



***ICICI SECURITIES LIMITED –  
EMPLOYEES STOCK OPTION  
SCHEME – 2017***



## ICICI SECURITIES LIMITED – EMPLOYEES STOCK OPTION SCHEME - 2017

### **Section I: Short title, extent and commencement**

1. This Scheme may be called ICICI Securities Limited - Employees Stock Option Scheme - 2017.
2. It applies only to Eligible Employees.

### **Section II: Objectives**

The objectives of the Scheme are:

- a) to enhance employee motivation;
- b) to enable employees to participate in the long term growth and financial success of the Company; and
- c) to act as a retention mechanism, by enabling employee participation in the business as an active stakeholder to usher in an 'owner-manager' culture.

### **Section III: Definitions**

1. Unless specified otherwise, the capitalised terms used in this Scheme shall have the meanings set forth below :
  - a. "**Award Confirmation**" means a communication by the Company, in writing or notified through electronic mail or through the corporate intranet, to a Participant, granting Options to such Participant.
  - b. "**Board**" means the board of directors of the Company.
  - c. "**Cause**" means (i) act of wilful or gross misconduct or neglect (ii) the commission of felony, fraud, misappropriation, embezzlement, breach of trust or an offence involving moral turpitude, (iii) gross or wilful insubordination or (iv) breach of the "Code of Conduct and Business Ethics" or any other Employee code applicable to

the Participant, as may be amended by the Company, from time to time, in accordance with applicable laws or (V) any other act detrimental to the interest of the Company.

- d. **"Committee"** means a committee of the Board consisting of a majority of Independent Directors, being the Nomination and Remuneration Committee, re-constituted or re-named by the Board from time to time in accordance with applicable laws or any other committee of directors of the Company empowered by the Board for administration and superintendence of this Scheme, subject to compliance with applicable laws.
- e. **"Company"** means ICICI Securities Limited and its successors.
- f. **"Eligible Employee"** means (i) permanent employee of the Company who has been working in India or outside India, or (ii) a director of the Company whether a whole time director or not but excluding an independent director, (ii) an employee as defined in clause (i) or (ii) of the Subsidiary, in India or outside India, or of the Holding Company; but does not include (i) an employee who is a promoter or a person belonging to the promoter group, or (ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Shares of the company. Provided, however, the Committee shall be permitted to grant Options to such other persons as may be permitted under the applicable laws.
- g. **"Exercise Period"** would commence from the date of vesting and will expire on completion of such period not exceeding five years from the date of vesting of Options as may be determined by the Nomination and Remuneration Committee for each Grant
- h. **"Exercise Price"** means the price payable by the Participant for exercising the Options granted to him.
- i. **"Grant"** means issue of Options by the Company to Eligible Employees in accordance with this Scheme and applicable laws.
- j. **"Grant date"** means the date on which the Nomination & Remuneration Committee approves the grant.
- k. **"Holding Company"** means a holding company of ICICI Securities, within the meaning of Section 2(46) of the Companies Act, 2013, as amended.

- l. **"Independent Director"** means an independent director of the Company as defined under section 149 of the Companies Act, 2013, as amended, and the Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (upon listing of the Shares of the Company on the recognised stock exchanges of India).
- m. **"Key Managerial Personnel"** would have the same meaning as defined under section 2(51) of the Companies Act, 2013.
- n. **"Market price"** post listing of the Shares of the Company on the recognised stock exchanges of India, means the latest available closing price on a recognised stock exchange on which the shares of the Company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.
- o. **"Option"** means a right, but not an obligation, granted to an Eligible Employee to subscribe to a specified number of Shares at the Exercise Price during the Exercise Period subject to the conditions of the Scheme and applicable laws.
- p. **"Participant"** means an Eligible Employee selected by the Committee to whom an Option is Granted by the Committee, or the Successors of the Participant, if the context requires.
- q. **"Person"** means an individual, company, partnership, association, trust, unincorporated organisation, government or political subdivision thereof or any other entity.
- r. **"Relevant Date"** means:
  - i. In the case of Grant, the date of the meeting of the compensation Committee on which the Grant is made; or
  - ii. In the case of Exercise, the date on which the notice of Exercise is given to the Company or to the trust by the Participant
- s. **"Scheme"** means this ICICI Securities Limited-Employees Stock Option Scheme (2017) as approved by the Board and the shareholders of the Company in accordance with the applicable laws.
- t. **"Shares"** mean the equity shares of the Company or if permitted under the applicable laws, such other securities of

the Company, as may be designated by the Committee from time to time in accordance with applicable laws.

- u. **"Subsidiary"** means a subsidiary company of ICICI Securities, whether now or hereafter existing, within the meaning of Section 2(87) of the Companies Act, 2013, as amended.
  - v. **"Successors"** of a Participant means the legal heirs and/or nominees of a deceased Participant.
  - w. **"Vesting"** means the process by which a Participant becomes entitled to receive the benefit of a Grant made under this Scheme.
  - x. **"Vesting Confirmation"** means a communication by the Company, in writing or through e-mail or through the corporate intranet, by the Company to a Participant, confirming Vesting of Options to such Participants and it shall specify the number of Options Vested and the terms and conditions of such Vesting.
  - y. **"Vesting Criteria"** means criteria as may be stipulated by the Committee for vesting of Options.
  - z. **"Vesting Period"** means the period during which the Vesting of the Options granted to a Participant takes place.
  - aa. **"Relative"** shall have the same meaning as ascribed to this term under section 2(77) of the Companies Act, 2013
  - bb. **"Nomination and Remuneration Committee (NRC)"** means a Committee of the Board consisting of a majority of Independent Directors, re-constituted or renamed by the Board in accordance with applicable laws from time to time and as constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 as may be amended from time to time.
2. In the Scheme, unless the contrary intention appears:
- (a) a reference to "law" includes the constitution, any statute, law rule, regulation, ordinance, judgement, order, decree, authorisation, or any published directive, guideline, requirement or governmental restriction having the force of law, or any determination by, or interpretation of any of the foregoing by, any judicial authority or administrative authority, whether in effect as of the date of the Scheme or thereafter and each as amended from time to time;

- (b) reference to a gender shall include references to the female, male and neuter genders; and
  - (c) the singular includes the plural (and vice versa).
3. Words and expressions used and not defined herein shall have the same meaning as have been assigned to them under the Companies Act, 2013 and rules made thereunder, the Income Tax Act, 1961, as amended, or the Securities and Exchange Board of India Act, 1992 or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (upon listing of the Shares of the Company on the recognised stock exchanges of India) or Securities (Contract) Regulation Act 1956.

#### **Section IV: Shares subject to the Scheme**

1. The maximum number of Options granted to any Eligible Employee in a financial year shall not, except with the approval of the Board of Directors of ICICI Securities, exceed [0.10%] of the issued Shares of the Company at the time of Grant of Options and the aggregate of all such Options Granted to the Eligible Employees shall not exceed 5% of the aggregate of the number of issued Shares of the Company, from time to time, on the date(s) of Grant of Option(s).
2. Subject to 1 above, the Options Granted but not Vested and the Options Vested but not Exercised in accordance with this Scheme or the Award Confirmation or the Vesting Confirmation shall terminate and the Shares covered by such terminated Options shall become available for future Grant under this Scheme. Any such lapsed Option when Granted would have identical terms and conditions as those of other Options.

#### **Section V: Administration of the Scheme**

1. This Scheme shall be administered by the Committee. A Director on the Committee who is or becomes an "interested director" (within the meaning of the Act) cannot vote on any matter relating to this Scheme.
2. Unless otherwise expressly provided in this Scheme or applicable law, all decisions, determinations and interpretations with respect to, connected with, arising out of or in relation to the Scheme or Award Confirmation or Vesting Confirmation shall be within the sole discretion of the Committee, may be made by the Committee at any time and shall be final, conclusive and binding upon all Persons including the Company, any Participants, shareholders and any Employees.

3. Unless otherwise expressly provided in this Scheme or applicable law, this Scheme shall also be applicable to employees and Directors of the Subsidiaries and Holding Company.

**Section VI: Powers of the Committee**

1. Subject to the provisions of this Scheme and applicable law and in addition to the other express powers and authorisations conferred by this Scheme and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended, the Committee shall have full power and authority to :
  - a. determine, from time to time, eligibility of Employees to participate in this Scheme;
  - b. determine the number of Shares subject to each Option;
  - c. determine the minimum and maximum number of Options to be Granted under this Scheme per Participant and in aggregate;
  - d. in respect of Options Granted, determine the Exercise Price in concurrence with the Board;
  - e. prescribe the Vesting Period and Vesting Criteria;
  - f. prescribe the conditions under which the Options Vested in the Participant may lapse (including in case of termination of employment of such Participant with the Company or its Holding Company or its Subsidiary company, as applicable);
  - g. prescribe the Exercise Period within which the Participant should Exercise the Vested Options in the event of termination or resignation of the Participant;
  - h. prescribe whether the Options Vested in a Participant are exercisable at one time or at various points of time within the Exercise Period;
  - i. prescribe the conditions and procedure for the Grant, Vesting and Exercise of Options by Participants;
  - j. prescribe, if deemed appropriate and necessary, the procedure for cashless exercise of Vested Options;
  - k. prescribe the procedure for making a fair and reasonable adjustment to the entitlement of the Participant for the Options including adjustment to the number of Options Granted or Vested and the Exercise Price, in case of

corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the Committee shall consider the following:

- i. the number and price of Options shall be adjusted in a manner such that total value to the Participant of the Options remains the same after the corporate action.
  - ii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Participant(s) who is Granted such Options.
- l. establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme;
  - m. interpret any matter with respect to, connected with, arising out of or in relation to this Scheme, the Award Confirmation and the Vesting Confirmation;
  - n. appoint such agents as it shall deem necessary for the proper administration of this Scheme;
  - o. determines or impose other conditions to the Grant or Exercise of Options under this Scheme as it may deem appropriate;
  - p. make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Scheme;
  - q. frame suitable policies and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    - i. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - ii. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

by any Employee.

**Section VII: Eligibility for grant of Options**

1. The Committee shall have the sole authority to designate any Eligible Employee as Participant.



2. In determining the Eligible Employee to receive an Option as well as in determining the number of Options to be Granted to a Participant, the Committee may consider the position and responsibilities of the Eligible Employee, the nature and value to the Company of the Eligible Employee's services and accomplishments whether direct or indirect, length of service, grade, performance, merit, present and potential contribution and conduct of the Eligible Employee and such other factors as the Committee may deem relevant.

### **Section VIII : Vesting of Option**

1. The Options granted to the Participant may Vest at in one or more tranches as may be decided by the Committee and as stipulated in the Award Confirmation. Provided, however, there shall be a minimum period of one year between the Grant of Options and Vesting of Options or such other period as required under the applicable laws. Unless earlier Vested, expired, forfeited or otherwise terminated, each Option shall expire in its entirety by such period as stipulated in the Award Confirmation or the fourth anniversary of the date of Grant of Option, whichever is earlier, or such further or other period as the Committee may determine, subject to compliance with applicable law.
2. No Option or any part thereof shall vest :
  - a) if the Participant does not fulfil Vesting Criteria as stipulated in the Award Confirmation; or
  - b) if the Participant's employment is terminated by the Company or its Holding Company or its Subsidiary (as applicable) for Cause; or
  - c) if the Participant voluntarily terminates employment with the Company or its Holding Company or its Subsidiary (as applicable) and the Options to the extent not Vested shall lapse/expire and be forfeited forthwith, provided that this provision shall not be applicable to the Employees of the Company who have resigned or who may resign from time to time to join companies, approved by the Committee that have been established or promoted or set up (whether solely or jointly with any other entity) by erstwhile ICICI Limited, ICICI Securities or ICICI Bank (the Company's Holding Company) or any of its Subsidiaries / group / affiliate companies to the extent permitted/allowed by law or any relevant regulatory authority in India.
3. If the Participant's employment terminates due to death or permanent disability, all of the Granted Options shall

immediately vest in the Participant's Successors, or the Participant, as the case may be.

4. In the event of resignation or termination of the Eligible Employee, all the Options which are Granted and yet not Vested as on that day shall expire. Provided that an Eligible Employee shall, subject to the terms and conditions formulated by the Committee, be entitled to retain all the Vested Options in accordance with applicable laws.
5. If a Participant is on deputation, or if subsequent to Grant of Options, he is deputed or transferred, then notwithstanding anything contained in this Scheme, the Vesting and Exercise as per the terms of the Grant shall continue for such transferred / deputed employee even after the transfer or deputation to the extent permitted/allowed by law or any relevant regulatory authority in India, and the Committee shall be entitled to specify additional Vesting conditions or modify existing Vesting conditions subject to which the Options will Vest, subject to compliance with applicable laws. However, such additional conditions shall not be detrimental to the interests of the Employee being deputed or transferred subject to applicable laws. Unless a Participant is during such deputation working for the benefit of the Company, directly or indirectly, the period for which the Participant is or has been on deputation will be ignored for the purpose of reckoning the Vesting Period.
6. If the Participant's employment terminates due to retirement (including pursuant to any early / voluntary retirement scheme), the Options shall vest by such period as stipulated in the Award Confirmation, subject to the Participant demonstrating compliance with the Code of Conduct including Undertaking of Continued Good Conduct. Provided however, at the sole discretion of the Committee, it may allow the whole of the options or part thereof to vest at one time or at various points of time on the expiry of one year from the date of grant of Options or such other period as permitted under applicable law. Provided however that in the event of death or permanent disability of the Participant after retirement but before vesting of Options, the whole of the Options shall immediately vest in the Participant's Successors or the Participant as the case may be.

#### **Section IX : Exercise Price**

The Exercise Price shall be determined by the Committee on the date the Option is Granted and shall be reflected in the Award Confirmation. Payment of Exercise Price shall be made from the Participant's bank account or out of any loans availed by the Participant from an recognised bank/financial institution/non-

banking financial institution and any other mode as may be approved by the Committee.

**Section X: Exercise of Options**

1. Subject to Vesting and other restrictions provided for hereunder or otherwise imposed in accordance herewith, the Participant or Participant's Successors, as the case may be, may exercise the Options by the payment of Exercise Price in full at such time as may be notified during the Exercise Period.
2. Unless earlier Exercised, expired, forfeited or otherwise terminated, each Vested Option, if not Exercised during the Exercise Period shall lapse and stand terminated and expired forthwith.
3. If the Participant's employment is terminated by the Company for the Cause, the Participant's vested Options, to the extent then unexercised, shall thereupon cease to be Exercisable and shall lapse and stand terminated and expired forthwith.
4. If the Participant voluntarily terminates employment with the Company other than on account of death, retirement, or permanent disability, the Vested Options, to the extent then unexercised, shall be Exercised by the payment of Exercise Price in full within a period of three months from the date of termination, which period shall be deemed to be the Exercise Period.
5. If the Participant's employment is terminated due to death, retirement (including pursuant to any early /voluntary retirement scheme) or permanent disability, the Vested Option, shall be Exercised by the payment of Exercise Price in full at such time as may be notified during the Exercise Period.
6. Upon receipt of the notice for Exercise of the Options (in the form prescribed) and the payment of Exercise Price in a form and manner as may be stipulated by the Committee, the Company shall issue and allot Shares to the Participant.

**Section XI : General Terms And Conditions**

1. The Committee may at any time amend, discontinue or terminate this Scheme or any part or portion thereof at any time. Provided that any such amendment, discontinuation or termination that would impair the rights of or is detrimental to the interests of the Participant shall not, to that extent, be effective without the consent of the affected Participant. The Company shall be entitled to vary the terms of the scheme to meet any regulatory requirements.

2. Participation in this Scheme shall not constitute or be construed as a guarantee by the Company of return on the Shares of the Company. Any loss/potential loss due to fluctuations in the Market Price of the Shares or on any other account whatsoever, and the risks associated with such investments will be that of the Participant alone and not of the Company.
3. This Scheme shall be subject to all applicable laws and such other terms and conditions, as may be stipulated by the Committee in its absolute discretion.
4. In the event of issuance of bonus/rights shares, recapitalisation, stock split, reorganisation, merger, consolidation of the Company or other similar events the number of Shares covered by each outstanding Option and the number of Shares, which have been authorised for issuance under the Scheme but as to which no Options have yet been granted or which have been returned to the Scheme upon the termination of Options as well as the Exercise Price shall be increased or decreased such that the rights of the Participant is substantially proportionate to the rights existing prior to such event and to ensure that there is no dilution or enlargement of the benefits available under this Scheme.
5. The Committee may at any time waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Option theretofore Granted, prospectively or retrospectively. Provided that any such waiver, amendment, alteration, suspension, discontinuation, cancellation or termination that would impair the rights of or is detrimental to the interests of the Participant shall not, to that extent be effective without the consent of the affected Participant.
6. The Employees shall maintain the utmost confidentiality regarding the contents of this Scheme and the benefits thereunder at all times and shall not make any announcement to the public or to any third person regarding the arrangements contemplated by this Scheme and the benefits thereunder except to the extent as may be required by law.
7. The Company is entitled to and may, anytime at its discretion, finance the Participant in any manner to the extent permitted by law for the purpose of purchase of Shares or payment of any amount under the Scheme or to make suitable arrangements for such finance.
8. The Grant of an Option shall not be construed as giving a Participant the right to be retained in the employment of the Company. Neither the Scheme nor Award Confirmation nor Vesting Confirmation shall form part of any contract of

employment between the Company and the Participant. The rights and obligations of the Participant under the terms of his office or employment with the Company shall not be affected by his participation in this Scheme. Nothing in the Scheme or any Award Confirmation or any Vesting Confirmation shall confer or be construed as affording a Participant any additional rights as to compensation or damages in consequences of the termination of such office or employment for any reason.

9. No Participant or holder or beneficiary of any Option shall have any rights as a shareholder with respect to any Shares to be issued pursuant to the Scheme until he has become the holder of such Shares.
10. The Shares issued pursuant to any Option shall rank *pari passu* with all the other Shares of the Company for the time being issued and outstanding, *including payment of full dividend*.
11. Neither the Scheme nor the Option shall create or be construed to create a trust or a separate fund of any kind or a fiduciary relationship between the Company and a Participant. To the extent that any Person acquires a right to receive payments from the Company pursuant to any Option, such right shall be no greater than the right of any unsecured general creditor of the Company.
12. No fractional Shares shall be issued or delivered pursuant to the Option, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be cancelled, terminated, or otherwise eliminated.
13. No employee shall have any claim to be Granted any Option, and there is no obligation on the part of the Company for uniformity of treatment of Employees or holders or beneficiaries of Options. The terms and conditions of Options need not be the same with respect to each Participant.
14. No option shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant, except to the extent provided under this Scheme or by will or the laws of inheritance.
15. Nothing contained in this Scheme shall prevent the Company from adopting or continuing the current or other compensation arrangements and such arrangements may be either generally applicable or applicable only in specific cases.
16. In the event of any tax liability arising on account of Grant of the Options to a Participant, the liability shall be that of the

Participant alone and the Company shall have the right to cause the Shares held by the Participant sold or otherwise alienated to meet the liability on behalf of the Participant. The Company may, in its discretion, require the Participant to pay to the Company at the time of Exercise of any Option the amount that the Company deems necessary to satisfy the Company's obligation to withhold income or other taxes incurred by reason of such Exercise.

17. The Participant shall do all acts necessary and execute all such deeds and documents as may be deemed necessary by the Committee to give effect to the terms of this Scheme.

**Section XII : Award Confirmation**

The Grant of Options hereunder shall be evidenced by an Award Confirmation which shall be communicated to the Participant, such communication being in writing or notified through e-mail or through the corporate intranet, and shall specify the number of Options Granted and the terms and conditions of the Grant of Options and rules applicable thereto.

**Section XIII : Vesting Confirmation**

The Vesting of Options hereunder, shall be evidenced by a Vesting Confirmation which shall be communicated to the Participant, such communication being in writing or notified through e-mail or through the corporate intranet, and shall specify the number of Options Vested and the terms and conditions of the Vesting of Options and rules applicable thereto.

**Section XIV : Effective and Expiry Dates**

This Scheme shall be effective as of the date of its approval by the shareholders of the Company and expire on such date as may be notified by the Board of Directors of the Company.

**Section XV : Headings**

Headings are given to the Sections of this Scheme solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Scheme or any provision thereof.

\*\*\*\*\*