

Tradeswift Broking Private Limited
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Tradeswift
THE EQUITY & COMMODITY BROKERS

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Procedure for Risk Management & Surveillance Department.

The objective of this process notes is to explain the Surveillance Process and systems used for Risk management Surveillance by Surveillance Department. The key points are following:

Dealer ID Creation

➤ Department gets the details of new User ID from the Customer Relationship Department. Details are approved only by Marketing Head or Director. The details are uploaded using ENIT to NSE, BOLT to BSE or using FTP to MCX Stock Exchange . Once NSE/ BSE / MSEI approves the User ID, ID is created and details of retail clients (obtained from Back Office) are mapped with the User ID using **ODIN Admin**. It is communicated to Customer that new User ID has been created.

Retail ID Creation

Retail User id creation form is being collected from the client who desires to have the IBT platform. The user id is created only after the approval of the marketing head or director. Once the user id is created the user log-on and password is communicated to client. On the first login client has to change the password.

Surveillance

➤ NSE / BSE Cash trading / MSEI Trading/MCX/NCDEX is done through NEAT/ BOLT/TWS and NEAT Plus terminal. NEAT / BOLT /TWS is mapped with ODIN Admin that is provided to set margin limits for retail clients.

➤ For ODIN server, there is one ODIN Admin (Chief user) that can monitor all the retail clients connected with that particular NEAT / BOLT / TWS server. There is only 1 NEAT / BOLT /TWS server and that NEAT / BOLT /TWS server is connected with ODIN manager that manages all the clients attached with the server.

➤ NEAT / BOLT / TWS access is restricted to only at HEAD OFFICE.

➤ Margin Limits are set through **ODIN Admin (Chief user)** and surveillance department can check rejected orders in ODIN Admin.

➤ Margin limits are changed only on phone calls / confirmation from designated people of Accounts department / RMS head .

➤ Capital market surveillance for orders placed on NEAT/ BOLT/TWS is done using Odin Admin/Risk Server.

➤ Surveillance for orders placed in F&O segment / Currency Derivatives Segment is done by Risk Server. Risk Server gives the margin utilized by the client and Mark to Market loss at the current market price of the underlying scrip in which the client or dealer has the positions.

General Points

➤ Employees follow rules and responsibilities as communicated verbally/ in writing by Department Manager.

➤ All User Ids are password protected.

➤ Manuals for Risk Server are not available readily. These surveillance systems are used to monitor positions but orders that exceed the limits will be rejected.

➤ Specific instruction is to be obtained from the client for fulfilment of obligation (Funds and securities) for the trades executed in other than Normal / Rolling settlement.

➤ we come to know about bulk orders i.e. securities that exceed 0.5% of market cap of a stock, through Back Office report.

➤ Derivatives that exceed 95% of market wide position limit can be rejected only through odin administrator

- Every week or as and when required, limits of dealers /Ids are updated based on margins of retail clients handled by the respective dealers.
- Margin Limit is set as zero by default for Retail Clients and dealers.
- Margin is collected from clients even if they want to sell securities.

Passwords for NEAT /TWS, Odin Admin Chief, are available with all members of Surveillance team.

SURVEILLANCE POLICY

The Stock Exchanges have put in place a mechanism that will generate automated alerts for Stock Brokers & Trading Members whenever suspicious transactions are detected in their clients' accounts.

The alerts will be generated in case of unusual changes in the trading pattern of the clients, sudden trading in dormant accounts as also in suspected cases of circular trading, 'pump-and-dump', 'front running' and 'wash-sale' activities, etc.

In view of the above, the Company endeavors to frame this policy for surveillance of these alerts and the manner of disposal of the same.

The said surveillance and disposal of the alerts shall be done on the following grounds:

1. Receipt of Alerts from Exchanges / generated at member's end.
2. The time frame for disposition of alerts and if there is any delay in disposition, the reason for the same shall be documented.
3. Suspicious / Manipulative activity identification and reporting process.
4. Record Maintenance. In this regard, in order to facilitate effective surveillance mechanisms at the Broker level, the Exchanges have derived following transactional alerts that would be downloaded to the trading members. This will facilitate the Company to effectively monitor the trading activity of its client

CLIENT'S INFORMATION

- The Company is required to carry out the Due Diligence of its client(s) on a continuous basis.
- The Company shall ensure that key KYC parameters are updated on a continuous basis as prescribed by
- SEBI and the latest information of the client is updated in the UCC database of the Exchange.
- Based on KYC and updated information the Company shall establish groups/ association amongst clients to identify multiple accounts / common account/ group of clients.

- The monitoring of the aforementioned alerts and disposal procedure shall be done within 45 days of the alert generation

ANALYSIS

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on the above alerts, Company will:

1. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.
2. Seek documentary evidence such as bank statement / Demat transaction statement or any other documents to satisfy itself:

In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In the case of securities, Demat account statements of the Client(s)/Group of Client(s) from which securities pay-in has been met, be sought

The period for such statements may be at least +/- 15 days from the date of transactions to verify whether the funds/securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

After analyzing the documentary evidence, the Company will record its observations for such identified transactions or Client(s)/Group of Client(s).

In case adverse observations are recorded, the Company will report all such instances to the Exchange within 45 days of the alert generation. The Company may seek an extension of the time period from the Exchange, wherever required.

MONITORING AND REPORTING

- Receipt of Alerts from Exchanges / generated
- The time frame for disposition of alerts and if there is any delay in disposition, the reason for the same shall be documented.
- Suspicious / Manipulative activity identification and reporting process
- Record Maintenance
- A quarterly MIS shall be put up to the Board on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at the end of the quarter. Reasons for pendency shall be discussed and appropriate action will be taken. The Board shall be apprised of any exception noticed during the disposition of alerts.

Write-up on Internal Controls

INTERNAL CONTROLS: Internal controls are in place at all levels in the organization. The activity wise details are as under:

Registration of Clients: A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is allowed to the clients only after successful upload of "Unique Client Code".

Receiving, Validating & entering orders of the clients in the trading platform: Orders are received on phone. The orders are placed in the trading platform and confirmed immediately on phone itself. Some preferred clients are also informed as and when their order gets executed.

Collection and Maintenance of Margins: We adhere to strict compliance in maintenance and collection of margins. Our RMS department keeps track of margin requirement of every client on continuous basis. Everyday the margin requirement as per Exchange Provided Information through various files like MG13 etc is matched with margin available in cash as well as collateral received from clients and in case of shortfall duly collected from the respective clients in time and reported accordingly.

Monitoring of branches/Authorised Persons/DP operations etc: Branches and sub brokers are kept under continuous surveillance through our RMS and Coordination Department. Regular branch visits and internal reviews are carried out to ensure smooth functioning and proper management of the branches. As regards operations at branch level, all the back office related activities have been centralized at the corporate office of the company. The operations at the branch level are restricted to trading and collection of payments only. All other activities are controlled from corporate office only. Feedback from all the branch managers is received on continuous basis to analyze the status of operations at the branch.

Continuity Planning / Alternate plan in case of disasters etc: The Company has a CTCL server located at Head office and another Back up CTCL server is also located at our Head office. If any server is down, users can be shifted to the other server. Back

up of the previous day is being restored to Back up CTCL server which is running live to reduce down time in case of hardware failure. Further the databases are backed up daily & stored at remote location.

Compliance: We are committed to comply with all the requirements issued by exchange and other market intermediaries from time to time. We have compliance department in place for continuous monitoring of various compliances. In the preceding paragraphs, we have elaborated the various internal controls put in place to ensure strict adherence to all the rules and regulations. Department wise allocation of various compliances is also done to ensure day-to-day compliances.

CPOLIECS AND PROCEDURES AS PER SEBI CIRCULAR NO MIRSD/SE/CIR-009 DATED 03-DEC-2009

1. Refusal of orders for penny stocks:

Stock broker is advising to the clients not to deal in penny securities and if client deals with the penny stocks, 100% margin will be taken from the client and these shares will not be taken to as Margin deposit. The stock broker shall have authority from time to time limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies) or may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well, the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker. Decision of Broker will be binding on the client and will be final.

Stocks that appear in the list of illiquid securities issued by the Exchanges every Quarter are considered penny stocks. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bid-ask spreads, small capitalization, and limited following and disclosure. Depending on the market condition and RMS policy of the company, Tradeswift reserves the right to refuse to allow trading and/or provide limits on penny stocks

Trading in newly listed shares and illiquid securities

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

Policy for GSM Securities (Graded Surveillance Measure Securities)

In GSM securities the Company would be Blocking of the scrip under GSM from grade I – grade VI. Exchanges has vide their respective circulars have provided for guidelines on GSM security. The client can refer to the same in the case of the explanation required. Newly listed shares usually do not have a DPR and hence, the chances for rate fluctuations are higher. The dealing in newly listed shares will be restricted to the available credit balance after considering the Mark-to-Market (Mark-to-Market) levels.

2. Setting Up Client's Exposure Limits:

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client 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.). 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 variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. Sometimes client's sauda may go to IOC (Immediate or Cancel) instead of normal bidding if broker terminal is on square off mode. The Stock Broker at its sole discretion can give extra exposure or intraday limit to the client, such extra exposure will automatically be squared off by trading mechanism without any further reference to the client appx. 15 minutes before the scheduled closing.

3. Applicable Brokerage Rate:

a. For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

b. For Future Contracts : Brokerage for Future contract would not exceed 2.5% of the contract price and exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected

c. For Option contracts: Brokerage for option contracts would not exceed Rs.100/- per lot single side or such other rates as provided by the exchanges.

4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws) :

Client shall be liable to penalty and other charges on nonpayment of margin money, short selling of securities or units, failure on payment of auction, cheque bounce, nondelivery of shares, increase open position or on any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force as per Rules, Regulations, Guidelines and Circulars issued

by SEBI and stock exchange time to time and client will be kept informed about the rate of such penalties & fines. Similarly in case of non receipt of full payment of value of delivery purchased, margin imposed (initial + MTM) interest will be charged at 21% p.a. calculated on daily basis on shortfall amount till the date of actual realization of money. All fines/penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by the Stock Broker directly from the client's account.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement/margin obligation) :

1. If payment/securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account.

2. In case of benefit of margin will be given only after realization of instrument.

3. The client shall ensure timely availability of funds/securities in designated form and manner at designated time and in designated bank and depository account(s) at designated place, for meeting his/her/its pay in obligation of funds and securities. The stock broker shall not be responsible for any claim/loss/damage arising out of non-availability/short availability of funds/securities by the client in the designated account(s) of the stock broker for meeting the pay in obligation of either funds or securities.

If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason whatsoever including but not limited to any delays / shortages at the exchange or stock broker level / non release of margin by the stock broker etc., the losses which may occur to the client as a consequence of such shortages in any manner such as on account of auctions / square off / closing outs etc., shall be solely to the account of the client and the client agrees not to hold the stock broker responsible for the same in any form or manner whatsoever.

4. The stock broker has 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 mentioned on the website, whichever is earlier. Similarly all transactions outstanding under limit by whatsoever name called may be closed out at specified time if not squared off by the client.

5. In case open position (Le. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any. In addition the above Specific instruction is to be provided by the client to Stock Broker for fulfilment of obligation (Funds and securities) for the trades executed in other than Normal / Rolling settlement.

6. Any reference in these terms to sale or transfer of securities by the Stock Broker shall be deemed to include sale of the securities which form part of the Margin maintained by the Client with the Stock Broker.

6. Shortages in obligations arising out of internal netting of trades

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

a. The short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Pay-in/Payout Day. The securities delivered short are purchased from market on T +2 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies + 5 % extra) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.

b. If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T +3 day or Auction day on Exchange +20%. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits after deducting exchange penalties.

c. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 20% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction.

7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

The stock broker 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 stock broker / exchange/ SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.

1. For non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations.

2. Any order which is executed without the required Margin in the Client's account or the brokers exposure is more than 90% and above so no fresh trade will be taken.

3. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock Broker, which are not marked for delivery 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of exchanges, reserves the right to square off positions.

4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.

5. The stock broker is entitled to disable / freeze the account or trading facility/ any other service if, in the opinion of the stock broker, the client has committed a crime, fraud

or has acted in contradiction of this agreement or /evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends. Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

6. TRADESWIFT does not engage in the business of Client Funding. Clients are required to have sufficient balance in their accounts to hold/carry forward positions.

Positions that do not have sufficient funds can be cut at any time at the discretion of our RMS desk. There will be no margin calls or intimation from our RMS desk.

Any open positions can be squared off at the discretion of our RMS desk. If the funds available in your account are short of exchange specified margins. There will be no margin call before the position is squared off. During times of extreme volatility, the loss could be more than the funds available in your account before the position is squared off. All resulting charges or debts that might occur from such square offs will have to be borne by the client.

- Collateral margin will not be considered for equity delivery positions.
- AMO (After-Market Orders) will be allowed
- AMO will be canceled if the price entered is more than 3% away from the LTP in either direction.
- Fines levied by the exchange for a short margin will be payable by the client.
- Payments will only be accepted from the client's registered bank account, cash and DD payments are not accepted.
- At the start of the delivery intention period, clients will not be informed before closing any open positions to avoid compulsory delivery notice.
- Instruments available for trading at Tradeswift are subject to the discretion of the risk management team, and these may change from time to time
- In case your account is in debit balance and/or if you have insufficient funds to manage your trading positions, you will be charged an interest of 18% p.a (+GST) as delayed payment charges

Mark-to-Market Square-Off

Tradeswift may execute Mark-to-Market Square-off transactions at its discretion, mainly due to the following conditions, but not limited to the same.

At any given point in time, if the MTM level of the client breaches 80% of his available Cash margin, the risk team would square off the complete positions of the client with or without intimating the clients.

For the sake of better understanding, the square of the percentage of 70% or 80% is basically the threshold base limit and it should not be construed as exact 70% or 80% for square off. The position may get squared off at exact 70% or 80% or 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 (%).

Also, in case the MTM square off is done, the residual fund if any will be blocked to trade till the client adds fresh funds to bring the overall MTM percentage sufficient below the threshold limit.

Further, the square-off will also be based on the extreme volatility in the market which may have a 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. (SEBI guideline on closeout/square off)

All information mentioned here is subject to change at the discretion of our Risk management team.

Intraday and leverage products – restricting exposure and square-off and important points

1. Time based Intraday Square off – Daily – Starting from 15 minutes before close of normal trading session.
2. This includes all types of Intraday products i.e., Cover Order, Bracket Order and Stop Loss Orders
3. Every day system may stop allowing any further intraday order any time after 3.15 PM. System first removes all pending orders and then squares off all Intraday Orders. At the time of Intra day order square of trigger, all pending orders would be cancelled, and orders will be sent to exchange for square off. The orders sent to exchange will be executed on best effort basis.
4. This is irrespective of target reached / profit and loss position.
5. In case of any price movement > 75% of circuit limit, further exposure in intraday product will be blocked by the system for that security.

8. Temporarily suspending or closing a client's account at the client's request

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

9. Deregistering a client

A client is at liberty to deregister himself / itself from the member. For that purpose client will be liable first to settle his account in full. In case of any shortfall or any dues or payment remaining after adjusting the margin account, the client will be liable to make payment of the same. And in case of surplus arising out after netting of account, client shall be entitled to receipt of the same. The member shall also have power to deregister the client after settling his account at its sole discretion.

10. Policy for Inactive (Dormant) client : If a client does not trade for a continues period of 12 months the member firm put an inactive /dormant flag against him, so that extra precautions can be taken while dealing with such client. All the assets lying with the member has to return to the particular client as per the client's instructions and authorization.

- **Re-activation of a Dormant account**

A Dormant account shall be re-activated only after undertaking the proper due-diligence process and fulfilling such conditions as may be deemed to by the authorized person of the organization. As a practice, on receipt of an instruction from the client of a dormant account, the authorized person has to appropriately verify the KYC of such clients as well as the authenticity of the instruction. The instruction is to be accepted only on the satisfaction of the above.

The above-stated policy may be modified at any time in accordance with the various rules, regulations, bye- laws, and guidelines that may be prescribed by SEBI, Exchange or any other competent authority or as per the internal policy of the organization from time to time. This policy for the dormant accounts is over and above the transaction monitoring in the dormant accounts as per the Anti-Money laundering policy of the organization

11. Policy on Circulation of Unauthenticated News

Prohibition on circulation of unauthenticated News:

To Protect Investors to Stop Unauthenticated News Circulation by the Company's Employees/ Temporary Staff or other dealing person and by company Infrastructure.

As per code of conduct for Stock Broker in SEBI (Stock Brokers and Sub-brokers) Regulations, 1992 and SEBI circular Cir/ISD/1/2011 dated March 23, 2011, all SEBI registered market intermediaries are required to have proper internal code of conduct to govern the conduct of its Employees. In view of same, **TRADESWIFT BROKING PRIVATE LIMITED** implements code of conduct for communicating through various modes of communication. Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers are prohibited from:

1. Circulation of unauthenticated news related to various scrips in blogs/chat forums/e-mail etc.
2. Encouraging or circulating rumors or unverified information obtained from client, industry, any trade or any other sources without verification.
3. Either forwarding any market related news received in their official mail/personal mail / blog or in any other manner except after the same has been seen and approved by the Compliance Officer.

Our Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers are restricted from circulation of rumors or unverified information obtained from client, industry, any trade or other sources without verification.

The Company Directors/ Officers / Employees/ Temporary Staff /Voluntary Workers will have to seek prior approval from Compliance Officer of TRADESWIFT BROKING PRIVATE LIMITED before forwarding any market related news received by them either in their official mail/personal mail / blog or in any other manner and all the reporting with regard to violation of the same shall be done to the designated Compliance Officer.

If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for disciplinary action.

Access to Blogs / chat forums/messenger sites etc. has been restricted by TRADESWIFT BROKING PRIVATE LIMITED and is not allowed.

This code can be modified/amended/alterd as required from time to time in compliance of the relevant provisions/regulations in this regard.

12:Policy for Client code modification/Error Account

1. TRADESWIFT shall have the absolute discretion to accept, refuse or partially accept the client code Modification requests based on Risk Perception and other factors considered relevant by TRADESWIFT; TRADESWIFT and / or any of its directors, employees will not be held responsible for Damages/losses due to such refusal or due to delay caused by such review.
2. Client code modification requests will be strictly accepted only to rectify genuine error in entry of client code at the time of placing /modifying the related order;consequently dealers are expected to take utmost care/precaution while execution of client trades.
3. As per SEBI circular dated July 5, 2011 on client code modifications, penalty will be levied on all client code modifications w.e.f. August 1, 2011 (including genuine errors).
4. 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.
5. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
6. TRADESWIFT will allow Modifications in the client Codes of Non-Institutional clients only for the following objective Criteria provided there is no consistent pattern in such modifications:

7. For easy identification of "ERROR ACCOUNT", TRADESWIFT have registered a fresh Client Code ERROR as (ERROR ACCOUNT) in Back office & same has been uploaded in the UCC database of the Exchange.
8. Any transfer of trade (institutional or non-institutional) to "ERROR ACCOUNT" of member would not be treated as modification of client code and would not attract any amount of penalty, provided the trades in "ERROR ACCOUNT" are subsequently liquidated in the market and not shifted to some other client code. Client Code Modification requests through "ERROR ACCOUNT" will be accepted only till 3:30 PM IST.
9. All cases of modification of client codes of non-institutional trades executed on the Exchange and not transferred to TRADESWIFT "ERROR ACCOUNT", shall be liable for a penalty of 1% of value of non-institutional trades modified if value of non-institutional trades modified as a percentage of total value of non-institutional trades executed is less than or equal to 5% and penalty of 2% if modification exceeds 5%, in a segment during a month.
10. The levy of penalty is a precautionary measure and management has sole discretion whether to levy penalty or not.
11. TRADESWIFT shall conduct a special inspection of the concerned Dealer/Associate, if modification exceeds 1% of the value of trades executed during a month and take appropriate disciplinary action, if any deficiency is observed.

13: Policy on accepting Prefunded Instruments

Tradeswift generally accepts all the payments from the clients through account payee cheque only. The instrument submitted for payment of dues should belong to the same person who is maintaining the account with us. Third party instruments will not be accepted / credited to the account.

However clients have the options to pay through prefunded instruments like Demand Drafts / Banker Cheque subject to fulfilling the following guidelines.

- If the aggregate value of pre-funded instruments is ` 50,000/- or more, per day per client, the stock brokers may 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 a 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.

Pay-in Clients can transfer funds into the Trading Account only from such bank accounts which are registered with Tradeswift. Any transfer from a non-registered bank account will not be considered and the client does not get any trading limit credit for such transfers

THIRD-PARTY PAYMENTS

Tradeswift shall have the prerogative to refuse payments received from any bank account where the client is not the registered holder or which is not mentioned in the KYC or which the client has not got updated subsequently by submitting a written request along with adequate proof thereof as per proforma prescribed by Tradeswift. Tradeswift shall not be responsible for any loss or damage arising out of such refusal of acceptance of payments in the situations mentioned above.

However, due to an oversight, if any such third-party payment has been accepted by Tradeswift and the credit for the same has been given in the client's ledger, Tradeswift shall have the right to immediately reverse such credit entries on noticing or becoming aware of the same. In such a case, Tradeswift reserves the right to liquidate any of the open positions and/or any of the collaterals received/held on behalf of the client. Tradeswift, its Directors and employees shall not be responsible for any consequential damages or losses.

If the client has electronically transferred funds to the account, he should produce the following:

- E-statement of the account, displaying account number and account holder name showing the debit entry of fund transfer to Tradeswift.

14: Policy on prevention of Insider Trading

The Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, was amended on 22nd February 2002 (hereinafter referred to as "Regulations") in terms of which a Stock Broker is required, inter alia, to frame a Code of Conduct for

Prevention of Insider Trading by Employees of a Stock Broker, including its Directors. In line with the said Regulations, the following Code of Conduct (hereinafter referred to as "the Code") has been adopted by TRADESWIFT BROKING PRIVATE LIMITED

(hereinafter referred to as "Tradeswift"), Member of the Bombay Stock Exchange, National Stock Exchange Ltd, MSEI, MCX & NCDEX.

Director

- Tradeswift has appointed Mr. Nishant Jain as a Compliance Officer who reports to the Board of Directors.
- The Compliance Officer shall be responsible for setting Policies and Procedures and monitoring the Rules & Regulations for the preservation of "Price Sensitive Information", pre-clearing of all Designated Employees and their Dependents Trades (directly or through respective Department heads as decided by the Tradeswift). Monitoring of Trades and the Implementation of the Code of Conduct under the overall Supervision of the Directors
- The Compliance Officer shall maintain a record of all Tradeswift Employees and any Changes done in the Employees List from time to time & help to understand any Clarifications regarding SEBI (Prohibition of Insider Trading) Regulations,

1992.

Prevention of "Price Sensitive Information"

- Employees / Directors shall maintain the Confidentiality of all Price Sensitive Information & must not pass such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities
- Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those within Tradeswift, who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.
- All Files of Tradeswift, containing Confidential Information shall be kept Secure & all computer files must have Adequate Security of Login and Password, etc
- To prevent the Misuse of Confidential Information, TRADESWIFT separates those Areas which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advise or other Departments providing Support Services, considered "Public Areas".
- The Employees in Inside Area may be physically segregated from Employees in Public Area.
- The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area.

Prevention of Misuse of Price Sensitive Information

- Employees / Directors shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, TRADESWIFT's Account or a Client's Account. The Trading Restrictions shall apply for Trading in Securities.
- All Directors / Employees of TRADESWIFT, who intend to deal in the Securities of listed Companies where TRADESWIFT has some assignments shall pre-clear the Transactions as per the pre-dealing Procedure as described here below.
- An Application may be made in such form as specify by TRADESWIFT in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Employees / Director intends to deal in with details of Demat DP with which he has a Security Account, the Securities in such Depository Mode and any other details as may be prescribed by TRADESWIFT in his rule & regulations.
- An Undertaking shall be executed in favor of TRADESWIFT by such Employees / Directors incorporating, the following Clauses, as may be applicable.

- That the Employees / Director does not received any "Price Sensitive Information" at the time of signing the Undertaking.
- That in case the employees / director / partner receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of listed companies.
- That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by TRADESWIFT.
- That he / she has made a Full and True Disclosure in the matter

Restricted / Grey List

- In order to monitor above Procedures and Trading in Client Securities based on Inside Information, TRADESWIFT shall restrict Trading in certain Securities and designate such List as Restricted / Grey List.
- Security of a Listed Company shall be put on the Restricted / Grey List if TRADESWIFT is handling any Assignment for the Listed Company or preparing Appraisal Report.
- Any Security, which is being purchased or sold or is being considered for Purchase or Sale by TRADESWIFT on behalf of its Clients shall be put on the Restricted / Grey List
- As the Restricted List itself is a Highly Confidential Information it shall not be communicated to anyone outside TRADESWIFT. The Restricted List shall be maintained & kept by Compliance Officer
- Penalty for Contravention of the Code
- Any Employee / Director who trades in Securities or communicates any Information or counsels any Person Trading in Securities, will be treated as Contravention of the Code & conduct, may be penalized and appropriate Action may be taken by TRADESWIFT
- Employees / Directors of TRADESWIFT, who violate the Code, may also be subject to Disciplinary Action by the Company.
- The Action by TRADESWIFT shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992
- Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations

- In case of any violation observed by TRADESWIFT / its Compliance Officer that there has been a Violation of these Regulations, TRADESWIFT shall inform the SEBI

14:Policy for dealing with Conflicts of Interest

On the lines of Principle SEBI , it has been decided to put in place comprehensive guidelines for elimination of the conflict of interest of our entity or associated persons as detailed hereunder.

- We will at all times maintain high standards of integrity in the conduct of our business;
- We will ensure fair treatment of our clients and not discriminate amongst them;
- We will ensure that our personal interest does not, at any time conflict with our duty to our clients and client's interest always takes primacy in our advice, investment decisions and transactions;
- We will make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair our ability to render fair, objective and unbiased services;
- We will endeavor 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.;
- We will 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;
- We will not deal in securities while in possession of material non published information;
- We will not communicate the material non published information while dealing in securities on behalf of others;
- We will not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities;
- We will not have an incentive structure that encourages sale of products not suiting the risk profile of our clients;

- There will be an educational programme for the "Associated Persons" on yearly basis / or as and when required for dealing with or avoiding or managing conflict of interest. For this purpose "Associated Persons" will be the persons associated and involved in the following core areas, namely:
 1. Assets or funds of investors or clients;
 2. Redressal of investor grievances;
 3. Internal control or risk management;
 4. Activities having a bearing on Operational risk.

Our management shall review the compliance of this circular in every six months.

15:Policy for incentives/referral schemes

Tradeswift does not pass any incentive on client referrals, however we may introduce client referrals scheme in future, the same shall be governed by the NSE Circular Ref. No: 49/2019 or any circulars issued in this context by the Exchanges/regulators by time to time.

Tradeswift Broking Private Limited

Internal Policy for Compliance of provisions as contained in Prevention of Money Laundering Act, 2002 (PMLA) and rules and regulations framed PMLA

(Approved by Board on Dec 20, 2018)

Introduction of TRADESWIFT BROKING PVT LTD

TRADESWIFT BROKING PRIVATE LIMITED is a member of National Stock Exchange, Bombay Stock Exchange and Metropolitan Stock Exchange of India Ltd. Limited (MSEI), Multi Commodity Exchange (MCX) & National Commodities and Derivatives Exchange (NCDEX) having SEBI Regn No.INZ000166439. TRADESWIFT BROKING PRIVATE LIMITED is also a depository Participant of and CDSL vide DP ID: 12065900.

This Anti-Money-Laundering (AML) policy has been prepared in accordance Prevention of Money Laundering Act, 2002 (PMLA Act). This policy also takes into account the provisions of PMLA Act, Master circular issued by SEBI on July 04, 2018 and rules laid down by FIU.

Objectives for framing of this Policy Document

- To provide for such procedures and internal control measures so as to deal with money laundering and terrorist financing activities in accordance with PMLA and rules and regulations framed there under as in force from time to time;
- To provide for maintenance of such records as are required under provisions of PMLA and/or rules and regulations framed there under
- To provide for submission of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR), as and when required
- To adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing; and

- To undertake customer due diligence (“CDD”) measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction;
- To create awareness about this policy among the staff members of the Company by ensuring that the contents of this policy framework are understood by all staff members;
- To review the policies and procedures at least once in a year and as and when required and to ensure their effectiveness by a person who is different from the person who has framed such policies and procedures.

Section 1: Overview

1.1 Introduction and Background of AML

SEBI has issued necessary directives vide circulars from time to time, covering issues related to Know Your Client (KYC) norms, Anti-Money Laundering (AML), Client Due Diligence (CDD) and Combating Financing of Terrorism (CFT). The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.

The Directives given by SEBI are intended for the use primarily by intermediaries registered under Section 12 of the SEBI act 1992. The overriding principle is that the intermediaries should 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 .The PMLA has been further amended vide notification dated March 06,2009 and inter-alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the SEBI Act 1992 will now be treated as a scheduled offence under Schedule B of PMLA.

On July 04, 2018 a master circular no SEBI/HO/MIRSD/DOS3/CIR/P/2018 consolidating all the requirements/ instructions has been issued by SEBI which supersedes all the earlier circulars. As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India (SEBI) Act, 1992) shall have to adhere to client account opening procedure and maintain a record of all such transactions;

the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include:

- a) All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
- b) All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month and the aggregate value of such transactions exceeds rupees ten lakh;
- c) All suspicious transactions whether or not made in cash and including inter-alia credits or debits into from any non monetary account such as demat account, security account maintained by the registered intermediary.

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

1.2 Policies and procedures to combat Money Laundering and Terrorist Financing

1.2.1 Obligation to establish policies and procedures:-

- a) 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 all intermediaries ensure the fulfillment of the aforementioned obligations.
- b) To be in compliance with these obligations, the senior management of a registered intermediary 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 Registered Intermediaries shall :-
 - i) issue a statement of policies and procedures, 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 procedure to ensure their effectiveness ;
 - iv) adopt client acceptance policies and procedures
 - v) undertake client due diligence (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 system in place for identifying , monitoring and reporting suspected ML or TF transactions to the law enforcement authorities
 - vii) develop staff members awareness and vigilance to guard against ML and TF;

1.2.2 Policies and procedures to combat ML shall cover:-

- a) Communication of company policies relating to prevention of ML and TF to all management and relevant staff;
- b) Client acceptance policy and client due diligence measures;
- c) Maintenance of records;
- d) Compliance with relevant statutory and regulatory requirements;
- e) Co-operation with the relevant law enforcement authorities including timely disclosure of information;
- f) Role of internal audit or compliance function to ensure compliance with the policies, procedures and controls relating to the prevention of ML and TF. The Internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure and number of clients and other such factors.

Section 2: Detailed Directives

2.1 Vision towards Anti Money Laundering

2.1.1 Tradeswift Broking Private Limited (TRADESWIFT) has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002 and as prescribed by SEBI vide its Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/104 dated July 04, 2018.

2.1.2 TRADESWIFT does not deal in cash except in Depository division, where client makes payment of small amount for Annual maintenance of Depository account and other transaction charges; normally amount is Rs.500 or Rs.1000. Hence the requirement of maintaining record of cash transaction in excess of Rs.10 Lakh is ruled out.

2.1.3 For suspicious transactions whether or not made in cash, we observe the trading pattern of the client on difference criteria like quality of scrip, market participation, Income & Networth, funds received, trading behaviour etc.

2.1.4 Compliance department of TRADESWIFT review & update AML policy on time to time based on the circular issued by regulator in consultation with Principal Officer.

2.2 Client Due Diligence (CDD)

2.2.1 The CDD measures comprise the following:

- (a) Obtaining sufficient information in order to identify person 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 are 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.

- (b) Verify the client's identity using reliable, independent source documents, data or information;
- (c) 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-

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 intermediary 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.

- ii. **For client which is a trust:** Where the client is a trust, the intermediary shall 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

iii. **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.

iv. Applicability for foreign investors: Intermediaries dealing with foreign investors' may be guided by the clarifications issued vide SEBI circulars [CIR/MIRSD/11/2012](#) dated September 5, 2012 and [CIR/ MIRSD/ 07/ 2013](#) dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

v. The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by Board of Directors of TRADESWIFT.

(d) 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 (c)

(e) Understand the ownership and control structure of the client;

(f) 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 Tradeswift Broking Private Limited's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

(g) TRADESWIFT shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

2.2.2 Procedure for acceptance of a new customer

The department responsible for registration of new clients for the Company shall be required to ensure due compliance of following procedure before providing trading client code to a new constituent:

That all of the clients duly complete the formalities relating to client registration as provided in KYC norms, as in force from time to time. The person in charge of client registration department must also keep track of additional requirements prescribed by regulators e.g. RBI & SEBI from time to time in this regard and ensure compliance thereof.

That sufficient documentary evidence is collected from the proposed constituent which establishes Identity and address of such constituent beyond any reasonable doubt.

That all the copies of supporting documents are matched with the originals.

That a copy of PAN is taken from each constituent, which has been verified with the original and cross checked with the data available on Income-tax Website. In case of any mismatch, the account must not be opened.

That the signature of constituent on Client Registration Form are matched with the signature given on the PAN Card or any other proof as may be submitted by the constituent and in case of any mismatch the account is opened only if the explanation for such mismatch is found to be reasonable on the basis of further documents e.g. Banker's Signature Verification, as may be submitted by the constituent.

In a nutshell, the following safeguards are to be followed while accepting the clients:

a) No account is opened in a fictitious / benami name or on an anonymous basis.

b) 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 may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

c) 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.

d) Ensure that an account is not opened where we are unable to apply appropriate CDD measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided to us is suspected to be non genuine, or there is perceived non co-operation of the client in providing full and complete information. We 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. We shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

e) 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 intermediary, 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.

f) 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.

(g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

(h) Reliance on third party for carrying out Client Due Diligence (CDD) We may rely on a third party for the purpose of

(a) Identification and verification of the identity of a client and

(b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

ii. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

Client Due Diligence

Review of list of existing clients to ensure compliance of PMLA Guidelines

The department responsible for registration of new clients for the Company shall be required to ensure the following with respect all of the existing constituents of the company:

That the KYC details of all the existing active clients are reviewed in context to the PMLA 2002 requirements (as mentioned in Para 4 above).

That all the clients are classified into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories etc.

That annual financial statements are obtained from all the clients, particularly those in high risk categories; and

That in case of non individuals, additional information is obtained about the directors, partners, dominant promoters, major shareholders.

For the purpose of categorization as envisaged herein above, the clients matching any of the following descriptions shall be compulsorily categorized as a “High Risk Client” / “Clients of Special category (CSC)” :

Non resident clients

High net worth clients,

Trust, Charities, NGOs and organizations receiving donations

Companies having close family shareholdings or beneficial ownership

Politically Exposed Persons (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 shall also be applied to the accounts of the family members or close relatives of PEPs

Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)

Companies offering foreign exchange offerings

Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, 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.

Non face to face clients

Clients with dubious reputation as per public information available etc.

Risk based approach

The department responsible for Surveillance and Risk Management shall duly ensure that the testing techniques being employed by it to judge the fairness and risk-element contained in clients transactions are commensurate with the category to which that particular client pertains. The level of checking required for verifying clients' transactions in High Risk Category has to be much more stringent than that required for clients falling in other categories.

The department shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment will be on the basis of country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions

The department shall check the updated list regularly on the following websites. http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>.

On-going training to Employees

The Principal Officer of the Company shall ensure that the contents of this policy guidelines are explained to all the concerned staff members of respective departments (including staff working under branches and sub-brokers), whose responsibilities have been spelled out in this policy documents. For the purpose, a copy of this document may be supplied to all concerned under acknowledgement from each of them. The Principal Officer must also apply such tests e.g. cross questioning from respective officials, to ensure himself/herself that the staff members have actually understood the meaning and intent of this document.

Likewise any amendment in PMLA Guidelines, if any, must be brought to the notice of all concerned without any delay.

Further, the personnel department shall ensure that contents of this documents (including amendments, if any) are explained in detail to all of those concerned officials, who shall made responsible for compliance of this document or who shall be joining this organisation, herein after.

Audit/testing of Anti Money Laundering Program.

The Internal Audit Team (which must not include Principal Officer as a part of it) of the Company shall apply suitable measures to ensure the reasonableness and effectiveness of internal guidelines as spelled out in this document, at such intervals as he/she may find reasonable, not being a period of more than six months. The audit procedures must be suitable enough to highlight such discrepancies in these guidelines / implementation of these guidelines, which may lead to non-compliance of provisions as contained in PMLA and/or rules and regulations framed there under.

The internal audit team shall place their report before the Board of Directors of the company at the meeting to be held immediately after completion of respective audit program, for perusal and necessary action at the end of Directors.

Retention of Records

All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act (PMLA,2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence shall also be kept for the same period.

Cash Transaction Report

(A) All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.

(B) All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.

(C) Due Date to furnish the information of the cash transactions of a month to Director, FIU-IND by the 15th day (Substituted for the 7th day by Notification No. 15/2005 dated 13-12-2005) of the succeeding month

Hiring of Employees

To maintain 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.

Investor Education

Implementation of AML/CFT measures requires us 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 us to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. We shall prepare specific literature/pamphlets etc. so as to educate the client of the objectives of the AML/CFT program.

List of Designated Individuals/Entities

We shall ensure that accounts are not opened in the name of anyone whose name appears in the list. Registered intermediaries 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 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 available at <http://www.un.org/sc/committees/1267/consolist.shtml>.

Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately intimated to SEBI and FIU-IND.

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

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section

51A of the UAPA.

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The obligations to be followed to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.

Designation of an officer for reporting of suspicious transactions

The Compliance officer and principal officer is designated for reporting of suspicious transaction. Detail of the officer is mentioned below:

Name : Mr. Nishant Jain
Designation : Director / Compliance officer
Address : 4th Floor, Baid House, 1 Tara Nagar, Ajmer Road, Jaipur
Email : compliance@tradeswift.net
Phone : 0141-4050505/2221234
Fax : 0141-4050506
Mobile : 9829156005/9828072000

Appointment of Designated Director

Following person is appointed as designated director to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules

Name : Mr. Sandeep Kumar Jain
Designation : Director
Address : 4th Floor, Baid House, 1 Tara Nagar, Ajmer Road, Jaipur Email : compliance@tradeswift.net / contact@tradeswift.net Phone : 0141-4050505/2221234
Fax : 0141-4050506
Mobile : 9828072000 / 9829156005

Surveillance Policy and Procedures

As per the requirement of Regulators our Compliance Officer, Mr. Nishant Jain, is in- charge of surveillance related all activities.

The main objective of surveillance is to stop suspicious and manipulated trading activity by individual or group of individuals on the exchange platform.

1. Receipt of Alerts from Exchange: As per the circulars issued by the exchanges the trading member will receive certain alerts from the exchange on daily/monthly basis as mentioned below :

Transactional Alerts	Segment
. Increase in client trading activity from previous month	Cash
. Significantly increase in client activity	Cash
. Sudden trading activity in dormant account	Cash
. Clients/Group of Client(s), deal in common scrips	Cash
. Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
. Client(s)/Group of Client(s) dealing in scrip in minimum lot	Cash
. Client / Group of Client(s) Concentration in a scrip	Cash
. Circular Trading	Cash
Pump and Dump	Cash
Wash Sales	Cash & Derivatives
Reversal of Trades	Cash & Derivatives
Front Running	Cash
Concentrated position in the Open Interest / High Turnover concentration	Derivatives
Order book spoofing i.e. large orders away from market	Cash

2. Analysis of Client(s) transaction(s)/alert(s) :

On receiving the said alerts from the exchange we shall analyze each and every alerts with the information available with us. In order to analyze/verify such alert we shall examine trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts.

a) We may seek written explanation/undertaking from such identified Client(s) / Group of client(s) for entering in to such transactions.

b) We also ask for documentary evidences such as Bank statement /Demat transaction or holding statement within the period of such transactions or more than that. We may also ask for financial Details of the client such as income tax return , salary slip , Annual returns etc.

After analyzing the documentary evidences, such as the bank / demat statement or any other documents relevant to the said alert/transaction, we shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case any adverse observations are recorded, We shall report all such instances to the Exchange.

3. Time frame for disposition of alerts :

In case adverse observations/alerts are recorded, we shall report such instances to the Exchanges within 45 days of alert generation. In case there is delay, we shall seek extension of the time period from the exchange after giving proper reason for delay.

4. Suspicious / Manipulative activity identification and reporting process :

After analysis of the transaction/alerts, documentary evidences and information available with us. We shall identify the suspicious / manipulative transactions of any of the client /group of clients, if any and shall report the same to the exchange within the prescribed time limit Further we may stop/banned client for doing further trading at our end.

5. Record maintenance:

We shall maintain and keep all such records and documentary evidences that have been analyzed/taken by us either In soft copy or In hard copy for the time period as prescribed by the regulatory authority. We shall produce such records as and when asked by exchanges or by the regulatory authority.

PASSWORD POLICY

The Client is aware that TRADESWIFT Online Trading System clients themselves can set the initial password at the time of opening account for that TRADESWIFT is aware of. The Client is aware that subsequent passwords are not known or available to TRADESWIFT.

The Client shall be responsible for keeping the Username and Password confidential and secure and shall be solely responsible for all orders entered and transactions done by any person whatsoever through TRADESWIFT's Online Trading System using the Client's Username and/or Password whether such person was authorized to do so.

The Client shall immediately inform TRADESWIFT of any unauthorized use of the Client's Username or Password with full details of such unauthorized use including the date of such unauthorized use, the manner in which it was unauthorisedly used, the transactions effected pursuant to such unauthorized use, etc.

The Client acknowledges that he is fully aware of and understands the risks associated with availing of online trading services through internet including the risk of misuse and unauthorized use of his Username and/or Password by a third party and the risk of a person hacking into the Client's account on TRADESWIFT's Online Trading System and unauthorisedly routing orders on behalf of the Client through the System. The Client agrees that he shall be fully liable and responsible for any and all unauthorized use and misuse of his Password and/or Username and also for any and all acts done by any person through TRADESWIFT's Online Trading System on the Client's Username in any manner whatsoever.

Without prejudice to the provisions mentioned hereinabove, the Client shall immediately notify TRADESWIFT in writing with full details if he discovers or suspects unauthorized access through his Username, Password or Account, he notices discrepancies that might be attributable to unauthorized access, he forgets his password or he discovers a security flaw in Tradeswift's Online Trading System.

Applicable password policy:

1. The length of the password should be of min 8 characters.
2. The password shall be case sensitive and should contain at least one each of the following characters with no space
 - Password is alphanumeric.
 - Must have at least one character.
 - Character could be Uppercase: A to Z or Lowercase: a to z
 - Must have at least one digit: 0 to 9
3. The new password must be different from the last password.
4. Password can't contain a username or email id.
5. User account shall be locked for 30 mins after 3 invalid login attempts.
6. Users can log in to the Web/Mobile App with his UCC code and PAN provided while onboarding.

INFORMATION SECURITY

TRADESWIFT BROKING PVT LTD systems are hosted at the 4th Floor, Baid House, 1-Tara Nagar, Ajmer Road, Jaipur-302006

At present we have a Production server and Backup server in place and both were synced together to get the data updated in the backup server on real-time. Also, the data is backed up through storage folder in a secure way, one copy of the backup on the same server itself, other copy in backup server & external media devices. Even we will take the backup of the SQL database on a daily basis and store it securely.

In the case of primary server failure then alternate communication will be carried from the secondary server and will continue the trading platform.

RECOVERY PROCEDURES

Network failure: Our systems are hosted at the Baid house, 1-Tara Nagar, Ajmer Road, Jaipur-302006 with state of the art redundancy measures.

Every day we are taking a backup of database one copy in a database server itself and other copies are stored in backup server and external media device also for the need for restoration on need basis.

The Database is restored from these copies on failure.

If there is a problem with the database when we can restore the database from the backup node to the server immediately and even if that backup system has a problem we can restore the data from the external device.

System / hard disk failure: To avoid single points of failure we plan to run parallel servers which are running simultaneously thus adding redundancy, so that customer can be provided service with limited downtime delay.

INVESTOR GRIEVANCES

Compliance Officer shall be the designated officer for handling the Investors Grievances and Client Complaints. The email ID you can write to in case you have any grievance is helpdesk@tradeswift.net

The resolution of the Complaint shall be done at the earliest and the same shall be recorded in the register along with the date of resolution.