

TRADEWELL SECURITIES LIMITED

CIN: U67120TG2007PLC158339

Corporate Member – NSE / BSE/MCX/CDSL

SEBI Reg. No. INZ000171936

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The policies may be reviewed from time to time as and when any changes introduced by SEBI or Stock exchanges or depending on the business needs of the Company.

The policies may be reviewed by the MD/Compliance Officer and place the changes in policy before the Board at the meeting.

APPROVING AUTHORITY

The policy is approved by the Board vide their meeting held on 10th April 2023.

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1. ANTI MONEY LAUNDERING POLICY - PMLA ACT 2002

The Prevention of Money Laundering Act, 2002 has come into effect from 1 July 2005. The relevant Notifications / Rules under the said Act have been published in the Gazette of India on July 1, 2005.

Updated – SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 February 03, 2023

Overview

1. The Directives as outlined below provide a general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India. They also provide guidance on the practical implications of the Prevention of Money Laundering Act, 2002 (**PMLA**). The Directives also set out the steps that a registered intermediates or its representatives shall implement to discourage and to identify any money laundering or terrorist financing activities.
2. These Directives are intended for use primarily by intermediaries registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**), Stock Exchanges, Depositories and other recognised entities under the SEBI Act and Regulations and rules thereunder. While it is recognized that a “one- size-fits-all” approach may not be appropriate for the securities industry in India, each registered intermediates shall consider the specific nature of its business, organizational structure, type of clients and transactions, etc. when implementing the suggested measures and procedures to ensure that they are effectively applied. The overriding principle is that they shall be able to satisfy themselves that the measures taken by them are adequate, appropriate and abide by the spirit of such measures and the requirements as enshrined in the PMLA.

Background

3. As per the provisions of PMLA and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (Maintenance of Records Rules), as amended from time to time and notified by the Government of India, every reporting entity (which includes intermediaries registered under section 12 of the SEBI Act, i.e. a stock-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, portfolio manager, investment adviser and any other intermediaries associated with the securities market and registered under Section 12 of the SEBI Act and stock exchanges), shall have to adhere to the client account opening procedures, maintenance records and reporting of such transactions as prescribed by the PMLA and rules notified there under.

The Maintenance of Records Rules empower SEBI to specify the information required to be maintained by the intermediaries and the procedure, manner and form in which it is to be maintained. It also mandates the reporting entities to evolve an internal mechanism having regard to any guidelines issued by the regulator for detecting the transactions specified in the Maintenance of Records Rules and for furnishing information thereof, in such form as may be directed by SEBI.

4. The PMLA inter alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as provided in Section 12A read with Section 24 of the SEBI Act will be treated as a scheduled offence under schedule B of the PMLA.

Policies and Procedures to Combat Money Laundering and Terrorist Financing

Essential Principles:

5. These Directives have taken into account the requirements of the PMLA as applicable to the intermediaries registered under Section 12 of the SEBI Act. The detailed Directives have outlined relevant measures and procedures to guide the **intermediates** in preventing ML and TF. FFPL consider carefully the specific nature of its business, organizational structure, type of client and transaction, etc. to satisfy itself that the measures taken by it are adequate and appropriate and follow the spirit of the suggested measures and the requirements as laid down in the PMLA and guidelines issued by the Government of India from time to time.
6. In case there is a variance in Client Due Diligence (CDD)/ Anti Money Laundering (AML) standards specified by SEBI and the regulators of the host country, branches/overseas subsidiaries of INTERMEDIATES are required to adopt the more stringent requirements of the two.

Obligation to establish policies and procedures

7. Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that intermediates ensure the fulfilment of the aforementioned obligations.
8. To be in compliance with these obligations, the senior management of a registered intermediates shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The intermediates shall:

- i. issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;
- ii. ensure that the content of these Directives are understood by all staff members;
- iii. regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures;
- iv. adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- v. undertake CDD measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;
- vi. have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- vii. develop staff members' awareness and vigilance to guard against ML and TF.

9. Policies and procedures to combat ML and TF shall cover:

- i. Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- ii. Client acceptance policy and client due diligence measures, including requirements for proper identification;
- iii. Maintenance of records;
- iv. Compliance with relevant statutory and regulatory requirements;
- v. Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and

- vi. Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard; and,
- vii. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

Designation of officers for ensuring compliance with provisions of PMLA

Appointment of a Principal Officer: Principal Officer properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU-IND. As a matter of principle, it is advisable that the 'Principal Officer' is of a sufficiently senior position and is able to discharge the functions with independence and authority. As per the requirement of Prevention of Money Laundering Act, 2002, a Principal Officer was appointed and informed to FIU.

Appointment of a Designated Director: In addition to the existing requirement of designation of a Principal Officer, the TRADEWELL SECURITIES LIMITED appointed a designate a person as a 'Designated Director'. As per the requirement of Prevention of Money Laundering Act, 2002, and informed to FIU.

Risk Assessment

Risk assessment will be based on categorization of clients based on High risk, Medium risk & Low risk. Following criteria is generally used for categorization of clients:

- a. High risk clients-. All special category clients are considered as High risk clients.
- b. Medium Risk: Agriculture, and Student.
- c. All other clients are primarily categorized as Low risk clients

Review of Risk constantly after the On Boarding: The ongoing risk review can trigger the client's risk to be upgraded based on the following parameters or events.

- a. Change of the client relationship from Indian to NRI. The risk would be upgraded to "High"
- b. If it is later realized that the client is a High Net Worth client. The risk would be upgraded to "High"
- c. If in future it is known that a client is PEP then apart from seeking permission from the management to continue the relationship, the client should be immediately upgraded to High risk
- d. If it is later realized or the existing client is registered foreign exchange dealer the client will have to be upgraded to High risk.
- e. If a client is residing in a country which has been recently declared by the FATF as a high risk jurisdiction or an existing client moves base into a high risk jurisdiction then naturally in both the cases client will be immediately upgraded to "High" risk.
- f. If a client registers the authorization or gives a power of attorney to operate his account to somebody else, in that case the account is to be upgraded to "High" risk
- g. If it is realized by the management that the existing client's reputation is tainted because of a SEBI debarred or any such announcement then the client will be upgraded to "High"

- h. Any employee of the organization could alert the principal officer and request based on any news item or an event in the public domain which can lead the risk to be made High.

Enhanced due diligence measure to be carried out for high risk /special category clients.

1. Each trade given by such clients to be verified before execution of trades.
2. To obtain Annual Income proof and Financial Statements.
3. To verify each receipt of fund from clients. To obtain additional proof in case of Electronic Fund Transfer.

Client Due Diligence (CDD)

The CDD measures comprise the following:

- viii. Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement;
- ix. Verify the client's identity using reliable, independent source documents, data or information;
- x. Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted -
 - a) **For clients other than individuals or trusts:** Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, the TRADEWELL SECURITIES LIMITED shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
 - aa) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control

through ownership or who ultimately has a controlling ownership interest;

Explanation: Controlling ownership interest means ownership of/ entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership;
or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

bb) In cases where there exists doubt under clause (aa) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means;

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

- b) **For client which is a trust:** Where the client is a trust, the TRADEWELL SECURITIES LIMITED shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the author of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership;
 - c) **Exemption in case of listed companies:** Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies;
 - d) **Applicability for foreign investors:** TRADEWELL SECURITIES LIMITED dealing with foreign investors' may be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19,2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client;
- xi. Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (iii);
 - xii. Understand the ownership and control structure of the client;
 - xiii. Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the TRADEWELL SECURITIES LIMITED's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds;

- xiv. TRADEWELL SECURITIES LIMITED review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data; and
- xv. TRADEWELL SECURITIES LIMITED periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

Acceptance of clients

TRADEWELL SECURITIES LIMITED develop client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF. By establishing such policies and procedures, they will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following safeguards are to be followed while accepting the clients:

- xvi. TRADEWELL SECURITIES LIMITED allow the opening of or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified;
- xvii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher; Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile;

xviii. The TRADEWELL SECURITIES LIMITED undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following:

- a) Non - resident clients;
- b) High net-worth clients;
- c) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
- d) Companies having close family shareholdings or beneficial ownership;
- e) Politically Exposed Persons (PEP). PEP are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc..
The additional norms applicable to PEP as contained in the subsequent paragraph 14 of this circular shall also be applied to the accounts of the family members or closer relatives of PEPs;
- f) Clients in high risk countries. While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, TRADEWELL SECURITIES LIMITED apart from being guided by the FATF statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude TRADEWELL SECURITIES LIMITED from entering into legitimate transactions with clients from or situate in such high risk countries and geographic areas or delivery of services through such high risk countries or geographic areas;
- g) Non face to face clients. Non face to face clients means clients who open accounts without visiting the branch/offices of the TRADEWELL SECURITIES LIMITED or meeting the officials of the Company. Video based customer identification process is treated as face-to-face onboarding of clients;
- h) Clients with dubious reputation as per public information available etc;

The above mentioned list is only illustrative and the company shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

- a. Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.
- b. Ensure that an account is not opened where the TRADEWELL SECURITIES LIMITED is unable to apply appropriate CDD measures. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the TRADEWELL SECURITIES LIMITED is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. TRADEWELL SECURITIES LIMITED shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. TRADEWELL SECURITIES LIMITED shall be cautious to ensure that it does not return securities or money that may be from suspicious trades. However, TRADEWELL SECURITIES LIMITED shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- c. The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the TRADEWELL SECURITIES LIMITED, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.
- d. Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

- e. The CDD process shall necessarily be revisited when there are suspicionsof ML/TF.

Client identification procedure

- i) The KYC policy shall clearly spell out the client identification procedure (CIP) to be carried out at different stages i.e. while establishing the TRADEWELL SECURITIES LIMITED – client relationship, while carrying out transactions for the client or when the TRADEWELL SECURITIES LIMITED has doubts regarding the veracity or the adequacy of previously obtained client identification data.

Compliance with the following requirements while putting in place a CIP:

- a. TRADEWELL SECURITIES LIMITED proactively put in place appropriate risk management systems to determine whether their client or potential client orthe beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.
- b. TRADEWELL SECURITIES LIMITED required to obtain senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently foundto be, or subsequently becomes a PEP, TRADEWELL SECURITIES LIMITED shall obtain senior management approval to continue the business relationship.
- c. TRADEWELL SECURITIES LIMITED also take reasonable measures to verify thesources of funds as well as the wealth of clients and beneficial owners identified as PEP.

- d. The client shall be identified by the TRADEWELL SECURITIES LIMITED by using reliable sources including documents / information. The TRADEWELL SECURITIES LIMITED obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- e. The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the TRADEWELL SECURITIES LIMITED in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- f. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the TRADEWELL SECURITIES LIMITED.

SEBI has specified the minimum requirements relating to KYC for certain classes from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been specified or which may be specified by SEBI from time to time, TRADEWELL SECURITIES LIMITED framed its own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices.

Further, the TRADEWELL SECURITIES LIMITED shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the TRADEWELL SECURITIES LIMITED is aware of the clients on whose behalf it is dealing.

TRADEWELL SECURITIES LIMITED formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients of the banking companies, financial institutions and intermediaries of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to TRADEWELL SECURITIES LIMITED (brokers, depository participants, AMCs etc.) from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by registered intermediaries. This shall be strictly implemented by TRADEWELL SECURITIES LIMITED.

Reliance on third party for carrying out Client Due Diligence (CDD)

We shall not rely on any third party for carrying out the customer due diligence (“CDD”). We are solely conducting and are responsible for carrying out the CDD.

For existing clients processes include:

- i. Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.
- ii. To verify status of client in KRA Agencies website and compliance at the time of account opening as per SEBI {KYC (Know Your Client) registration agency} Regulations, 2011
- iii. Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories.
- iv. Obtaining of annual financial statements from all clients, particularly those in high risk categories at reasonable intervals.
- v. In case of non-individuals client additional information about the directors, partners, dominant promoters, major shareholders is obtained.
- vi. Verify each account with SEBI debarred entity lists and UNSCR lists on daily basis.

Risk based approach:

Following Risk based KYC procedures are adopted for all clients:

- i. Payout/pay-in of funds and securities transferred to /from a third party
- ii. Off market transactions especially in illiquid stock and in F & O, at unrealistic prices
- iii. Trading pattern of clients is observed
- iv. Client demographics are considered

Clients of special category (CSC)

- i. Non-resident clients,
- ii. High net-worth clients,
- iii. Trust, Charities, NGOs and organizations receiving donations,
- iv. Companies having close family shareholdings or beneficial ownership,
- v. Politically exposed persons (PEP). Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior

government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the subsequent clause 5.5 (Page 19 of the Master Circular) shall also be applied to the accounts of the family members or close relatives of PEPs,

- vi. Companies offering foreign exchange offerings,
- vii. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent,
- viii. Non face to face clients,
- ix. Clients with dubious reputation as per public information available etc.

NRI: All NRI accounts will be marked.

High Net worth Clients: High net worth clients could be classified if at the account opening stage or during the course of the relationship, it is realized that the client's net worth is beyond ten crore or income is beyond 1 crore.

Trust, Charity and NGOs: Both public as well private, registered as well non registered trust will have to be classified in the special category. Any Charitable or Non governmental organization or a no Profit Organization will be also classified herein.

Close family shareholdings or Beneficial Ownership: In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times are same, then both need to be marked under this special category.

Politically Exposed Persons: A separate detailed document mentions about PEP identification.

Company offering foreign Exchanges: At the account opening stage if it is to our knowledge that the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

Client in High Risk Country: We avoid to open any account received from client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these counties.

Non-Face to Face Client: In person verification is done for all clients. But there may be clients who may register a power for somebody else in their account and in that scenario as the account would be controlled not by the account holder but by some other individual we would treat as a non-face to face account and the same would be categorized accordingly.

Client with dubious Public Reputation: If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

Record Keeping:

The Principal Officer will be responsible to ensure that AML records are maintained properly. The company shall also maintain such records, which can permit reconstruction of individual transactions so as to provide evidence of prosecution of criminal behavior.

The company shall maintain and preserve the records for the minimum period prescribed under AML Act and SEBI Act. Records relating to ongoing investigations to be retained until it is confirmed that the case has been closed.

Monitoring & Reporting of Suspicious Transactions:

Suspicious transactions generated from PMLA software & Exchange records are scrutinized and inquired into from concerned entities/clients and based on input decide to report to FIU-IND.

Ongoing monitoring of accounts which includes

- i. Identification and detection of apparently abnormal transactions.
- ii. Generation of necessary reports/alerts based on clients' profile, nature of business, trading pattern of clients for identifying and detecting such transactions. These reports/alerts are analyzed to establish suspicion or otherwise for the purpose of reporting such transactions.

Following parameters are used:

- i. Large number of accounts having common parameters such as common partners / directors / promoters /
- ii. Off market transactions through DP Accounts;
- iii. Suspicious off market transactions;
- iv. Clients of high-risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'Clients of Special Category'.

Such clients should also be subject to appropriate counter measures.

Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. **TSL** can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

TSL shall have in place a comprehensive transaction monitoring process from a KYC/AML perspective. **TSL** shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering. **TSL** AML monitoring team shall endeavor to update the list based on current understanding of the market scenario and trading patterns followed by clients. Surveillance team shall review internal alerts if any and also monitor the alerts provided by the exchanges per their circular NSEINVG/22908 dated March 7, 2013.

On the basis of criticality of the breach, observation of account behavior, repetitive breaches, the AML Monitoring Team shall send a query to the concerned Business. Responses would be expected within 7 working days. If the alerts still persist or the AML Monitoring Team is not satisfied with the responses, then the AML query team shall send the query to the Compliance Head for resolution

Action for SEBI debarred entities

If any person's/ entity name appears on SEBI debarred list and that person is our client, we immediately stop the trading of that client.

IDENTIFICATION OF BENEFICIAL OWNER

Check would be done for actual beneficial ownership and control of the particular account. We need to obtain the details with respect to Shareholders / promoters (Holding more than 25 % or more of share capital of Corporate entities) , Partners (Holding more than 15 % or more of capital or profits of partnership firm.), Unincorporated association or body of individuals(Holding more than 15 % or more of property or capital or profits of juridical person) from the non-individual clients and wherever possible it has to be verified independently. Where the client is a trust, identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

Where no natural person is identified the identity of the relevant natural person who holds the position of senior managing official

Verify the sources of funds for funding the transaction. We shall also take care at the time of settlement regarding nature of transaction, movement/source of transaction, etc. Periodically to ask for clients financial details to determine the genuineness of transaction. Special care would be taken in case of non-individual accounts such as corporate, partnership firms etc, where the ownership structure is opaque. In all such cases the accounts would be activated only post approval from the compliance department.

For this purpose, “**beneficial owner**” is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

Others

In case of existing clients, if any names appear in the UNSCR lists as and when stock exchange issue any circular/ notification in this regard, we immediately deactivate that client.

In case we upload any STR to FIU IND, or any other confidential information of any client, we keep secrecy and it is known only by compliance officer and principal officer.

Reporting of Suspicious Transactions:

- i. All suspicious transactions will be reported to FIU. Member and its employees shall keep the fact of furnishing information in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 strictly confidential.
- ii. The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents should be made available to auditors and also to SEBI /Stock Exchanges/FIU-IND/Other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for **Eight years** as is required under PMLA 2002.
- iii. The Principal Officer and related staff members shall have timely access to customer identification data and other CDD information, transaction records and other relevant information. The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

Any suspicious transaction shall be immediately notified to the **Designated/Principal Officer** of the Company . The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Designated/ Principal Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that TRADEWELL SECURITIES LIMITED shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction

Paragraph 12 (iii) (f) of this Circular categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. TRADEWELL SECURITIES LIMITED are directed that such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

Record Management

Information to be maintained

- j) TRADEWELL SECURITIES LIMITED maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:
 - a. the nature of the transactions;
 - b. the amount of the transaction and the currency in which it is denominated;
 - c. the date on which the transaction was conducted; and
 - d. the parties to the transaction.

Record Keeping

TRADEWELL SECURITIES LIMITED ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.

TRADEWELL SECURITIES LIMITED maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

In case of any suspected laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, TRADEWELL SECURITIES LIMITED retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

- e. the beneficial owner of the account;
- f. the volume of the funds flowing through the account; and
- g. for selected transactions:

- a. the origin of the funds
- b. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
- c. the identity of the person undertaking the transaction;
- d. the destination of the funds;
- e. the form of instruction and authority.

TRADEWELL SECURITIES LIMITED ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed thereunder PMLA, other relevant legislations, Rules and Regulations or Exchange byelaws or circulars.

More specifically, all the TRADEWELL SECURITIES LIMITED put in place a system of maintaining proper record of the nature and value of transactions which has been prescribed under Rule 3 of PML Rules as mentioned below:

- h. all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- i. all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

- j. all cash transactions where forged or counterfeit currency notes or banknotes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
- k. all suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into or from any non-monetary account such as demat account, security account maintained by the Company.

Retention of Records

TRADEWELL SECURITIES LIMITED shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and TRADEWELL SECURITIES LIMITED.

TRADEWELL SECURITIES LIMITED formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and TRADEWELL SECURITIES LIMITED has ended or the account has been closed, whichever is later.

In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

TRADEWELL SECURITIES LIMITED shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PMLRules, for a period of five years from the date of the transaction between the client and the TRADEWELL SECURITIES LIMITED.

Procedure for freezing of funds, financial assets or economic resources or related services

TRADEWELL SECURITIES LIMITED ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they do not have any accounts in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

List of Designated Individuals/ Entities

The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, declares the list of individuals/entities, from time to time, who are designated as 'Terrorists'. The TRADEWELL SECURITIES LIMITED shall take note of such lists of designated individuals/terrorists, as and when communicated by SEBI.

All orders under section 35 (1) and 51A of UAPA relating to funds, financial assets or economic resources or related services, circulated by SEBI from time to time shall be taken note of for compliance.

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <https://press.un.org/en/content/press-release>. The details of the lists are as under:

l. The “ISIL (Da’esh) & Al-Qaida Sanctions List”, which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at:

<https://www.un.org/securitycouncil/sanctions/1267/press-releases>.

m. The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases.

TRADEWELL SECURITIES LIMITED are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. TRADEWELL SECURITIES LIMITED shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list.

TRADEWELL SECURITIES LIMITED shall maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether the designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

TRADEWELL SECURITIES LIMITED shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions carried through or attempted in the accounts covered under the list of designated individuals/entities under Section 35 (1) and 51A of UAPA.

Jurisdictions that do not or insufficiently apply the FATF Recommendations

FATF Secretariat after conclusion of each of its plenary, releases public statements and places jurisdictions under increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing risks. In this regard, FATF Statements circulated by SEBI from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by the registered intermediaries.

The TRADEWELL SECURITIES LIMITED shall take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements. However, it shall be noted that the regulated entities are not precluded from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statements.

Reporting to Financial Intelligence Unit-India

In terms of the PML Rules, TRADEWELL SECURITIES LIMITED are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,
Financial Intelligence Unit - India
6th Floor, Tower-2, Jeevan Bharati
Building, Connaught Place, New Delhi-
110001, INDIA Telephone : 91-11-
23314429, 23314459
91-11-23319793(Helpdesk)
Email:helpdesk@fiuindia.gov.in (For FINnet and general
queries)
ctrcell@fiuindia.gov.in
(For Reporting Entity / Principal Officer registration related
queries)complaints@fiuindia.gov.in
Website: <http://fiuindia.gov.in>

TRADEWELL SECURITIES LIMITED shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting format ([https://fiuindia.gov.in/files/downloads/ Filing_Information.html](https://fiuindia.gov.in/files/downloads/Filing_Information.html)). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND.

The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, TRADEWELL SECURITIES LIMITED shall adhere to the following:

The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.

The Non Profit Organization Transaction Reports (NTRs) for each shall be submitted to FIU-IND by 15th of the succeeding month.

The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;

Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.

No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious/non-profit organization transactions to be reported.

TRADEWELL SECURITIES LIMITED shall not put any restrictions on operations in the accounts where an STR has been made. TRADEWELL SECURITIES LIMITED and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

It is clarified that the TRADEWELL SECURITIES LIMITED, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relating to the scheduled offence.

Hiring and Training of Employees and Investor Education

Hiring of Employees: TRADEWELL SECURITIES LIMITED have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

Training of Employees: TRADEWELL SECURITIES LIMITED have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

Investor Education: Implementation of AML/CFT measures requires TRADEWELL SECURITIES LIMITED to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for TRADEWELL SECURITIES LIMITED to sensitize their clients about these requirements as the ones emanating from AML and CFT

frame work. TRADEWELL SECURITIES LIMITED prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.

Appendix

The following Circulars shall stand rescinded from the date of issuance of this Circular

1. **SEBI/HO/MIRSD/DOP/CIR/P/2019/113 dated October 15, 2019** – Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed thereunder
2. **SEBI/HO/MIRSD/DOP/CIR/P/2021/36 dated March 25, 2021**- Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 –Directions to Stock Exchanges, Depositories and all registered intermediaries
3. **SEBI/HO/MIRSD/DOP/CIR/P/2019/69 dated May 28, 2019** - Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 –Directions to stock exchanges, depositories and all registered intermediaries
4. **CIR/MIRSD/1/2014 dated March 12, 2014** - Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Obligations of Securities Market Intermediaries under the Prevention of Money-laundering Act, 2002 and Rules framed there under
5. **ISD/AML/CIR/1/2010 dated February 12, 2010** - Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 and Rules framed there-under- Master Circular on AML/CFT
6. **ISD/AML/CIR-2/2009 dated October 23, 2009** - Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 – Directions to stock exchanges, depositories and all registered intermediaries.

2. POLICY ON RISK MANAGEMENT

Introduction

Investment in securities is susceptible to market risks which cannot be predicted. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force.

Risk team reserves rights to give exceptions/deviations to this policy at their discretion

Scrip Categorization

Scrips margins are primarily based on factors like

VaR margin
Exchange Volume
Exchange Group

However other factors like trading numbers and volumes, market capitalization, profits, track records, shareholding patterns, dividends etc are also considered for determining scrip margins. Based on above parameter scrips are categorized as below. Margins mentioned below may changed time to time at discretion of Tradewel.

Category	Margins
Very Low	15%
Low Risk	20%-30%
Medium Risk	40%
High Risk	60%
Cash & Carry	100%

Dealing in Illiquid/Restricted Scrips:

In order to exercise additional due diligence while trading in these securities on behalf of their clients:

- Tradewell Securities Limited reserves the right to refuse execution of any transaction requests of the client on such restricted securities or to reduce the open market interests of the client in such securities/ contracts.

- Tradewel also reserves the right not to allow any trades or transactions in respect of certain securities or segments or orders/requests which may be below/above certain value/quantity as may be decided by Tradewel Risk Team from time to time.
- Circular or Insider trading is strictly prohibited. Action shall be initiated against any trade resulting in price rigging.
- Tradewel shall not be responsible for non-execution/delay in execution of orders in restricted scrips and contracts and consequential opportunity loss or financial loss to the customer. Tradewel shall have the discretion to place such restrictions, notwithstanding the fact that customer has adequate credit balance RISK POLICY or margin available in his account and/or the customer had previously purchased or sold such securities / contracts through Tradewel itself. Tradewel shall have the right to revise the list of such securities / contracts on a periodic basis. For more details, request you to kindly review Terms and conditions (T&C) and Policies and Procedures as specified and displayed on our website from time to time.

Limits & Exposure:

Assigning Trading Limits:

- Margin/Deposit based limits are assigned to the customers for trading purpose.
- Limits are set at 1x of Margin received from the client
- Margins are blocked at scrip level on the position taken by the clients as below
For Cash segment – As per scrip category
For Derivative segment – Initial (SPAN) + Gross Margin (as per exchanges)
- Deposit is calculated at customer level after netting off ledger balance in all Segments and Collaterals pledge with Tradewel (after hair cut)
- Additional Limits may be assigned on case to case basis post evaluation of the client profile which shall be solely at the discretion of RMS of Tradewel Ltd
- The limit for trading on pledge securities will be given to client on best effort basis only post confirmation of creation of pledge in favor of Tradewel. Tradewel will not be responsible for any delay or non-receipt of link / OTP from depositors for creation of pledge or non-confirmation of pledge request by the client or due to technical or any other issue at depository as well as at Tradewel's end.

Exposure:

Client can take exposure based on Scrip margins.

Cash exposure: Ledger Debit or Stock value (whichever is lower) by paying upfront margin.

Category	Margin(%)	Exposure (Times)
Very Low	15	6.67
Low Risk	20	5
Low Risk	30	3.33
Medium Risk	40	2.5
High Risk	60	1.67
Cash & Carry	100	1

Derivative Exposure: Client can take exposure in derivative segment by paying upfront margin. Exposure depends on Span Margin & Gross Margin.

Margins: Margins are collected upfront from the client before the actual trade.

Type of Margins:

Cash Component

Non-Cash Component

Cash Component:

Ledger Credit

Fixed Deposits

Bank guarantee

Non-Cash Component:

Approved listed securities (after Haircut) in pledge form

Approved Mutual Funds (after Haircut)

Or Any other securities accepted by the Stock Exchanges from time to time

Margins are blocked in each segment as tabulated below:

Segment	Margin %	Remarks
NSE/BSE Equity	Scrip wise fixed margin	As per scrip category
NSE/BSE Derivative	Span + Gross + Additional (if any)	As per Exchange / Tradewel
Currency Derivatives	Span + Gross + Additional (if any)	As per Exchange / Tradewel
Commodity Derivatives	Span + Gross + Additional (if any)	As per Exchange / Tradewel

- Margin Required = Margin on Equity & Derivative Positions
- Margin Available = Margin received from client in form of cash & non cash components
- Margin calls will be made to client in case of any margin shortfall
- **Margin Shortfall = Margin Required – Margin Available**

Derivatives Margin Reporting

Derivative Margin reporting is a report, whereby, we update clients margin lying with us against margin required on his derivative open positions to respective exchanges.

The reporting is done on daily basis to the exchange

Currently reporting is mandatory for Cash segment, Equity Derivative, Currency Derivative segment and Commodities Derivative. Margin would also be collected from clients based on peak margin requirement for shortfall if any, as applicable from December 01, 2020 or thereafter from time to time as prescribed by the Regulator.

Intraday Products:

Segment	Type	Product	Leverage***
Equities	Cash	Big Trade	Up to 10 Times
		Big Trade Plus(Cover order)	Up to 50 times
Equities	Equity Derivatives	Big Trade Plus(Cover order)	Up to 80 times
Commodities	Commodity Derivatives	Big Trade	Up to 60 times

*** Leverage shall be provided as per market conditions and at the discretion of Tradewel RMS from time to time or as prescribed by the regulator from time to time.

Features of Big Trade Plus (Cover order)

Big Trade Plus (BTP) Order is a order placement facility offered by Tradewel wherein any market order can be placed along with a Stop Loss Order.

BTP order allows the client to take leverage as per his / her risk appetite along with the benefit to limit the downside. One can take an intra-day position with such orders which blocks lesser margin than other product.

Only scrips approved by Tradewel RMS will be allowed under this product.

Liquidation:

Based on the risk, every client account shall be evaluated to ensure that, sufficient margin is available at all the times as per the Margins defined in Tradewel Collateral policy.

In case of Margin shortfall, following actions are initiated by Risk Team:

Making margin calls, and requiring clients to provide additional margins.

Liquidating clients position or collaterals to the extent of shortfall obligations.

- Tradewel may follow the Company Policy for liquidation of securities but it may not be binding on it to follow this method in all cases.

Risk square off process

- a) Auto liquidation of client positions or collateral will be carried by RISK department in case client margin Shortfall exceeds 50%,

Tradewel reserves the right to close/liquidate the open positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations if clients does not clear margin shortfall within stipulated time .

Selection of position to be liquidated will be as per best possible combination, which would cover maximum margin shortfall.

Liquidation would be done by RMS in the following sequence:

1. Derivative position
2. Stock lying in client Demat (with POA)
3. Stock lying in SK Collateral (pledge stock)
4. Stock lying in Unpaid securities

The above mentioned liquidation will be on a best-effort basis and will be solely at discretion of Tradewel RMS.

- b) For Big Trade (intra- day leverage product), liquidation is triggered on following basis:
 - Earlier of MTM Loss basis i.e. margin erodes by 70% of total margin blocked.

At any given point in time if the MTM level of the client breaches 70% of his available Cash margin, the risk team would square off the complete positions of the client with or without intimating the clients.

For sake of better understanding, the square off percentage of 70% is basically the threshold base limit and it should not be construed as exact 70% for square off. The

position may get squared off at exact 70% above the base threshold limit. Due to market extreme volatility it may not be possible to monitor the square off limit from percentage (%) to percentage (%).

Further the above square off will also be based on the extreme volatility in the market which may have severe impact on the client and the company. The Company may or may not inform the client on the same in case of potential fluctuation. This would occur at the discretion of the Risk team. It would be client responsibility to ensure that sufficient margin is available at all the times.

- c) Margin Square-OFF Positions which do not have sufficient funds can be squared off any time at the discretion of our Risk team. There may or may not be a margin calls or intimation from our Risk team. Positions would be squared off proportionally by the risk team to bring down your margin shortfall.
- d) Positions taken under Big Trade Products will be squared off immediately if the price gets triggered. Square off can also be initiated by client before 3.15 PM. Else Tradewel shall endeavor to square off the position at any time after 3.15 p.m.

In case the said position is not squared off before closure of the market, the position shall be carried forward to the next day. In such cases the client shall be responsible for ensuring that adequate margins are available in the clients account with Tradewel in order to ensure that there is not shortfall in the account. In case there is a margin shortfall, the positions may be squared off based on the risk management policy of Tradewel. Margins shall be placed in form of funds and / or securities subject to appropriate haircut based on risk management policy of Tradewel. Client would be liable for penalty for shortfall in payment margin from time to time within the ambit of regulations.

Ageing Debit Square off:

- As per SEBI guidelines, clients account cannot be funded by broker.
- Only grace period of 5 working days from settlement day is given to the client to clear the dues. It is client's obligation to clear his/her outstanding dues by T+2 (T indicates Trading day). The client shall ensure that sufficient funds / securities are kept with Tradewel to meet exchange obligations.
- Tradewel reserves the right to close / liquidate the open positions / sell securities to the extent of ledger debit and /or to the extent of margin obligations.
- Selling will be done in clients account on T+7 days for the ledger debit which is more than T+6 days on ageing basis. No further exposure is to be given clients having debit beyond 5 days.

- Further, as per SEBI circular on handling of clients' securities, in case of Debit balance (at consolidated level) in client ledger account, Tradewel reserves rights to transfer securities to Client Unpaid Securities Pledge Account (CUSPA) from pool account. In case of non-payment, Tradewel reserves the right to sell securities from CUSPA. Further, Tradewel also reserves the right to transfer unpaid Securities to client account directly from the pool / CUSPA account. In case the client is providing collateral in the form of approved securities as margin, a margin pledge shall be initiated by the client in favour of Tradewel through physical or electronic instruction mechanism provided by the Depositories.
- In case of non-payment of purchased securities or towards margin obligation of client, where the client has given Power of Attorney in favour of Tradewel, the margin pledge shall be initiated by Tradewel on behalf of the client. The margin pledge will be initiated as per the process defined by the Depositories/ SEBI / Exchanges.

The client will receive a link on registered Email id / Mobile number mapped with depository (NDSL / CDSL) for confirmation of pledge in favour of Tradewel. Client will have to enter an OTP received on Email id and /or Mobile number within the prescribed timeline to confirm pledge in favour of Tradewel.

Tradewel reserves the right to re-pledge the securities to the Clearing Corporations. In case the client defaults Tradewel and/or the Clearing Corporations shall be entitled to invoke securities pledged by the client.

- Tradewel reserves right to sell the collaterals pledge by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

Intimation:

On best effort basis, clients will be notified of their trades/Risk-square off in case of margin shortfall through SMS & E-mail.

3. LIMIT SETTINGS POLICY

The compliance officer shall review on a periodic basis

- 1.Quantity limit for each order
- 2.Value limit for each order
- 3.User value limit for each user ID
- 4.Branch value limit for each branch ID
- 5.Security wise limit for each user ID

The compliance officer shall ensure that :

- 1.The limits are setup after assessing the risks of the corresponding user ID and branch ID
- 2.The limits are setup after taking into account the member's capital adequacy requirements
- 3.All the limits are reviewed regularly and the limits in the system are up to date
- 4.All the branch or user have got limits defined and that No user or branch in the system is having unlimited limits on the above stated parameters
- 5.Daily record of these limits is preserved and shall be produced before the Exchange as and when the information is called for.

4. INTERNAL CONTROL POLICY

(A) TERMINAL

Derivatives Terminals will be issued only to NISM Certified approved users. The same will be given only after checking the validity of the certificate. At the time of allotment of the Terminal, intimation and / or approval would be required from the NSE.

(B) PAYIN-IN / PAYOUT

If there is a debit in the clients account, the payout of securities would be held back will the extent of debit and only the balance would be transferred to the client beneficiary account. In the interim, the shares would be transferred to a clients beneficiary account and would be held there till the debit balance is cleared and / or the shares are sold and squared off.

Payin of the securities and funds would be only from designated account. Payin received from any other non designated source would be considered as a third party payin and would not be considered for the purposes of payin.

Demand drafts would be accepted only in exceptional circumstances and would be taken only with a confirmation letter from the Bank confirming the account of debit.

C. INTERNAL CLOSE OUT POLICY

Internal shortage is shortages created due to the buyer and the seller both being clients of M/s. and the seller failing to deliver the securities sold by them for any reason.

A client selling securities naked short (without previous purchases or delivery in hand) and not delivering, results in the buyers not receiving the securities payout and receiving internal close out credit. To avoid misuse of the short selling, the following is being implemented with immediate effect.

1. Close out price will be the Highest Weighted Average price for any day recorded in the scrip from the trading day on which the transaction took place upto the day of auction or the closing price on the day of auction i.e. T+3 + 2% (for NIFTY INDEX scrips) and 5% (for other scrips).

To summarise the buyer will get credit as given below :

Highest Weighted Average price (T to T+3) or closing price on T+3 (whichever is higher), + 2% (for NIFTY INDEX SCRIPS)

Highest Weighted Average price (T to T+3) or closing price on T+3 (whichever is higher), + 5% (for OTHER SCRIPS)

The seller will be debited by the same amount + 0.50% penalty.

2. Clients whose payin shortages exceed value of Rs.1,00,000/- and have confirmed naked short selling will be suspended for 1 day after the payin day. (genuine clients who are short due to legitimate reasons will not be effected in any way).

5. CLIENT CODE MODIFICATION POLICY

The Company is having client code modification Policy limited access only from HO i.e Hyderabad.

The following would constitute genuine errors with regard to client code modifications:

Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other.

Modification within relatives ('Relative' for this purpose would mean "Relative" as defined under the Companies Act, 1956).

Shifting of any trade (institutional or non institutional) to the error account shall not be treated as modification of client code under SEBI circular dated July 5, 2011, provided the positions arising out of trades in error account are subsequently liquidated/closed out in the market and not shifted to some other client code.

Company to disclose the client codes which are classified as 'Error Accounts' to the Exchange at the time of UCC upload.

If any request from branch /sub broker offices for modification by mails, Trading In charge will modify the original Client Code and enter in register and take the signature of MD .

The Company is maintaining the Client modification Register.

6. PRE-FUNDED INSTRUMENT POLICY

The company will follow the Pre-Funded Policy for while receiving funds from the clients through pre-funded instruments, such as, Pay Order, Demand Draft, Banker's Cheque, etc.

If the aggregate value of pre-funded instruments is Rs. 50,000/- or more, Per day per client, the Company will accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. The mode of certification may include the following.

Certificate from the issuing bank on its letterhead or on plain paper with the seal of the issuing bank.

Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.

Certified copy of the passbook/bank statement for the account debited to issue the instrument.

Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

b) Maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

7. OUTSOURCING ACTIVITIES

MEANING

Outsourcing may be defined as the use of one or more than one third party – either within or outside the group - by a registered intermediary to perform the activities associated with services which the intermediary offers. It has been observed that often the intermediaries resort to outsourcing with a view to reduce costs, and at times, for strategic reasons.

PRINCIPLES FOR OUTSOURCING FOR INTERMEDIARIES

1. Assessment of activities to be outsourced
2. Comprehensive outsourcing risk management programme
3. Due - diligence
4. Outlining Outsourcing relationship
5. Confidentiality of the information outsourced
6. Concentration of outsourced services in the hands of a select few third parties

RISKS INVOLVED IN OUTSOURCING OF ACTIVITIES

1. Operational risk
2. Reputational risk
3. Legal risk

Applicability & Conclusion

The board has decided not to outsource any core functional/ operational activities of the company. Hence guidelines as discussed above are not applicable for us.

8. INACTIVE CLIENTS' POLICY:

APPLICABILITY & AWARENESS

The Board of directors has approved the following guide lines for the company for treatment with the inactive/dormant clients with reference to Exchange Circular NSE/INSP/13606 dated 03.12.2009 & NSE/INSP/14048 dated 03.02.2010& NSE/INSP/ 49743 dated September 27, 2021.

Inactive Client Account: Client Account will be considered as inactive if the client does not trade for period of one year. Calculation will be done at the beginning of every month and those clients who have not traded even a single time will be considered as inactive, the shares/credit ledger balance if any will be transferred to the client within one week of the identifying the client as inactive. The client has to make written request for reactivation of their account.

Flag the client as inactive in UCC database of the Exchange in case the said clients have not traded in the last 12 months across all Exchanges. Tradewell Securities Limited will fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date.

TREATMENT OF DORMANT ACCOUNTS

Flag the client as inactive in UCC database of the Exchange in case clients have not traded in the last 12 months, fresh documentation, due diligence and IPV should be undertaken only when the client seeks reactivation after a period of 1 year of being flagged as inactive i.e. after 2 years from their last trading date. Further, no communication seeking clients to trade in order to prevent accounts from being flagged inactive should be sent.

DOCUMENTS REQUIRED FOR ACCOUNT REACTIVATION

- Account Reactivation Letter.
- Copies of PAN, Address Proof and Latest Bank Statement with Cancelled Cheque Leaf.
- Financial Proof (list of valid Income proof)

PROCEDURE FOR REACTIVATION

The Back-office operations team can reactivate a client account which has been made Inactive only when the following documents are obtained from the client:

- a. Communication in writing requesting the account to be reactivated.
- b. Copies of PAN, Address Proof and Latest Bank Statement with Cancelled Cheque Leaf.
- c. Updated financial details (Financial Statements in case of corporate clients)

9. POLICY OF GRANTING OF EXPOSURE TO CLIENTS

The Company may from time to time impose and vary limits on the orders that the clients can place through the stock brokers trading system (including exposure limits, turnover limits, limits as to number, value and / or kind of securities in respect of which orders can be placed. The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock brokers risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange / SEBI directions / limits (such as broker level / market level limits in security specific / volume specific exposures etc. and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The Client agrees that the stock broker shall not be responsible for such variations, reduction or imposition of client's inability to route any order through the stock brokers trading system on account of such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its own discretion and without prior notice, prohibit or restrict the clients ability to place orders or trade in securities through the stock broker or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute / allow orders. The client agrees that the losses if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

We have margin based RMS System. Total Deposits of the clients are uploaded in the system and the clients may take exposure basis of margin applicable for respective security as per VAR based margining system of the stock exchange and / or margin defined by the RMS based on its risk perception. Client may take benefit of "Credit for sale" i.e. benefit of shares held as margin by selling the same by selecting Delivery option through order entry window on the trading platform. The value of shares sold will be added the value of deposit and on the basis of that client may take fresh exposure.

In case of 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 payin time or any time due to shortage of margin.

10. POLICY AND PROCEDURE ADOPTED FOR SETTLEMENT OF FUNDS Revised As Per SEBI Circular Dated July 27,2022

- Clients whose funds are maintained on a running account basis have to be settled by members on a monthly / quarterly basis as per the client preference.
- In case a client wishes to maintain a running account for its funds with the TSL, the client has to authorize the TSL in writing to retain its funds. Such authorization should also contain:
 - A clause stating that the Client may revoke the authorization at any time (i.e. without notice)
- TSL needs to settle the accounts of all clients who have opted for maintenance of running account instead of bill to bill settlement.
- In case of new clients who are registered at the end of a month / quarter, no settlement would be required to be done in the first month / quarter respectively in which the client is registered.
- TSL considers the EOD balance of funds of clients across all segments of the Exchange while settling the client accounts.
- While settling client accounts, funds of clients will be settled on the same day.
- Periodic settlement as per the above mentioned rules is not required to be done in the following cases:
 - **Clients settling trades through “custodians”**
 - Clients availing margin trading facility (to the extent of funds / securities relating to margin trading facility used by client)
 - Margin received in the form of Bank Guarantees and Fixed Deposit Receipts which are created by clients
 - Clearing members who are clearing trades of custodial participants / trading members
- While ascertaining retention amount, TSL will not consider debit balances of client which are arising in the books of sister concern / associate of the member which is registered in other exchanges / commodities broking.

The settlement of running account of funds of the client shall be done after considering the End of the day (EOD) obligation of funds as on the date of settlement across all the Exchanges, at least once within a gap of 30 / 90 days between two settlements of running account as per the preference of the client.

As per SEBI Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2022/101 dated July 27,2022 and NSE FAQ vide Ref: NSE/INSP/53820 dated September 23,2022, the settlement of running account of funds of the client shall be done by the trading member after considering the End of the day (EOD) obligation of funds as on the date of settlement across all the Exchange on first Friday of the Quarter (i.e., Apr-Jun, Jul-Sep, Oct-Dec, Jan-Mar) for all the clients i.e. the running account of funds shall be settled on first Friday of October 2022, January 2023, April 2023, July 2023 and so on.

If first Friday is a trading holiday, then such settlement shall happen on the previous trading day. For clients, who have opted for Monthly settlement, running account shall be settled on first Friday of each month. If first Friday is a trading holiday, then such settlement shall happen on the previous trading day.

- In case of client having any outstanding trade position on the day on which settlement of running account of funds is scheduled, TSL will retain funds calculated in the manner specified below:
 - i. Entire pay-in obligation of funds outstanding at the end of the day on settlement of running account, of T day & T-1 day.
 - ii. Margin liability as on the date of settlement of running account, in all segments and additional margins (maximum upto 125% of total margin liability on the day of settlement). The margin liability shall include the end of the day margin requirement excluding the MTM and pay-in obligation. TSL will retain 225% of the total margin liability in all the segments across exchanges. Computation for arriving at retention of excess client funds based on above points would be as under:

Scenario	Fund pay in obligation of T day & T-1 day	EOD/peak margin requirement	225% of the margin	Securities pledged/ repledged	Client fund balance	Excess client funds retained
	A	B	$C=225% * B$	D	E	$F=E - [(C-D) + A]$
1	110000	100000	225000	200000	300000	165000
2	50000	20000	45000	15000	50000	0
3	150000	100000	225000	280000 ^	180000	30000

Excess securities of Rs. 55,000 (i.e. 280000-225000) is not required to be unpledged.

- TSL will first adjust the value of securities (after applying appropriate haircut) accepted as collateral from the clients by way of ‘margin pledge’ created in the Depository system for the purpose of margin and value of commodities (after applying appropriate haircut) respectively and thereafter TSL shall adjust the client funds.
- The excess securities (in the form of margin pledge) or any cash equivalent collateral identifiable with the client and deposited with CC, after adjustment of the 225% of margin liability will not be unpledged.
- Client’s running account shall be considered settled only by making actual payment into client’s bank account and not by making any journal entries. Journal entries in client account shall be permitted only for levy / reversal of charges in client’s account.
- For the clients having credit balance, who have not done any transaction in the 30 calendar days since the last transaction, the credit balance shall be returned to the client within next three working days irrespective of the date when the running account was previously settled.

• In cases where physical payment instrument (cheque or demand draft) is issued by us towards the settlement of running account due to failure of electronic payment instructions, the date of realization of physical instrument into client's bank account shall be considered as settlement date and not the date of issue of physical instrument.

- Retention of any amount towards administrative / operational difficulties in settling the accounts of regular trading clients (active clients), shall be discontinued.
- The Authorized person is not permitted to accept client's funds and securities. TSL will keep a proper check. Proprietary trading by Authorized person should be permitted only on his own funds and securities and not using any of the client's fund.
- On settlement of the running account of funds of a client, an intimation shall be sent to the client by SMS on mobile number and also by email. The intimation should also include details about the transfer of funds (in case of electronic transfer – transaction number and date; in case of physical payment instruments – instrument number and date). TSL shall send the retention statement along with the statement of running accounts to the clients within 5 working days.
- Client shall bring any dispute on the statement of running account, to our notice within 30 working days from the date of the statement.

11. POLICY OF INTERNAL SHORTAGE

We have followed the policy prescribed by the Exchange in case of any internal shortage issues. Shortages in obligations arising out of internal netting of trades

TSL shall have the right to adopt a policy of its choice for internal auctions arising out of internal netting of trades and charge to defaulter seller and compensate the impacted purchaser as per the policy. The current procedure for internal auction is displayed on the website, which may be amended from time to time with prospective effect after publishing the same on the corporate website. The client hereby agrees that if he/she/it has short delivered any securities against his/her/its pay-in – obligation which resulted into internal shortage, i.e. buy position of another client of TSL, self-auction of Internal short scrip will be carried out by TSL.

Internal Shortage in NSE

In case of internal shortage of security in NSE, the securities will be bought in the open market by TSL in NSE on T+2 day or on settlement day. The seller client will be debited at sale rate or at the rate at which stock bought by TSL in the open market, whichever is higher. Securities payout will be passed on to the buyer. The profit, arising on account of buy rate lower than the sell rate, the benefit, if any, will be passed on to buyer. In case of or any other reason whatsoever, if TSL is unable to buy such quality in NSE as the case may be the outstanding security pay-in obligation of the seller client shall be closed out at the rate of the closing rate of T+3 or on the next settlement day plus penalty calculated as below. The buyer client will be credited at same closing rate at which seller client was debited.

Shortage From Exchange

In case of short delivery from the exchange, the securities shall be delivered to the purchaser on the deliveries received from the exchange.

12. SURVEILLANCE POLICY

A. Background:

We along with our Employees/Branch-Offices/Authorized Persons are the first touch point in the securities market for investors and are expected to have reasonably fair understanding about their client(s) and its trading activity. Thus, Exchanges/regulators have entrusted on us the first level of the responsibility to ensure that neither us nor our client(s) are misusing the trading system by indulging in manipulation or any other illegal activities which can cause risk to the integrity of the market and distorts the equilibrium of the market.

Objectives of framing a surveillance policy covering

- Alerts to be generated.
- Threshold limits and the rationale for the same.
- Review process.
- Time frame for disposition of alerts and if there is any delay in disposition, reason for the same should be documented.
- Suspicious/Manipulative activity identification and reporting process.
- Record Maintenance.

B. Surveillance framework:

It is mandatory under the exchange/regulatory directives to have in place appropriate Surveillance Policies and Systems to detect, monitor and analyze transactions. For the above we have to co-relate the transaction data with their clients' information/data and Detect suspicious/manipulative transactions is an ongoing continuous process with analysis of trades and transactions and carrying out Client Due Diligence (CDD) on a continuous basis.

In-order to implement the Stock Exchange / Depository directives, they have provided us following alerts which have to be reviewed by us. In addition to this we have also developed in-house surveillance software. Both types of alerts are processed within 30 days as DP and 45 days as stock broker from the date of alerts downloaded by the Depository and Exchanges as well as alerts generated by our end.

The details of both these have been enumerated below:

I.EXCHANGE ALERTS

Sr. No.	Transactional Alerts	Segment
1	Significantly increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients / Group of Client(s), deal in common scrips	Cash
4	Client(s) / Group of Client(s) is concentrated in a few illiquid scrips	Cash
5	Client(s) / Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Reversal of Trades	Cash Derivatives
10	Front Running	Cash
11	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
12	Order book spoofing i.e. large orders away from market	Cash

CDSL Alerts:

Sr. No.	Indicative themes:
1	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.
2	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client.
6	Pledge transactions not commensurate with the income/Networth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account
8	Review of reasons of off-market transfers provided by client for off-market transfers vis- à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales

9	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

II. IN-HOUSE ALERTS

1. Client / group of clients, as identified by the trading member, accounting for a significant percentage of the total trading activity in a scrip / contract as compared to the market.
2. Client / group of clients with new account or clients dealing after a significant time gap, as identified by the trading member, accounting for significant value / percentage of total trading activity in a scrip / contract as compared to the market.
3. Client / group of clients dealing frequently in small quantities/minimum market lot in a scrip /contract.
4. Disproportionate trading activity vs reported income / Net worth.
5. Frequent changes in KYC submitted by clients.
6. Based on an announcement by a listed company, identify Client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company.
7. Client / group of clients having significant selling concentration in the scrips, forming part of 'For Information list' or 'Current Watch list'.
8. Consistency in profit / loss at client / group of clients' levels, rationale for such trading activities.
9. Significant trading activity in scrips by client who has pledged the shares of same scrip.
10. In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring and monitoring client's address as per KYC vis a vis the dealing office address.
- 11. Related to DP Operation:** Significant trading activity in scrips where client has pledged shares or has significant holding or as frequent off-market transactions.
- 12. Related to Internet based Trading:** Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)

C. Obligation w.r.t. client due diligence:

1. Carry out the Due Diligence of their client(s) on an on-going basis.
2. Ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. We shall also ensure that key KYC parameters of the clients are updated on a periodic basis as prescribed by SEBI and latest information of the client is updated in Depository System.
3. Based on available information, we shall establish groups / association amongst clients, inter alia, to identify multiple accounts / common account / group of clients.

D. Obligations

I. w.r.t. processing of alerts:

1. Obtain trading rationale and necessary documentation including bank statements, demat statements for analysing / processing the alerts.
2. After analyzing the documentary evidences, we shall record its observations for such identified transactions of its Client / Group of Clients.
3. With respect to the transactional alerts downloaded by the Exchange, we shall ensure that all alerts are analyzed and status thereof (Verified & Closed / Verified & Sent to Exchange) including action taken is updated within 45 days, in the Member Surveillance Dashboard.
4. With respect to the alerts generated, we shall report instances with adverse observation, along with details of action taken, to the Exchange within 45 days of the alert generation.

II. W.r.t. DP Operations:

1. We will maintain register (electronic/physical) for recording of all alerts generated.
2. While reviewing alerts, we shall obtain transaction rationale, verify demat statement and also obtain supporting documents as required from the client.
3. After verifying the documentary evidences, we will record its observations for such identified transactions of its Client.
4. With respect to the transactional alerts provided by Depository, we shall ensure that all alerts are reviewed, and status thereof (Verified & Closed / Verified & Reported to Depository) including action taken is updated within 30 days. Detailed procedure w.r.t sharing of alert by Depository with DPs and report submission by DPs in this regard will be provided separately.
5. With respect to the alerts generated at our end, we shall report instances with adverse observation, along with details of action taken within 7 days of the date of identification of adverse observation.

E. Obligation of Compliance officer, Designated Director:

1. The surveillance activities shall be conducted under overall supervision of its Compliance Officer.
2. A quarterly MIS shall be put up to the Designated Directors on the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure. Also, the Designated Director shall be apprised of any exception noticed during the disposition of alerts.
3. Designated Directors would be responsible for all surveillance activities carried out.

F. Obligation of Quarterly reporting of status of the alerts generated to Exchanges/Depository:

We will provide duly approved status of the alerts on a quarterly basis, in the prescribed format to the Exchange/Depository within 15 days from end of the quarter

G. General:

1. A daily reporting of the alerts to the Designated Director and Principal Officer.
2. Quarterly MIS to the Board of Directors , if there are alerts as to the number of alerts received, disposed off during the quarter and pending at the end of the quarter and the reasons for pendency should be discussed and appropriate action taken for disposing of the alerts.
3. The surveillance process to be conducted under overall supervision of its Compliance Officer/Principal Officer. Compliance Officer of the Company and their team would be to be responsible for all surveillance activities carried out for the record maintenance and reporting of such activities under the supervision of the Designated Director.
4. Internal auditor shall review the surveillance policy, its implementation, effectiveness and review the alerts generated during the period of audit. Internal auditor shall record the observations with respect to the same in their report.
5. This policy would be made available to the internal auditors and regulators during the course of audits or as and when demanded.

13. INTERNAL POLICY ON NISM-VII: Securities Operations and Risk Management Certification

Reference

1. SEBI Notification No.LAD-NRO/GN/2010-11/21/29390 published in the Gazette of India on December 10, 2010.
2. NSE Circular no. NSE/INSP/16536 December 15, 2010
3. NSE Circular no. NSE/INSP/27495 September 02, 2014
4. BSE Notice no.20101215-19 dated December 15,2010
5. BSE Notice no. 20140902-8 dated September 02,2014

Brief

SEBI notification no.LA-NRO/GN/2010-11/21/29390 dated December 10,2010 mandated persons associated with a registered stoker broker/trading member/clearing member who are involved in or deal with ,any of the below mentioned functions are required to have a valid NISM Series VII Certification:

- I. Assets of funds of investors or clients
- II. Redressal of investor grievances
- III. Internal Control or risk management and
- IV. Activities having a bearing on operation risk

The Associate person was advised to obtain the certification within two years from the date of said notification. Simultaneously whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his /her employment.

Definition of Associated Person

“Associated Person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

As per the above requirement following employees of the Company would mandatorily require to pass the NISM VII certification:

1. CEO 2.COO 3. Head Operations 4. Compliance Officer 5.Dealing Head 6.RMS Head 7.Head KYC 8.HEAD DP 9.Head Settlements 10.Head dealing (Retail as well as Institution) 11.Dealers 12.All Employees from KYC,DP,RMS, Operations, Settlements and Dealers.

EXEMPTION

In view of operational difficulties expressed by the Members in consultation with SEBI and other exchanges NSE vide their circular dated September 2, 2014 exempted from the requirement of NISM – VII associated persons handling basic clerical/elementary functions in above stated areas.

The circular also advised the Members to have a well-documented internal policy on the above guidelines. NSE vide said circular enumerated following activities as **Indicative activities falling under basic elementary level/clerical level**

Internal control or risk management

1. Inwarding of collateral's/cheques*
2. Person performing maker entries*
3. Maker entry in the database*
4. Photocopying, printouts, scanning of documents
5. Preparing of MIS
6. Sending of letters/reports to clients, Exchanges, SEBI
7. Attending calls, etc.* Redressal of investor grievances
1. Inwarding of complaints,*
2. Seeking documents from clients*
3. Person performing maker entries*
4. Maker entry in the database*
5. Photocopying, printouts, scanning of documents
6. Preparing of MIS
7. Sending of letters/reports to clients, Exchanges, SEBI Updation, data entry, uploading on SCORES.
8. Attending calls, etc.*

Activities having a bearing on operational risk and dealing with assets or funds of investors or clients

1. Person performing maker entries*
2. Maker entry in the database*
3. Preparing MIS
4. Generating reports, Files
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters/reports to clients, Exchanges, SEBI
8. Attending calls, etc.*

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM – SORM Certification or such other prescribed certification at all times.

Based on the above guidelines the policy exempts the requirement of passing of NISM VII certification for Authorised persons(AP) & Employees or staff of Member, APs & Associates provided they are strictly involved in aforesaid exempted activities(more particularly marked *).

14. POLICY ON CONFLICT OF INTEREST

A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the firm. A conflict situation can arise when an employee, officer or partner takes actions or has interests that may make it difficult to perform firm work objectively and effectively. Conflicts of interest also may arise when

- i. lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned;
- ii. at all times maintain high standards of integrity in the conduct of their business;
- iii. ensure fair treatment of their clients and not discriminate amongst them;
- iv. ensure that their personal interest does not, at any time conflict with their duty to their clients and client’s interest always takes primacy in their advice, investment decisions and transactions;
- v. make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services;
- vi. endeavour to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another, etc.;
- vii. place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict;
- viii. not deal in securities while in possession of material non published information;
- ix. not to communicate the material non published information while dealing in securities on behalf of others;
- x. not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
- xi. not have an incentive structure that encourages sale of products not suiting the risk profile of their clients;
- xii. not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest.

Training of the management and staff and their recruitment Policy

Training of the management and staff and their recruitment :

Basic Understanding of the internal policies and procedures related to the Prevention of Money Laundering Act, 2002 by the management and staff and their training:

- (i) The senior management of the company will provide the written copy of prevention of money laundering and terrorist financing policies to be followed to all the existing management and relevant staff that handle account information, securities transactions, money and customer records etc. whether in branches, departments or subsidiaries.
- (ii) In case of new recruitment, the person responsible to such recruitment will provide the written copy of prevention of money laundering and terrorist financing policies to be followed to such new employee.

(iii)The such management and relevant staff including new employee will be responsible to understand clearly the Policies and will follow the spirit of the suggested measures in Part II and the requirements as laid down in the Prevention of Money Laundering Act, 2002 and to discourage and identify any money laundering or terrorist financing activities.

Training of the management and staff

- (i) Training on Anti Money Laundering must be provided immediately introduction of these policies to every existing management and staff of the company and to every new recruited staff within one month after recruitment of such staff with follow-up training for every management and staff of the company every 2 years. (This training must cover the management and staff with customer contact or authorized to take policy decisions).
- (ii) Any training on Anti Money Laundering must at least cover knowledge about general requirement regarding:
 - Meaning of anti money laundering requirements and possible risk or not adhering to the requirements;
 - Requirement for adequate client identification and documentation procedures;
 - Recognition of suspicious transaction or suspicious activities of the clients;
 - Ways and means of money laundering with context to day to day activities of the company; and
 - Reporting of the suspicious transaction or activities of the client.

Screening Procedure/Recruitment of Staff:

The person responsible for recruitment should have adequate screening procedures in place to ensure high standards when hiring employees. They should identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employee staking up such key positions are suitable and competent to perform their duties.

15. HIRING AND TRAINING OF EMPLOYEES

Hiring of Employees: TRADEWELL SECURITIES LIMITED have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

Training of Employees: TRADEWELL SECURITIES LIMITED have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

16. POLICY ON FACSIMILE (SCANNED) SIGNATURE ON PHYSICAL CONTRACT NOTES

Background

BSE Notice No. 20160607-4 dated 7th June, 2016

NSE Circular No. 280/2016 dated 6th June, 2016

Policy

TRADEWELL SECURITIES Limited will affix facsimile signatures (scanned signature) on the physical contract notes issued to its clients. The following controls and procedures are being put in place regarding the use of facsimile/scanned signature:

1. Mr. KOTA SRINIVASA RAO Designated Director is hereby authorised to affix his facsimile signature (scanned signature) in the Contract Notes and other documents issued by TSL to its clients
2. The procedure/ controls for the same is as under;
 - a. The signature shall be scanned and uploaded into the back office systems /software
 - b. The signature would be affixed only on documents generated by the Back Office Software
 - c. In case of change of authorized signatories, the signatures would be replaced after due Board Approval
3. In case Mr. KOTA SRINIVASA RAO no longer holds the position of Director of the company, then the use of his signature should not be continued afterwards under any circumstances.

The contract note issued with facsimile/scanned signature shall be deemed to have been signed by the authorized signatory notwithstanding any misuse of facsimile/scanned signature and the ultimate responsibility to prove its genuineness shall rest with Tradewell Securities Limited.
