

CONFLICT OF INTEREST POLICY & INTERNAL PROCEDURES**1. Purpose**

The purpose of this policy is to establish a framework to identify, disclose, manage, and mitigate actual, potential, or perceived conflicts of interest that may arise in the course of business activities of CapitalSquare Financial Services Pvt. Ltd. (“the Company”). This ensures fairness, transparency, and compliance with applicable regulatory requirements.

2. Scope

This policy applies to:

- All employees, directors, officers, and designated partners
- Authorised persons, agents, and business associates
- Any third parties acting on behalf of the Company

3. Definition of Conflict of Interest

A conflict of interest arises when an individual’s personal, financial, or professional interests interfere, or appear to interfere, with the interests of:

- Clients
- The Company
- Market integrity or regulatory obligations

4. Core Principles

The Company shall ensure:

- Fair treatment of all clients
- Transparency in all dealings
- Segregation of duties to avoid misuse of position
- Full disclosure of conflicts
- Prevention of market abuse or insider advantage

5. Identification of Conflicts

Potential conflicts may arise in:

- Trading and broking operations
- Research and advisory services



- Vendor selection and procurement
- Employee personal trading activities
- Allocation of investment opportunities
- Client onboarding through intermediaries

6. Disclosure Requirements

All employees and relevant persons must:

- Disclose any actual or potential conflict immediately to the Compliance Officer
- Submit annual declarations of interest
- Update disclosures when new conflicts arise

Failure to disclose is considered a serious breach of policy.

7. Internal Procedures for Managing Conflicts

7.1 Reporting Mechanism

- Conflicts must be reported in writing/email to the Compliance Department
- The Compliance Officer shall maintain a **Conflict of Interest Register**

7.2 Assessment & Classification

Each reported conflict will be assessed as:

- Low Risk – can be managed through disclosure
- Medium Risk – requires controls and restrictions
- High Risk – requires avoidance or elimination

7.3 Mitigation Measures

Depending on severity, measures may include:

- Disclosure to affected clients or stakeholders
- Recusal of employee from decision-making process
- Chinese wall (information barriers) between departments
- Restriction on personal trading activities
- Independent review or approval of transactions
- Reallocation of responsibilities



7.4 Approval & Escalation

- High-risk conflicts must be escalated to senior management or the Risk/Compliance Committee
- Board-level approval may be required for material conflicts

8. Employee Trading Restrictions

Employees must:

- Follow internal personal trading policies
- Obtain pre-clearance where required
- Avoid trading in securities where inside information is available
- Report holdings as per compliance requirements

9. Vendor and Third-Party Conflicts

- All vendor selection must be fair, transparent, and merit-based
- Employees must disclose any personal relationship with vendors
- Related-party transactions require additional approval

10. Client Fairness & Priority Rules

- Client orders must be executed in a fair and sequential manner
- No preferential treatment shall be given based on relationship or benefit
- Allocation of opportunities must be equitable

11. Chinese Wall / Information Barriers

The Company shall maintain internal segregation between:

- Research and trading functions
- Client advisory and execution teams
- Sensitive non-public information and general business teams

Access to confidential information is strictly limited on a need-to-know basis.

12. Monitoring & Compliance Review

The Compliance Officer shall:

- Conduct periodic reviews of conflict registers



- Monitor employee transactions and communications
- Perform internal audits and surveillance
- Report significant conflicts to management/Board

13. Record Keeping

The Company shall maintain:

- Conflict of Interest Register
- Employee disclosures and declarations
- Approval and escalation records
- Audit trail of decisions taken

Records shall be retained as per regulatory requirements.

14. Training & Awareness

- Mandatory annual training on conflict of interest for all employees
- Special training for dealing/trading and compliance teams
- Awareness programs for authorised persons and partners

15. Breach of Policy

Violations of this policy may result in:

- Disciplinary action including termination
- Reporting to regulatory authorities where required
- Legal action in case of fraud or misconduct

16. Review of Policy

This policy shall be reviewed:

- Annually
- Upon regulatory updates from SEBI or stock exchanges such as National Stock Exchange of India and BSE Limited
- When significant business changes occur

For CapitalSquare Financial Services Pvt. Ltd.


Authorised Signatory

