

Vivek Financial Focus Ltd. (hereinafter referred to as VFFL / The Company) is a member of the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE) in the Equity and Equity Derivatives segment and Depository Participant with NSDL having its registered office at 112, Vishwa Sadan, 9 District Centre, Janak Puri, New Delhi 110058.

For the purpose of these Policies & Procedures, wherever the context so mentions "Client", "You" or "Your", it shall mean any natural or legal person who has agreed to open an account or initiate the process of opening an account with VFFL by providing their information while registering on the platform as a user. VFFL allows any person to surf the website without registering on the website. The term "We", "Us", "Our" and "Team VFFL" shall mean M/s Vivek Financial Focus Ltd.

### **Policy for Unauthenticated News Circulation**

The director/employee shall not convey /circulate any information relating to any investment product dealt in by the Company unless and until it is obtained from authentic sources in public domains. Information available through trading platform of the exchanges, their official websites besides information disseminated by SEBI, RBI, IRDA, FMC, AMFI, exchanges, electronic and print media shall be considered as authenticated information. Any information which is not in public domain and is obtained through personal sources shall be unauthenticated information which cannot be discussed/ circulated with any of the client or prospective clients as the case may be. SEBI relevant circular available at <http://www.sebi.gov.in/circulars/2011/cirisd12011.pdf> should be referred in the matter.

The director/employee shall ensure that his/her acts are in conformity with the regulations.

### **Policy for Client Registration**

Any new client who wishes to deal with us needs to have his client registration completed. The client registration requires the client to sign the Account Opening form and provide with his KYC details. The KYC is to be uploaded with KRA and CERSAI.

There has to be an In-Person Verification (IPV) of the client for the documents to be executed. In case the client is NRI where the IPV is not possible, all the attestation on KYC documents has to be done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/Consulate General.

Once all of the above is executed, UCC needs to be sent to exchange with all 6 attributes as is required including his email address and mobile number.

The client also specifically needs to sign against the exchanges and segments he wishes to trade in like NSE – Cash Market, NSE – Equity Derivative Market, and BSE – Cash Market etc. In case the client wishes to trade in derivate segment of the exchange, he has to furnish a documentary evidence of his income proof like Income Tax Return or bank passbook/statement that verifies that he has the affordability to trade in derivate markets.

After the account is opened, the clients is sent a welcome letter with a copy of the Account opening form that details the RDD, Do's and Don't's, Rights and Obligations etc.

Any changes in the documents that the client wishes to make have to be accompanied by a letter and documentary proof wherever required.

### **Risk Management**

The Risk Management Policy articulates the steps/actions meant for mitigation of any risk that may accrue to the company owing to its dealings with its various stake holders. The risks are filtered and managed appropriately. The risks are managed at the time of registration of a new client, at the time of placement of the orders, at the time of failure to meet the obligations whether security or payment either in full or part in relation to the clients. Further, appropriate internal checks and balances for smooth functioning are built in organisational hierarchy. Risk management policy in regard to the clients is broadly discussed as under:

1. Every client is registered only upon successful completion of prescribed KYC procedure and satisfactory identification. While doing so, the following steps are taken:
  - a) The client's identity is confirmed in person.
  - b) The relevant documents are duly verified from the original documents.
  - c) The PAN is verified with the Income Tax Department site.
  - d) The confirmation about registered address is indirectly reconfirmed by sending account opening intimation through courier at registered address. Undelivered mail is monitored to identify any variations.
  - e) Self attested certified copies of the relevant documents pertaining to the client are sent to KRA in due course.
  - f) The required information of every client is recorded in back-office before commencement of transactions.
  - g) Any updation in the details pertaining to the clients is incorporated in relevant records after complying with the prescribed procedure for incorporation of such alterations.
2. A judgment of the financial status of the client is formed on the basis of his business/ profession and financial information, whether obtained directly from the client or gathered from the knowledgeable people associated with him. The opinion of the referral is given due weightage as normally relationship with the referral is quite old and has been assessed/tested.
3. As per the ongoing regulation, the client is given the limits based on the realized credit balance in his account and the value of pledged securities after appropriate haircut. However, based on our internal risk, we may vary or reduce the limits urgently on the basis of our risk perception and other factors considered relevant by us. Further, the client is informed that we may decrease his limits that may be on account of but not limited to **exchange/SEBI directions**, and we may be unable to inform the client of such variation, reduction or imposition in advance. The client is also made aware that the Company shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through our trading system on account of any such variation, reduction or imposition of limits.
4. The client is aware that the Company may at any time, at our sole discretion and without any prior notice, prohibit or restrict the client's ability to place orders or trade in securities through us. The Company may further subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/allow

execution of orders due to but not limited to the reason of lack of margin/securities or the order being outside the limits set by exchange/SEBI and any other reasons which we may deem appropriate in the circumstances. The client is aware 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.

5. The client is aware that we work on margin-based RMS system. Total deposits of the clients would be uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/or margin defined by RMS based on their risk perception.
6. (i) The client is aware that we have the right to sell client's securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues without prejudice to our other rights (Including the right to refer the matter to arbitration), we shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non-payment of margins or other amounts including the pay in obligation, outstanding debts etc. and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations.  
(ii) The Client is aware that in case of securities that have not been paid in full (Unpaid Securities), such securities may not be transferred to demat account of the client but shall be transferred directly into a separate account (Unpaid Client Securities Account). The securities so kept shall be transferred to the Demat account of the respective client upon the fulfilment of client's funds obligation. In case of non payment of dues such securities shall be disposed off in the market by us within five trading days after the pay-out. Profit/Loss on the sale of transaction of the unpaid securities, if any, shall be transferred to/adjusted from the respective client account.
7. The client shall ensure timely availability of funds/securities in form and manner at designated time and in designated bank and depository account(s), for meeting his/her/its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations / closing out shall be charged to & born by the client. In case the payment of the margin / security is made by the client through a bank instrument, we shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument etc, at our absolute discretion. Where the margin / security is made available by way of securities or any other property, we are empowered to decline its acceptance as margin / security &/or to accept it at such reduced value as we may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as we may deem fit in our absolute discretion. We have the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/securities/ shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier. We shall have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).
8. Any customer who calls is asked his account number and in case the dealer doesn't feel confident about the customer calling to make his trades, he specifically asks address/telephone number/DOB/PAN Details to access the authenticity of the client. This is a risk mitigation system to keep a check about the client placing his own orders.

9. Unauthorised Trades: All the customers are given a telephonic confirmation of the trades being done today by a different set of people. Also, they are sent SMS along with contract notes in hard/soft copy depending upon the requirement of the customer. Telephonic confirmation and SMS are done to avoid any unauthorized trades done at the organisation.
10. Regular training is given to all the dealers, so as to exercise caution while putting orders in illiquid securities, new listing and series type Equity/TFT/T2T which is in BE series.

### **Surveillance Policy**

As per the surveillance policy of the company, the compliance officer shall look over all such activities. The following are the points to be included for surveillance:

- All the alerts from the stock exchange system, E-Boss/Connect2nse.com needs to be monitored on a weekly basis. Also, check the alerts from NSDL on its website [iassist.nsdl.co.in](http://iassist.nsdl.co.in) and monitor on a 15 day basis.
- Due diligence process and scrutinizing each alert has to be carried out on a regular basis and information needs to be shared with the senior management.
- In case of any suspicious/manipulative activities of any client, the information needs to be reported to the exchange/DP/PMLA.
- Combining the alerts from various exchanges/DP, with the internal review MIS, a quarterly MIS needs to be created with any variations in nature of trades/activities.
- A quarterly MIS shall be put up to the Board of Directors of the Company on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at end of the quarter. Reasons for pendency shall be discussed and appropriate action needs to be taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.

### **KYC Policy**

As per the KYC policy, all the accounts shall be opened under directive to the rules and regulations prevalent from time to time by SEBI or any other relevant authority. KYC Policy shall also be in line to avoid threat from ML / TF activities and due diligence of the client should be done based on KYC Policy. The relevant government proofs to be checked before accepting the client based on KYC are:

- PAN card (*mandatory*)
- Adhaar card (*mandatory*)
- Driving License (*optional*)
- Passport (*optional*)
- Voter ID Card (*optional*)

The KYC policy is applicable to the entire organization and is not restricted to any specific office / geographical location or group or clients. Further, as per law, any information pertaining to the KYC shall be shared within the organization and to the regulators depending upon information required by them from time to time.

**Dormant Account Activation Policy**

Any account that has not been trading with us for more than 12 months is considered to be dormant account. In case of dormant account (twelve months), before execution of any trade, any personal identification such as father/ husband name, date of birth etc. is enquired and verified before placement of order. The status of documentation vis-à-vis current KYC norms is also checked. In case there are any changes in KYC details, the changes are first needs to be done in the manner prescribed under various regulations and then any transaction is to be made.

**Pre-funded Instruments Policy**

Pre-funded instrument like Demand Draft may be accepted. In case of acceptance of such pre-funded instrument, the client also needs to furnish a copy of his bank statement stating that the pre-funded instrument is made from the client's account. Such statement needs to be notarised by the banker proving the legitimacy of the actual account through which the instrument is funded.

**Investors Complaint Redressal Mechanism**

A client is generally briefed about the hierarchy in the organization including the persons to whom the client may contact in case of any difficulty. There is a specific email ID on which the investor may lodge his/ her complaints. Further, the same ID is also given on contract notes and mentioned on the website of the Company. The access to this ID is entrusted at responsible level in the organization. Further, there is a mechanism through which copy of any communication received at this ID is automatically passed on to the Managing Director of the Company.

The complaint is acknowledged and attended on top priority basis. The issues raised are resolved as soon as it is possible to do so; in any case the same must be done within 2 working days. Simultaneously, it is recorded in the 'complaint register' maintained for the purpose.

The Managing Director of the Company is immediately informed upon receipt of any complaints and is personally involved in its resolution.

**Policy for Penny Stock**

Penny stock is a stock that trades at a relatively low price and has very low market capitalisation. These types of stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalisation and limited following. Depending upon the market conditions and RMS policy of the company, the company reserve the right to refuse to provide the facility of trading in penny stock.

**Policy regarding penalty/delayed payment charges**

Clients will be liable to pay late pay in/delayed payment charges for not making payment of their pay in/margin obligation on time as per the exchange requirement/schedule at the rate of 2% per month or at an agreed rate. The company may impose fines/penalties for any orders/trades/deals/ auctions of the client at the rate as deem fit. The company may also charge the clients all such sums that the company has to pay any fine or bear any punishment from any authority in connection with /because of/in relation to any of the orders/trades/deals/actions of the client.

**Policy for Security Operation and Risk Management**

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

- Assets or Funds of investors or clients
- Redressal of investor grievances
- Internal control or risk management
- Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within two years from the date of such 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.

Exemption: Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII – Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary level / clerical level:

- Basic operational work including pay in / out process for funds and securities
- Account opening activities including KYC, modifications, transmission
- Seeking documents from clients
- Preparing MIS statements
- Photocopy, printouts, scanning of documents, generating reports and files for clients / others
- Dispatch of documents, sending letters / reports to clients,
- Attending calls
- Sending of letters / reports to Exchanges, SEBI, regulators
- Data entry, upload information on Exchange portal, SCORES

**Policy for Outsourcing Activities**

The core business activities shall not be outsourced including the compliance functions. These includes execution of orders and monitoring of trading activities of the clients, dematerialisation of securities, investment related activities for Mutual Funds, KYC requirements etc. However, other activities may be outsourced from time to time, as and when required and deem fit by the management.

**Policy for Conflict of Interest**

All the employees including the senior management must maintain high standards of integrity at all times. The clients should be treated fairly and no discrimination shall be done within the clients. They also need to ensure that the personal interest does not conflict with their duty to the clients and client's interest always takes primacy in their advice, investment decision and transactions. The employees should always 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. 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 should be implemented. The employees should not deal in securities while in

possession of material non published information and neither communicates the material non published information to the clients.

The Company shall take adequate steps to identify conflicts of interest. In identifying conflicts of interest, the Company will take into account situations where the Company or an employee or a Relevant Person:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- Has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- Has a financial or other incentive to favour the interest of one Client over another;
- Carries out the same business as the Client;
- Receives from a person other than a Client an inducement in relation to a service provided to a Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

In case there is a conflict of interest at any point of time, it needs to be managed promptly and fairly. The Company puts in place following arrangements to ensure that:

- No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- The Company's employees are prohibited from investing in a financial instrument for which they have access to non-public or confidential information;
- Transactions by the Company's employees are neither performed nor executed by themselves.
- Employees sign a contract of employment including confidentiality clauses.
- No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- Each department will control the flow of information where, otherwise, the risk of conflict of interest may harm the interest of a Client;
- Relevant information is recorded promptly in a secure environment to enable identification and management of conflicts of interests;
- Adequate records are maintained of the services and activities of the Company where a conflict of interest has been identified;
- In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- There is a periodic review of the adequacy of the Company's systems and controls.