Risk Management Policy

Version 1.1

Prepared By:
Ranjit Parmar
Findoc Investmart Pvt. Ltd.
Email: Ranjit.parmar@myfindoc.com

Document Control Page

Revision History

Version Number	Description
1.0	Initial release
1.1	Risk Management Policy - Changes as per regulatory requirement has been recommended and adopted

Authorizations

Ver. No.	Prepared/Revised		Reviewed		Approved	
	By	Date	By	Date	By	Date
1.0	Mayur Jain	-				
1.1	Ranjit Parmar	01.12.25	Nitin Shahi	03.12.25	BOD	08.12.25

RISK MANAGEMENT POLICY – COMPREHENSIVE

FINDOC INVESTMART PRIVATE LIMITED

Findoc Investmart Private Limited ("FINDOC") is a SEBI-registered Stock Broker holding trading memberships of the **National Stock Exchange of India Limited (NSE), BSE Limited (BSE), Multi Commodity Exchange of India Limited (MCX), National Commodity & Derivatives Exchange Limited (NCDEX), and Metropolitan Stock Exchange of India Limited (MSEI).** FINDOC is also a clearing member of **NSE Clearing Limited (NCL), MCX Clearing Corporation Limited (MCXCCL), and National Commodity Clearing Limited (NCCL).** In addition, FINDOC is a SEBI-registered **Depository Participant** with both the **National Securities Depository Limited (NSDL)** and the **Central Depository Services (India) Limited (CDSL).**

As part of its business operations, FINDOC provides trading, clearing, and depository services to its clients, trading members, and custodial participants. In conducting these activities, the Company is exposed to a variety of risks, including but not limited to **market risk arising from market volatility, credit risk resulting from non-payment or default by clients, operational risk, technology and cyber-security risk, legal and regulatory risk, compliance risk, fraud risk, and risks associated with inaccurate, incomplete, or misleading information obtained during the Know Your Customer (KYC) process.**

Accordingly, it is essential for FINDOC to maintain a **comprehensive Risk Management Policy** that provides a structured framework for identifying, assessing, monitoring, controlling, and mitigating risks that may arise in the ordinary course of business. The Policy also aims to establish appropriate internal controls, governance mechanisms, and risk mitigation measures to minimize the potential impact of such risks and to ensure the Company's financial soundness, operational resilience, regulatory compliance, and protection of investors' interests.

<u>Risks involved during normal course of business:</u>

A. <u>Risk associated with KYC:</u>

Being a clearing and trading member, FINDOC need to open trading account of clients and clearing account of trading members/custodian participants. While opening of client's account, FINDOC follows strict guidelines issued by SEBI/Exchanges/PMLA and collect various information and documents from clients, which are mandated by SEBI/Exchanges/ PMLA in order to ensure that the person for whom the account is being opened has provided all the supporting documents w.r.t opening of account. In order to ensure this, while opening the accounts, our KYC department carries out various kinds of checks to ensure that documents/information given at the time of account opening, pertain to the same person whose details are provided in the form.

KYC department performs following checks during opening of accounts to ensure the above requirements:

a. Matching of PAN and name of client with income tax database provided by various entities.

b. Matching of address with address proof provided and matching the copy with the original.

c. Verification of email id and mobile number with the KRA records.

d. Verification of bank account details with Penny Drop Facility/cancelled Cheque

e. Verification of client bank statement or other financial documents provided by clients in accordance with regulatory requirement.

f. IPV done for the client wherever required as per regulatory norms.

Later, if any of the above document is found to be incorrect, KYC department shall instruct Risk Management department to keep the account in risk reduction mode, suspend all debit transaction in the account and shall not allow to create any new position. KYC department shall inform this to the client and ask for the relevant documents. After being satisfied with the genuineness of the document, client trading account shall be activated.

During verification of documents, if it is observed that client has forged any document or done a fraud while opening the account, FINDOC shall report the matter to the appropriate authority and block the account till the investigation is over.

FINDOC has also put in place a well-defined AML policy, which covers all aspects of money laundering and also methodology to prevent the same.

KYC head shall be responsible to ensure that all functions of KYC department should be undertaken in accordance with defined rules, regulations and internal policies.

B. <u>Operational Risk:</u>

FINDOC provides trading and clearing & settlement to its clients and is also a depository participant with the depositories in accordance with the rules and regulations of SEBI/Exchanges. In order to provide above services, FINDOC need to perform various sub functions like, opening of account, filing client details with exchanges, payin/payout of funds and securities, pledging of client collaterals, keeping back-office record of client transactions, risk management, order execution on behalf of clients and clearing and settlement of client funds and securities.

While performing above functions, FINDOC encounters various kind of operational risk like, non-adherence of internal policy/SOP, non-adherence of exchange rules and regulations, human error while doing any activity, risk with regard to financial transactions etc.

In order to identify operational risk involved in various functions and to prevent all kinds of operational risk, there is need to have the well-defined internal financial control system and each area need to be audited and if there is any discrepancy, the same need to be rectified.

In order to ensure above objective, FINDOC has put in place a system of internal audit (IA) by a qualified internal auditor. IA need to conduct audit on quarterly basis based on SEBI/Exchanges guidelines and submit its report to the Board of Directors. IA also need to give update to the Board regarding compliance to observation, found in the previous report.

The above audit shall be independent of internal audit report submitted to the Exchange on half yearly basis.

FINDOC also need to revised in accordance with the suggestions given by internal auditor.

IA will identify certain areas out of operational functions every quarter and evaluate the same in accordance with SEBI/Exchanges guidelines.

If it is observed that any fraud is committed based on forged documents or intentionally something is done or not done to generate unlawful gain, the matter shall be reported to the relevant authority.

C. Technology Risk:

FINDOC has put in place a well-defined Information Technology policy, Business Continuity Plan and Cyber Security policy, which covers all the risk which FINDOC may face during its normal course of business and also covers methodology to tackle all kinds of technology and cyber related risk.

These policies apply to:

- IT infrastructure supporting RMS (trading systems, RMS engines, back-office, databases)
- Servers, networks, cloud/on-premise systems, and endpoints
- Branches, Authorized Persons (APs), and Head Office connectivity
- IT staff, outsourced IT vendors, and system administrators

The IT Department shall ensure compliance with:

- SEBI circulars on IT Governance, Cyber Security, and Risk Management
- Stock Exchange & Clearing Corporation RMS and IT norms
- CERT-In guidelines (where applicable)
- Information Technology Act, 2000 and amendments

IT Department Objectives under RMS

- Ensure continuous availability of RMS systems
- Maintain data integrity, confidentiality, and accuracy
- Prevent unauthorized access, misuse, or manipulation of RMS controls
- Support real-time risk monitoring and automated controls
- Enable regulatory reporting, audits, and inspections

Chief Information Officer / IT Head

- Overall ownership of RMS-related IT systems
- Ensure implementation of this policy
- Coordinate with Risk Management and Compliance teams

IT Operations & Security Team

- Day-to-day system monitoring and maintenance
- Implementation of access controls and security measures
- Incident detection, response, and escalation

IT Controls Supporting RMS - System Availability & Performance

- RMS systems shall operate on **high-availability architecture**
- Continuous monitoring of system uptime, latency, and performance
- Redundant network links for critical locations

Access Control & User Management

- Role-based access control (RBAC) for RMS applications
- Maker–Checker controls for critical configurations
- Periodic review of user IDs, passwords, and privileges
- Immediate revocation of access upon employee exit or role change

Cyber Security & Information Security

- Deployment of firewalls, anti-malware, IDS/IPS systems
- Secure connectivity (VPN/MPLS) between HO, branches, and APs
- Encryption of sensitive data at rest and in transit
- Regular Vulnerability Assessment and Penetration Testing (VAPT)

Logging, Monitoring & Audit Trails

- System-generated logs for:
  - User access and activity
  - RMS parameter changes
  - Order rejections and square-offs
- Logs shall be tamper-proof and retained as per regulatory norms

Incident & Problem Management

- Identification and classification of IT/RMS incidents
- Defined escalation matrix to RMS, Compliance, and Management
- Root Cause Analysis (RCA) for major incidents
- Reporting of material incidents to Exchanges/SEBI where required

Business Continuity & Disaster Recovery (BCP/DR)

- Documented BCP and DR plan for RMS-related systems
- Defined Recovery Time Objective (RTO) and Recovery Point Objective (RPO)
- Periodic DR drills and test restorations

Vendor & Third-Party Management

- Due diligence of RMS, trading software, and IT vendors
- Service Level Agreements (SLAs) covering uptime and security

- Monitoring of vendor performance and compliance

Data Backup & Retention

- Automated daily backups of RMS and trading data
- Secure off-site / DR storage of backups
- Retention of data as per SEBI and Exchange requirements

Training & Awareness

- Periodic training for IT staff on RMS, cyber security, and regulations
- Awareness programs on incident reporting and system misuse

Review & Policy Maintenance

- This policy shall be reviewed at least annually or upon regulatory changes
- Any amendments shall be approved by competent authority

Head of Information Technology shall be responsible to take all the steps as mentioned in the above policies to ensure mitigation of all kinds of technology and cyber related risk and its associate consequences.

D. Credit risk and Market risk:

In order to provide trading services, FINDOC need to provide trading facilities to its clients in accordance with SEBI / Exchange rules and regulations, which always poses a risk that amount given as credit is not being recovered.

Further, there is always a risk of volatility in market price of scrips. If the market price of scrip changes, it may result into change in the value of margin provided in the form of securities and risk of market order placed by clients being rejected due to change in price of scrips.

To deal with above risk, there is need to have well-defined risk management system, which regulates the limit and exposure given to clients and recovery of debit balances from them.

RMS (Risk Management System) - This helps FINDOC to manage the risk of the company and client from the volatility of the market.

Cash - This is the clear balance available in the customer's ledger account in our books.

Margin - The underlying stake provided by the customer in the form of Cash, Securities, Commodities, etc. to mitigate market (price) or settlement (auction) risk.

Exposure - The exposure can be in Cash and Derivatives segment (which includes Equity, Commodity & Currency segment). In the cash segment, exposure can be on purchase as well as sell side. On sell side, share delivery obligation to the exchange can be considered as an exposure until actual delivery/Early pay-in takes place.

- The exposure can also be to the extent of the derivatives exposure and/ or of securities that are considered for margin purposes.
- In the best interest of the clients, FINDOC may disallow or cap exposures in certain stocks and/or derivatives contracts.
- RMS approves exposures to clients beyond a stipulated exposure and / or specific exposure to a particular security.

Exposure multiplier – For Cash and derivatives, the exposure is provided based on the margins as specified by regulators from time to time. In addition, FINDOC may levy additional margin.

Multiples can be defined as the quantum of margins as defined by the Exchange or FINDOC that can be made available for a client in the Cash Segment based on margin provided.

Stock qualifying for margin in cash segment transactions - Securities in the approved list of Stock Exchange as per Exchanges / SEBI guidelines and FINDOC.

Total Deposit - The overall client deposit available with us in the form of Cash, Securities, Commodities, etc. only.

Nature of Customers' Transactions

Setting up exposure limits:

a. Cash Segment

We provide an exposure limit to a client which would be in multiple of the clear ledger balance in the account of the client and pledged value of securities after applicable haircut of FINDOC. The value of the "multiple" will be decided by the company based on market conditions.

Clients can place orders in below products:

- Margin (Intraday)
- Delivery (Carry Forward)/CNC (Cash and Carry)
- MTF (Margin Trading Facility)

If a client wishes to use margin, he/she can place orders with the intraday product code. Once the trade has been filled, only a portion of the full applicable margin will be blocked as per margin requirements for the stock as per applicable margin of the exchange and margins decided by FINDOC to secure the interest of client and FINDOC. FINDOC will square off all open positions under the intraday product anytime during the last 15 minutes of normal market closure timing and cancel all pending orders placed under intraday product.

If a client wishes to hold a stock overnight or doesn't want FINDOC to square off, he/she can place orders using the Delivery / Carry forward product or can convert his/her open positions from Intraday to Delivery /Carry Forward subject availability of sufficient collateral of client with FINDOC. The full amount of margin is applicable at the time of order as per applicable margin of the exchange and margins decided by FINDOC from time to time to secure the interest of client and FINDOC and FINDOC won't square the position off till the applicable margin is not exhausted.

If a client wishes to place orders using MTF product in approved list of securities, he/she can avail the facility in accordance with terms and conditions of MTF offered by FINDOC. The full amount of margin is applicable at the time of order as per applicable margin of the exchange for MTF or margins decided by FINDOC from time to time (whichever is higher) and other terms agreed upon for availing such facility. There is daily reporting of MTF positions to respective exchanges along with their available collaterals. Client shall be free to take the delivery of the securities from its MTF a/c to normal trading a/c by repaying the amounts that was paid by FINDOC to the Exchange towards securities after paying all dues. Risk management happens as per FINDOC MTF policy.

b. Derivatives Segment (Equity, Currency and Commodities)

Exposure limits for each client are based on the amount of margin money deposited by each client, as per Exchange regulations. Upfront margin is to be collected from the client.

Clients can place orders in two products in the F&O segment:

- Intraday
- Carry Forward

If a client wishes to use intraday, he/she can place orders with the intraday product code. Under intraday, the client will be required to pay margin as per applicable margin of the exchange and margins decided by FINDOC from time to time to secure the interest of client and FINDOC. In Futures, both buying and selling would be allowed whereas in Options buying and selling will be allowed in intraday product subject to availability of liquidity. Once the trade has been executed partially or fully, only a portion of the full applicable margin will be blocked as per applicable margin of the exchange and margins decided by FINDOC from time to time to secure the interest of client and FINDOC for the stock till the position is held. FINDOC will square off all open positions under the intraday product anytime during the last 15 minutes of normal market closure timing and cancel all pending orders placed under intraday product.

If a client wishes to hold his F&O positions futures products overnight, he/she needs to place the order under the Carry forward / NRML product code. This will require 100% of the span, exposure margin and other applicable margin of the exchange and margins decided by FINDOC from time to time to secure the interest of client and FINDOC.

For buying options, the full premium margin amount is required. For selling options, the span and exposure margin are required as per the relevant product code or as per applicable margin of the exchange and margins decided by FINDOC from time to time to secure the interest of client and FINDOC.

Policy for penny stocks:

Stocks which appear in the list of illiquid securities issued by the Exchanges from time to time i.e. every Quarter will be considered as penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization and limited following and disclosure. Depending on the market conditions and as per discretion of RMS department to secure the interest of client and FINDOC, FINDOC reserves the right to refuse to allow trading and/or provide limits on penny stocks.

Delivery Trades:

The net purchase or sale of scrip in a client account that is settled by way of a delivery on T+1 (or as per settlement schedule). Delivery in respect of sale transactions in the cash segment must be settled by the client by tendering securities in Demat form before the pay-in deadline of clearing corporation. By not doing so, the client may face the risk of entering into auction.

Sell against buying stocks:

Clients are cautioned to wait until stocks they have purchased have been delivered before selling them.

Sales Proceed for fresh positions:

As per Exchange guidelines, FINDOC shall not allow credit for sale benefit or the sale proceed for buying the shares / taking fresh positions till the completion of early –pay-in of the sale transaction.

Trading in newly listed shares, illiquid securities and illiquid F&O contracts:

Newly listed securities, illiquid securities and Trade-to-Trade securities which have high VaR margin are subject to high market risks and rate fluctuations. Illiquid securities and Trade-to-Trade securities will have a daily price range (DPR) whereby the chances that these shares can reach the upper DPR or Lower DPR during a trading day are higher than other securities. Hence, the dealing in these securities will be subject to permission from the surveillance department and available credit balance.

In case of Derivative contracts which are Illiquid, dealing would be restricted and would be subjected to permission from the Risk and Surveillance department.

Policy for GSM (Graded Surveillance Measures) Securities:

In GSM securities, the FINDOC would be allowing the trading of scrips under GSM from grade II - grade VI at higher margins notify by the exchanges time to time. Exchanges has vide their respective circulars have provided for guidelines on GSM securities. In case of explanation required, the client can refer to the same.

In case of newly listed shares, initially they do not have a DPR till the cut–off price determined in Pre-open session. Once price derived by exchange at the end of Pre-open session, DPR applicable in accordance with exchange.

Margin Exceptions:

Margin may be reduce / increase on certain days due to any of the following reasons:

a. Exchange policy changes or regulation
b. Government policy changes or regulation
c. Broker policy changes
d. Excessive or abnormal market movement / turnover / volatility

FINDOC shall not be liable for any loss arise due to RMS selling on non-payment as well as loss in case where RMS selling could not be done as mentioned above by RMS due to any reason.

FINDOC reserves the right to change the above policies any time in general or in particular case within the Exchange regulations / SEBI regulations / guidelines and circulars.

Risk Management (Online Surveillance):

FINDOC has deployed margin based automated Risk Monitoring System which provide real time assessment of margins/positions. Total deposits of the clients are uploaded in the system and the client may take exposure on the basis of margin applicable for the respective security as per the VaR based margining system defined by the FINDOC RMS team based on their own risk perception.

In case the exposure taken on the basis of shares margin, the payment is required to be made before the Exchange pay in date. Otherwise, it will be liable to square off after the pay in time or any time due to shortage of margin.

Stock/Commodity Options on Expiry Day:

Clients are advised to be cautious while placing the fresh orders for buying Stock/Commodity options on day of expiration as it may lead to levy of higher margin due to delivery obligation/devolvement into Future contract in accordance with exchange regulations.

Net worth / Income of Client:

Any big value transactions are checked for whether the client is trading beyond ones' known income / Net worth (i.e. in-come/ net worth declared in the client's KYC document).

Margins:

For availing/maintaining exposure, clients need to have sufficient margins at all points of time. Margins can be in the form of funds or approved securities or any other form of margin as acceptable by FINDOC after applying appropriate haircuts. FINDOC reserves the right to change the approved securities list/ haircut to be applied at its sole discretion. Clients need to maintain appropriate margins accordingly.

To provide collateral in the form of securities as margin, clients are required to pledge securities in favor of FINDOC. FINDOC may re-pledge such securities to the Clearing Corporation if it is accepted by them as collateral.

Maintenance of margins:

Clients must verify and understand their exposure/debit outstanding at all times and shall maintain sufficient margin in their accounts. While a prior intimation (on best effort basis), with regards to margin short-fall shall be provided to the clients, FINDOC also reserves its right to liquidate the open positions/collaterals to top up margins in extreme cases like insufficient margin balance, increased margin requirements/change in haircuts for specific securities/clearing the outstanding dues due to volatility or sudden change in market prices with immediate effect without providing prior notice.

Client shall be required to maintain sufficient balance in the trading account to take delivery of the shares, failing which FINDOC may square-off positions.

Intraday square-off timings for any product(s) opted for may be changed without prior notice based on the discretion of our risk management department. FINDOC will auto square off all intraday positions in case the client doesn't square off during the stipulated time. In such a scenario, the client shall not have any right or say to decide on the timing of closure of the open positions that need to be closed and/or liquidation of shares, securities and commodities held in collateral/margin. Consequently, FINDOC shall not be responsible for any trade-related loss or damages arising from such square-offs. All such square-off transactions shall have implied consent and authorization of the client in favor of FINDOC.

Exposure / limits shall be based on the margin provided by the client depending upon the segment / product in which client wants to trade. However, exposure / limits are dynamic in nature, subject to market conditions and at sole discretion of FINDOC.

Derivatives trading involves daily settlement of all positions including realized/unrealized loss on open positions and premium on options and any margins as required by the Exchanges and/or by FINDOC.

In case of futures segment, all open positions are marked-to-market based on the closing level of the index/derivative contract. If the contract has moved against the client, then the client will be required to deposit the amount of loss (notional) resulting from such movement. Such amount will have to be paid within a stipulated time frame so as to ensure appropriate margins are maintained at all points on time.

In case of in-the-money long stock options (including potential in-the-money options), sufficient delivery margin needs to be maintained as regulated by exchange, failing which FINDOC reserves its right to liquidate the open position/collaterals to top up margins.

Positions that do not have sufficient funds/margins can be liquidated at any time at the sole discretion of FINDOC. While FINDOC shall endeavor to provide a prior notice to clients before liquidating their securities/commodities, FINDOC also reserves the right to liquidate securities/commodities without any prior intimation in certain extreme scenarios like during times of extreme volatility, or any other situation on the discretion of FINDOC if the loss could be more than the funds/margins available in the client's account before the position is squared-off.

All resulting charges or debits that might occur from such square offs will have to be borne by the client.

Security Order Quantity & Value limits Single Order and Overall:

In accordance with the regulatory guidelines, FINDOC may place checks at single order quantity level, order value level and overall security quantity / value level, individually or combination thereof as may be applicable.

Securities in Ban Period in F&O segment:

In compliance with rules laid down by Exchange for Securities in Ban Period in F&O segment, if a client creates position in securities which are in ban period, penalty will be levied for the same. The list of securities in ban period is updated on NSE website on daily basis. The link is as below:

https://www.nseindia.com/products/content/derivatives/equities/sec_ban.htm

Clearing of Outstanding Ledger Balances:

Clients are expected to pay any debit balance outstanding in their ledger promptly. In case of non-payment, FINDOC may not grant them further exposure and also may liquidate the securities, which are pledged in favour of FINDOC, as per Exchange provisions, to recover such dues.

In case client's securities received as pay-out from the CC, transferred to clients and pledged in favour of FINDOC, due to non-payment to FINDOC in full, FINDOC reserves the right to liquidate these securities based on various parameters including but not limited to liquidity, volatility or any single stock or set of stocks that has value close to the amount outstanding or based on any corporate action that is getting triggered in the stocks held or events that could trigger price fluctuations in any particular sector or a security.

FINDOC may at its sole discretion determine the time of sale and securities to be disposed of and/or which open position is/are to be liquidated/closed.

Large Debits with Single Scrip Concentration:

For any client, if the outstanding debit exceeds a certain amount and concentration is in a particular security on account of buying done / collateral provided, FINDOC may restrict the client from further buying or trading in that security. The client will be allowed to place only sell orders to reduce the debit.

FINDOC will take discretionary decision to allow the client to trade if he brings in fresh funds to clear the debit or brings in different security as collaterals other than security which forms the significant concentration. The client's position may be squared off if necessary to reduce the debit.

Margin Trading Facility:

Clients availing Margin Trading Facility in Group I securities notified by exchanges and should maintain margins as per applicable margin of the exchange for MTF or margins decided by FINDOC from time to time (whichever is higher) and other terms agreed upon for availing such facility.

Margin call/liquidation under margin trading facility may be initiated in case margins are not maintained as per FINDOC Policy or as per Exchange Margin Trading Circular, whichever is higher

Exposure towards stocks purchased under Margin Trading Facility and collateral kept in the forms of stocks shall be well diversified on account of script wise exposure and maximum client wise limit as set by FINDOC from time to time.

FINDOC at its sole discretion reserves the right to withdraw from the facility and ask for payments from the client or ask for higher margins depending on the extreme situations.

FINDOC may conduct credit appraisal for clients availing of Margin Trading Facility beyond a certain exposure. The credit appraisal is conducted to gauge the credibility of the client, his sources of income, age, experience, repayment capacity, nature of employment and other assets are taken into account.

Stocks which are funded under Margin Trading facility shall be held by FINDOC by way of pledge in 'Client Securities under Margin Funding account' from the BO account of the respective client. If such stocks are not pledged by clients by 11.30 AM on next trading day or auto-pledged, FINDOC shall reserve the right to take appropriate action in this regard, which includes liquidating all the client positions. Any loss caused by such liquidation shall be borne by client.

Any excess collateral, in the form of cash lying in the MTF account shall be mandatorily settled on a monthly/quarterly basis, as per the client preference, on the running account settlement date as notified by the Exchange.

Cash and Non-Cash Component:

Clients are advised to maintain 50% Cash and cash equivalent component in their portfolio to fulfil the margin requirement as per Exchange guidelines. However, system will provide limit in accordance with the availability of total margin in client's account. Should there be any shortfall in meeting cash and cash equivalents component of margin as per Exchange guidelines, client shall be liable to charges Delayed Payment Charges for the same.

Payout:

If client requests pay out of funds from its available balance in ledger account, FINDOC may retain additional margin in addition to the Exchange applicable margin on clients open positions and may also retain surplus funds for pay in purposes.

Suspension or closure of client account:

On the request of the Client in writing, the client account can be suspended temporarily and/ or closed. In the event if the account is temporarily suspended, the same can be activated on the written request of the client only, FINDOC may do so subject to Client accepting /adhering to conditions imposed by FINDOC including but not limited to settlement of account / release of holds and / or other obligation.

FINDOC can withhold the payouts of Client and suspend his/her trading account due to his/her surveillance action or judicial or / and regulatory order/action requiring Client suspension.

Pay in of funds:

Clients can transfer funds into the Trading Account only from bank accounts which are registered with FINDOC. Any transfer from a non-registered bank account shall not be considered and the client shall not get credit for such transfers.

FINDOC shall endeavor to account for all payments made by the client before liquidating clients' open positions/collaterals. However, it may be possible that due to volatility or sudden change in market prices, FINDOC may not be able to account for all such payments made by the client on a real time basis.

Pay in of Shares:

Clients need to settle their pay-in obligation only through their registered Demat account with FINDOC. However, if a client settles his pay-in obligation through a non-registered Demat account then pay-out of funds for such shares may be kept on hold until client provides relevant documents for such unregistered accounts.

Exchange Trade Alerts:

For each of the transactional alerts received from the Exchanges, appropriate analysis, monitoring and reporting is done as the process and guidelines defined by the Exchange.

Reporting to the Exchange(s):

In case the client is found indulging in suspicious activities, FINDOC shall have the complete right to report such transactions to the Exchange(s) or other Regulatory Authorities. FINDOC is not responsible for any loss incurred by the client if he/she is found guilty of unethical practices. FINDOC will share all the required information to the regulator, exchange, or any other recognized regulatory body when a client specific detail is asked for. FINDOC reserves the right to inform the Client based on the directions received by the aforesaid regulatory body.

The **Head of RMS** shall be accountable for implementing all measures outlined above to mitigate **Credit and Market Risks** and their associated consequences.

E. Legal and reputation risk:

During the normal course of operations, FINDOC is required to comply with various applicable laws and regulations. The FINDOC also enters into agreements with different parties as part of its regular business activities.

To ensure compliance, all contracts and agreements shall be reviewed and approved by the Legal Department prior to execution.

The Legal Department shall also apprise the Marketing, Sales, and Advertising Departments of relevant provisions of intellectual property laws to ensure that marketing and sales campaigns do not result in any violation of such laws.

The HR Department shall comply with all applicable procedures and internal policies prior to onboarding any new employee.

The **Head of HR** and the **Head of Legal** shall be responsible for taking all steps outlined above to ensure the mitigation of all legal and reputational risks and their associated consequences.

F. Risk associated with outsourcing

FINDOC has not outsourced any of its operations to outside vendor. All IT operations are performed by its in-house team.

If any of its operation is given to any outside vendor, it should be ensured that core business and compliance activities must not be outsourced.

There should be appropriate control over the outsourced activity and sample base checking should be done by concerned department on given parameters, whose activity has been outsourced.

If more than five deviations are observed during the financial year, outsource vendor need to be replaced after following due process.

Compliance Officer shall review the above policies as and when required or in case of any regulatory change.