



# CROWN CONSULTANTS PVT. LTD.

....Delivering What We Promise

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## CODE OF CONDUCT FOR ACTING AS AN INVESTMENT ADVISOR

The following Code of Conduct will be followed by our company, if the company or any of its employees act as an Investment advisor as required under Chapter III of the SECURITIES AND EXCHANGE BOARD OF INDIA (INVESTMENT ADVISERS) REGULATIONS, 2013

### General Responsibility:

1. An investment adviser shall act in a fiduciary capacity towards its clients and shall disclose all conflicts of interests as and when they arise.
2. An investment adviser shall not receive any consideration by way of remuneration or compensation or in any other form from any person other than the client being advised, in respect of the underlying products or securities for which advice is provided.
3. An investment adviser shall maintain an arms-length relationship between its activities as an investment adviser and other activities.
4. An investment adviser which is also engaged in activities other than investment advisory services shall ensure that its investment advisory services are clearly segregated from all its other activities, in the manner as prescribed hereunder.
5. An investment adviser shall ensure that in case of any conflict of interest of the investment advisory activities with other activities, such conflict of interest shall be disclosed to the client.
6. An investment adviser shall not divulge any confidential information about its client, which has come to its knowledge, without taking prior permission of its clients, except where such disclosures are required to be made in compliance with any law for the time being in force.
7. An investment adviser shall not enter into transactions on its own account which is contrary to its advice given to clients for a period of fifteen days from the day of such advice.  
Provided that during the period of such fifteen days, if the investment adviser is of the opinion that the situation has changed, then it may enter into such a transaction on its own account after giving such revised assessment to the client at least 24 hours in advance of entering into such transaction.
8. An investment adviser shall follow Know Your Client procedure as specified by the Board from time to time.
9. An investment adviser shall abide by Code of Conduct as specified in Third Schedule.
10. An investment adviser shall not act on its own account, knowingly to sell securities or investment products to or purchase securities or investment product from a client.
11. In case of change in control of the investment adviser, prior approval from the SEBI shall be taken.
12. Investment advisers shall furnish to the SEBI information and reports as may be specified by the SEBI from time to time.

13. It shall be the responsibility of the Investment Adviser to ensure that its representatives and partners, as applicable, comply with the certification and qualification requirements under Regulation 7 at all times.

#### Risk profiling:

As an Investment adviser we shall ensure that,-

- (a) it obtains from the client, such information as is necessary for the purpose of giving investment advice, including the following:-
  - (i) age;
  - (ii) Investment objectives including time for which they wish to stay invested, the purposes of the investment;
  - (iii) Income details;
  - (iv) Existing investments/ assets;
  - (v) Risk appetite/ tolerance;
  - (vi) liability/ borrowing details.
- (b) it has a process for assessing the risk a client is willing and able to take, including:
  - (i) assessing a client's capacity for absorbing loss;
  - (ii) identifying whether client is unwilling or unable to accept the risk of loss of capital;
  - (iii) Appropriately interpreting client responses to questions and not attributing inappropriate weight to certain answers.
- (c) where tools are used for risk profiling, it should be ensured that the tools are fit for the purpose and any limitations are identified and mitigated;
- (d) any questions or description in any questionnaires used to establish the risk a client is willing and able to take are fair, clear and not misleading, and should ensure that:
  - (i) questionnaire is not vague or use double negatives or in a complex language that the client may not understand;
  - (ii) questionnaire is not structured in a way that it contains leading questions.
- (e) risk profile of the client is communicated to the client after risk assessment is done;
- (f) information provided by clients and their risk assessment is updated periodically.

#### Suitability.

We as, Investment adviser shall ensure that-

- (a) All investments on which investment advice is provided is appropriate to the risk profile of the client;
- (b) It has a documented process for selecting investments based on client's investment objectives and financial situation;
- (c) It understands the nature and risks of products or assets selected for clients;

- (d) It has a reasonable basis for believing that a recommendation or transaction entered into:
  - (i) meets the client's investment objectives;
  - (ii) is such that the client is able to bear any related investment risks consistent with its investment objectives and risk tolerance;
  - (iii) is such that the client has the necessary experience and knowledge to understand the risks involved in the transaction.
- (e) Whenever a recommendation is given to a client to purchase of a particular complex financial product, such recommendation or advice is based upon a reasonable assessment that the structure and risk reward profile of financial product is consistent with clients experience, knowledge, investment objectives, risk appetite and capacity for absorbing loss.

#### Disclosures to clients:

1. An investment adviser shall disclose to a prospective client, all material information about itself including its business, disciplinary history, the terms and conditions on which it offers advisory services, affiliations with other intermediaries and such other information as is necessary to take an informed decision on whether or not to avail its services.
2. An investment adviser shall disclose to its client, any consideration by way of remuneration or compensation or in any other form whatsoever, received or receivable by it or any of its associates or subsidiaries for any distribution or execution services in respect of the products or securities for which the investment advice is provided to the client.
3. An investment adviser shall, before recommending the services of a stock broker or other intermediary to a client, disclose any consideration by way of remuneration or compensation or in any other form whatsoever, if any, received or receivable by the investment adviser, if the client desires to avail the services of such intermediary.
4. An investment adviser shall disclose to the client its holding or position, if any, in the financial products or securities which are subject matter of advice.
5. An investment adviser shall disclose to the client any actual or potential conflicts of interest arising from any connection to or association with any issuer of products/ securities, including any material information or facts that might compromise its objectivity or independence in the carrying on of investment advisory services.
6. An investment adviser shall, while making an investment advice, make adequate disclosure to the client of all material facts relating to the key features of the products or securities, particularly, performance track record.
7. An investment adviser shall draw the client's attention to the warnings, disclaimers in documents, advertising materials relating to an investment product which it is recommending to the client.

### Maintenance of Records.

1. An investment adviser shall maintain the following records,-
  - (a) Know Your Client records of the client;
  - (b) Risk profiling and risk assessment of the client;
  - (c) Suitability assessment of the advice being provided;
  - (d) Copies of agreements with clients, if any;
  - (e) Investment advice provided, whether written or oral;
  - (f) Rationale for arriving at investment advice, duly signed and dated;
  - (g) A register or record containing list of the clients, the date of advice, nature of the advice, the products/securities in which advice was rendered and fee, if any charged for such advice.
2. All records shall be maintained either in physical or electronic form and preserved for a minimum period of five years: Provided that where records are required to be duly signed and are maintained in electronic form, such records shall be digitally signed.
3. An investment adviser shall conduct yearly audit in respect of compliance with these regulations from a member of Institute of Chartered Accountants of India or Institute of Company Secretaries of India.

### Appointment of Compliance Officer.

An investment adviser we shall appoint our compliance officer, who is currently responsible for Compliances of our Stock Broking activity, shall also be responsible for monitoring the compliances to be done as an investment adviser in respect of the requirements of the SEBI Act, regulations, notifications, guidelines, instructions issued by the SEBI.

### Redressal of Client Grievances.

- (1) An investment adviser shall redress client grievances promptly.
- (2) An investment adviser shall have adequate procedure for expeditious grievance redressal.
- (3) Client grievances pertaining to financial products in which investments have been made based on investment advice, shall fall within the purview of the regulator of such financial product.
- (4) Any dispute between the investment adviser and his client may be resolved through arbitration or through Ombudsman authorized or appointed for the purpose by any regulatory authority, as applicable.

for Crown Consultants (P) Ltd

*Manoj Chandaliya*  
Director