allotted. The compliance Officer shall not pre-clear any trade that would cause short-term profit.

18. The Compliance Officer may waive the holding period in cases where the sale is necessitated by personal emergency after recording his / her reasons in writing in this regards.

REPORTING REQUIREMENTS FOR TRANSACTIONS IN SECURITIES

- 19.a) All Directors and the Designated Employees shall forward to the Compliance Officer in Form 1 (Annexure I), the number of shares or voting rights held by such person and their dependent family members, within four days from the day on which this code comes into effect. Any new Director / an employee who shall become a
- b) Designated employee shall within seven days from the date of his appointment or his joining the Bank as the case may be, forward to the Compliance Officer, the number of shares or voting rights held by such person at the time of his appointment / joining;
- c) All Directors and Designated employees shall forward in Form 7 (Annexure VII) to the Compliance Officer within four days from the (i) date on which any allotment of securities are made to them or to their dependent family members by the Bank, (ii) the day on which any purchase / sale of shares or voting rights are made by them or their dependent family members. They shall also additionally inform if the aforesaid transaction have the effect of change in the holding in excess of 1 % of total shareholding or voting rights of the Bank.
- d) All Directors and designated employees shall within thirty days from the closure of each quarter in Form No.2 (Annexure II) and the financial year in Form No. 5 (Annexure V) forward to the Compliance Officer the number of shares or voting rights held by such person and dependent family members at the end of the Financial Year.
20. The Compliance Officer shall maintain records of all the declarations in the appropriate forms given by the Directors / Designated Employees for a minimum period of three years.
21. The Compliance Officer shall furnish to the Chairman and Chief Executive Officer or a Committee specified by the Board of Directors of the Bank, on monthly basis, all the details of the dealings in, the securities of the Bank by Directors / Officers / Designated employees of the Bank and the accompanying documents such persons had executed under the pre-clearance procedure envisaged in this code.

PENALTY AND PUNISHMENT FOR CONTRAVENTION OF CODE OF CONDUCT;

22. Any Director / Designated employee of the Bank and any other person considered as an Insider who deals in securities or communicates any price sensitive information, in violation / contravention of a listed Bank's internal code may be penalized by the Bank. The Bank may take appropriate, action;
23. Against such person which action may include disciplinary action viz, wage freeze, suspension, ineligibility for future participation in Employee Stock Option Plans etc.
24. Such a person shall also be subject to any action that may be taken by SEBI for violation of the code.
25. Under Section 24 of SEBI Act, any one who contravenes the Regulations is punishable with imprisonment for a maximum period of one year or with fine or with both.

PENALTY FOR INSIDER TRADING

26. If any insider who-
 - a. Either on his own behalf of any other person, deals in securities of a body corporate listed on any Stock Exchange on the basis of any 'Unpublished Price Sensitive Information'; or
 - b. Communicate any 'Unpublished Price Sensitive Information' to any person, with or without his request for such information except as required in the ordinary course of business or under any law, or
 - c. Counsels, or procures for any other person to deal in any securities of the Bank in contravention of this Code on the basis of 'Unpublished Price Sensitive Information', shall be liable to a penalty not exceeding five lakh rupees.
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