

## **Risk Management Policy**

### **Client Registration**

- Client is registered only after receiving KYC and risk disclosure documents duly completed and submitted with all supportings.
- Client is registered only after verification of PAN from the website of Income Tax Department. In addition, the client details are verified against debarred list of SEBI.
- Documents given by the client are verified with the original documents.
- In person verification of non KYC verified clients, is conducted by the employee before account opening.
- Financial details are mandatory in KYC to ensure the soundness of client.

### **Order receipt, Execution of Trade and collection of Margin**

- Order is received directly from the client or person authorized by the client.
- In case of large order quantity / Scrip name and rate is reconfirmed before placing the order.
- All orders are delivery based trades and order is executed on sighting of sufficient balance in the client bank account.
- Trade limit is set for all users/dealer and clients and the same is monitored regularly.
- All trading terminals have quantity and price limits to avoid the big losses from punching errors.

### **Collection and release of Securities and Funds**

- The pay-in of shares /funds from client is received only from their Demat Account and Bank Account declared in the KYC form.
- Pay-out funds is made to clients only after pay-in of securities from clients and after adjusting all types of margins, if any.
- Pay-out of securities is made to clients only after Pay-in of funds from clients.
- Check on the pay-in and pay-out is carried out regularly to avoid future disputes.
- Cash payment is not made to client / accepted from client.

### **Business Continuity Planning**

- Daily backup of data is taken on backup server and it stored at safe place outside the office premises.
- In case of power failure UPS system, the company has a backup with capacity of 2 hours and a generator is provided by the lessor of the premise. Back-up server of all critical system is ensured i.e. back office server, Leased Line, Trading terminal.

### **Regular Evaluation of client at frequent interval**

All client accounts shall be evaluated and categorized as Low Risk, Medium Risk and High Risk depending on their outstanding balance and other parameters defined as per the PMLA policy.

E.g., Low risk for less than 7 days, medium for 7-21 days and high risk for the outstanding amount of more than 21 days should be tagged in the Back office master.

Clients who have not traded for more than 365 days should be tagged as dormant account in back office master. To resume transaction in such account, the client shall submit latest documents.

**Transfer of securities pursuant to SEBI circular CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated 20<sup>th</sup> June 2019 and FAQs for the same:**

With regard to securities that have not been paid for in full by the clients (unpaid securities), a separate client account titled – “client unpaid securities account” shall be opened. Unpaid securities shall be transferred to such “client unpaid securities account” from the pool account.

The securities kept in the ‘client unpaid securities account’ shall either be transferred to the Demat account of the respective client upon fulfilment of client’s funds obligation or shall be disposed off in the market within five trading days after the pay-out. The unpaid securities shall be sold from the Unique Client Code (UCC) of the respective client. Profit/loss on the sale transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.

Unpaid client Securities lying in the Pool/ Client Unpaid Securities Account shall not be transferred to Client’s demat account in the event of non or part payment by the Client. Such unpaid securities shall be dealt with in the manner provided under regulations as applicable from time to time.

In the event of non-payment towards the securities bought, on demand made by the client, securities shall be released to the client to the extent of the amount received.

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