

## **POLICIES**

Finwizard Technology Private Limited (herein after referred as “FINWIZARD”) is a member of BSE in Cash and NSE in Cash, Futures and options and Derivative segment having its registered office at Queens Paradise, No. 16/1, 1st Floor Curve Road, Shivaji Nagar, Bengaluru, Karnataka 560071, India. For the purpose of this document, wherever its mentioned “Client”, “You” or “Your” shall mean any natural or legal person who has agreed to open an account or initiate the process of opening the account with FINWIZARD by providing their information while registering on the platform. Please read the following policy and procedures carefully as it pertains to your trading activity to all the segments with FINWIZARD.

### **RISK POLICY**

#### **Introduction**

Investment in securities is susceptible to market risks which cannot be predicted. Risk management is an integral part of the FINWIZARD. The objective of the Risk Management is to manage the risk without hurting the normal & routine business and its growth. While the risk of loss is inherent in the market, it is important to note that the Risk Management Policy is not an insurance against losses; these are measures and precautions that are adopted to contain risks to the minimum. The Policy is subject to change according to our risk perceptions of the market and SEBI/Exchange regulations for the time being in force. FINWIZARD Risk team reserves rights to give exceptions/deviations to this policy at their discretion.

#### **1. Restrictions on trading in penny Stocks and illiquid stocks:**

A stock which has low market capitalisation, weak fundamentals, trades relatively at a price less than its face value, highly illiquid are generally referred to as penny stocks. We advise clients to abstain from investing/trading in penny stocks. FINWIZARD reserves the right to accept/refuse/partially accept any buy or sell in such securities on account of various reasons including low liquidity, high volatility, subject to market manipulations, not part of permitted list of FINWIZARD. However, under exceptional circumstances, FINWIZARD at its sole discretion may allow trading in penny stocks and insist on 100% upfront margin for buying /delivery of securities for settlement prior to acceptance/placement of order(s). Further FINWIZARD shall not be held liable or responsible in any manner whatsoever for non-execution / delay in execution of such orders resulting into any losses and will be borne by the client alone

#### **2. Debit Balance**

It is client’s obligation to clear his/her outstanding dues by T+2 (T indicates Trading day). The client shall ensure timely provision of funds to FINWIZARD so as to meet exchange obligations. Debit cannot be held more than T+5 day. Client has to clear the debit on or before T+5 ageing day.

If client fails to fulfil his/her fund obligation on or before T+5 day then RMS will reserve the rights to sell securities to clear T+5 ageing debit. Client will be intimated to clear the debit on T+5 day through mail / SMS. On T+6-day, fresh trading will be blocked and client will be put in square off mode. Selling will be done by RMS in clients account on T+6 day to the extent of debit on T day as per ageing debit.

Sequence of Square Off: Selling of scrips will be done on FIFO basis means scrips bought on T Day will be sold by RMS first to clear the debit. If any debit remains then RMS will sell stock bought on T+1 day and so on

#### **3. Imposition of penalty/delayed payment charges**

FINWIZARD requires all its client to pay the entire amount due to the Company on or before due date. The amount due shall include all types of margin and pay-in obligations. In case of delay in making payment by due date, delayed payment charges 18% per annum or at such rates as may be determined from time to time will be levied on client by the FINWIZARD.

FINWIZARD may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to the Mandatory and Voluntary Client Registration Documents / rules / regulations / bye laws of the exchange or any other law for the time being in force. Further where the FINWIZARD TECHNOLOGY PVT. LTD. has to pay any fine or bear any

punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

#### **4. Treatment for Securities in Ban Period**

When stocks are in the ban period, no fresh positions are allowed for any of the futures and options contracts in that stock. Customers will only be allowed to square off the existing positions during this period. Rollover of positions will not be allowed.

#### **5. Physical delivery settlements in F&O Contracts:**

All near month stock Futures contracts and ITM options are eligible for physical delivery. In addition to margins applicable for F&O segment, delivery margins shall be levied on potential in-the-money long option positions four (4) trading days prior to expiry of derivative contract. It is required to collect the delivery margins on in-the-money long option positions and shall be included in the client margin reporting. Any shortfall in delivery margin maintenance will attract margin shortfall penalty from the exchange.

Treatment for physical delivery contracts:

- All Current Month's Stock Future and Options contract (ITM / ATM / OTM) will be blocked for trading under Carry Forward product on expiry day. Only intraday trading will be permitted.
- Margin call will be given to client who are having open position in such contracts on monthly expiry day.
- Delivery margins at the client level shall be computed as per the margin rate applicable in Capital Market segment (i.e. VAR, Extreme Loss Margins) of the respective security. Delivery margin on potential ITM option long position shall be collected as under:
  - 10% of Delivery margins computed on Expiry - 4 EOD
  - 25% of Delivery margins computed on Expiry - 3 EOD
  - 45% of Delivery margins computed on Expiry - 2 EOD
  - 70% of Delivery margins computed on Expiry - 1 EOD
- In case the required delivery margins are not supplied, FINWIZARD reserves the right to liquidate the ITM option buy positions to maintain the margin.
- On expiry day, current month open Future and In-the-money option positions will be squared off by RMS at 12.00 noon.

Post expiry, positions which are converted to delivery settlement, margins as applicable in Capital Market segment (i.e. VAR, Extreme Loss Margins, Mark to Market margins) shall be applicable and levied as delivery margins.

### **CONTRACT NOTES & MARGIN STATEMENTS**

Duly signed contract note and daily margin statement are issued to the client within 24 hours of the execution of trade. Contract notes No. are maintained on financial year basis. Proper Log for ECN and DMS is maintained

### **CLOSING OF ACCOUNTS**

On the written request of the client, the client account can be closed provided the client adheres to formalities for account closure including settlement of all dues in the account and closing of all open position. If the client wishes to again open a broking account then the client shall have to complete the KYC and account opening formalities once again.

### **THIRD PARTY PAYMENTS**

FINWIZARD shall have the prerogative to refuse payments received from any bank account where the client is not the first 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. FINWIZARD 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 FINWIZARD and the credit for the same has been given in the client's ledger, FINWIZARD shall have the right to immediately reverse such credit entries on noticing

or becoming aware of the same. In such a case, FINWIZARD reserves the right to liquidate any of the open positions and/or any of the collaterals received/ held on behalf of the client. FINWIZARD, its Directors and employees shall not be responsible for any consequential damages or losses.

## **INACTIVE ACCOUNT POLICY**

### **BACKGROUND**

SEBI vide circular dated December 03, 2009 directed the Exchanges to advise their members to frame a policy to deal with the inactive/dormant accounts. BSE & NSE vide its circulars dated February 10, 2020 and December 01, 2020 have further issued guidelines regarding treatment of inactive accounts.

### **DEFINITION**

In case of trading account, the term inactive account refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges.

### **PROCEDURE TO BE FOLLOWED**

The inactive accounts identified based on the above criteria will be flagged as 'Inactive' in UCC database of all the respective Exchanges. Further trading by such client would be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client.

Fresh documentation, due diligence and IPV will be done if Client comes for reactivation after a period of one year of being marked as inactive. No fresh documentation, due diligence, IPV is required if client has undertaken transaction with respect to IPO/Mutual Fund subscription and DP operations during this period.

Further, IPV shall not be required in the below mentioned conditions,

- Where the KYC of the investor is completed using the Aadhaar authentication / verification of UIDAI
- When the KYC form has been submitted online, documents have been provided through Digi locker or any other source which could be verified online

If client seeks reactivation before a period of 1 year of being flagged as inactive basic updated details such as address, Mobile number, Email ID, Bank/DP account will be required. In case of any changes, necessary documentation will be collected.

## **ERROR ACCOUNT POLICY/ CLIENT CODE MODIFICATION POLICY**

- As per SEBI circular, modification of client codes of non-institutional trades is done only to rectify a genuine error in entry of client code at the time of placing /modifying the related order.
- The modification to the client code is to be done only in exceptional cases and not as a routine one.
- The reason for modification has to be ascertained and genuineness is to be established and also its impact on the clients should be studied before the modification.
- We are permitted to change client codes of non-institutional clients only for the following objective criteria;
  1. 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
  2. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
- A client code in the UCC database of the Exchange will be created for the account which is classified as an error account.
- We will inform the exchange till the next trading day (12 Noon), for client code modification of non-institutional based on the objective criteria mentioned above.

- Approval of the senior management/Compliance officer will be required to carry out any modification.
- Post approval of the senior management/Compliance officer the Client Code Modification will be carried out only on the designated system by designated officer.

## **INVESTOR GRIEVANCES**

Compliance Officer shall be the designated officer for handling the Investors Grievances and Client Complaints. You can write to us at [grievances@fisdom.com](mailto:grievances@fisdom.com) in case of any concerns. 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.

## **PMLA Policy**

### **Anti Money Laundering Measures**

#### **Background**

The Prevention of Money Laundering Act, 2002 came into effect from 1st July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.

SEBI vide circular dated 18th January 2006 required Market intermediaries to lay down policy framework for anti money laundering measures to be followed. FINWIZARD being a Stock Broker and Depository Participant needs to adhere to the same. SEBI has also issued a Master circular dated 19th December 2008, which consolidates all the requirements/obligations issued with regard to AML/CFT until December 15, 2008

#### **Objective**

Money laundering has now become one of the major concerns of international financial community. Money Laundering is not just an attempt to disguise money derived from illegal activities. Rather, money laundering is involvement in any transaction or series of transactions that seek to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud and many other crimes.

The objective is to have a system in place for preventing any money laundering financial transaction through us and also to identify, monitor, report any such transaction to appropriate authorities.

“Know Your Customer “(KYC) is the guiding principle behind the Anti-Money Laundering (AML) measures. It incorporates the “Know Your Customer” Standards & “Anti Money Laundering” Measures, hereinafter to be referred as “KYC Standards” and “AML Measures ”. The objective of is to “have in place adequate policies, practices and procedures that promote high ethical and professional standards and prevent the Company from being used, intentionally or unintentionally, by criminal elements ”. KYC Standards and AML Measures would enable the Company to know/ understand its customers, the beneficial owners, the principals behind customers who are acting as agents and their financial dealings better which in turn will help the Company to manage its risks prudently

The management of the company is fully committed to establish appropriate policies and procedures for ensuring effectiveness and compliance with respect to all relevant legal requirements.

#### **The regulatory / statutory requirements**

An officer of the company will be designated as “Principal Officer” who will ensure proper discharge of all legal requirements with respect to the same Mr. Krishna Jakkula, Compliance Head is the Principal Officer responsible for

- Compliance of the provisions of the PMLA and AML guidelines
- Act as a central reference point and play an active role in identification & assessment of potential suspicious transactions
- Ensure that FINWIZARD discharges its legal obligation to report suspicious transactions to concerned authorities.

The main aspect of this policy is the customer due diligence process which means:

- Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted
- Verify the customers identity using reliable independent source document, data or information
- Conduct on-going due diligence and scrutiny of the account/ client to ensure that the transaction conducted are consistent with the clients' background/ financial status, its activities and risk profile.

The customer due diligence process includes three specific parameters:

- Policy for acceptance of clients : Each client should be met in person Complete KYC to be done for all clients No account to be opened in a fictitious/benami name or on an anonymous basis
- Clients Identification Procedure (Risk profiling) All clients to be classified as per the risk into 3 categories Low, Medium and High Risk
- Suspicious Transaction identification and reporting Any unusual activity compared to past transactions Sudden activity in Dormant accounts Sudden High volume / high value transactions

The principal officer shall report the nature, amount, date and all related details of any and all suspicious transactions recorded.

#### 1. Client identification

Before opening any Trading account with us, the following measures shall be taken:

- In person verification of the client
- Identify beneficial ownership and control, i.e., determine the persons who beneficially own / control the account.
- Collect information about client's background, occupation and also check the name of the introducer.
- Collect and verify all original documents from the client.
- Collect a certified copy of valid documents showing details of his permanent address, current address, PAN, nature of his occupation, financial status and also a recent photograph.

#### 2. KYC updation process

The information should be adequate enough to satisfy competent authorities (regulatory/ enforcement authorities) in future that due diligence was observed by us in compliance with the Guidelines.

Further, we should also maintain continuous familiarity and follow-up with the client where inconsistencies in the information provided are noted.

The account will not be opened where we are unable to apply the above KYC policies, e.g., non co-operation of the client in providing full information etc

#### 3. Client categorisation

Each client will be marked into 3 categories, High Risk, Medium Risk and Low Risk from the point of view of the anti money laundering laws. The categorization will be made based on the following parameters/ factors of risk perception:

- High Network Clients
- Trusts/ NGOs / Charities receiving donations
- Companies having close family shareholdings (The above are considered of High Risk as per SEBI guidelines) The other parameters are nature of business activity, trading turnover, manner of making payment etc. Provision will be made in the back office software for noting categorization of each client. The high-risk client will require regular KYC update.

#### 4. Suspended Persons

All Clients during on-boarding are screened against our internal system wherein, any client falling in SEBI Debarred, UNSC Sanctions List and UAPA orders are flagged off and restricted from account opening. Further, checks are in place and screening is done for FATF Public statements published/advised by the SEBI. These need to be reviewed & checked as per

the orders/guidelines published by the regulators to identify whether any client is forming a part of that list, in that case such clients shall be blocked and reported to regulatory agencies accordingly.

#### 5. Employee Training

We have policy for ongoing employee training programme so that the total staffs of our company completely aware of the provisions of AML and CFT procedures and amendments thereof. These training programmes are totally focused for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers as it is very crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements, if there is any lapse on the part of any staffs of the company.

A register of attendance of participation in such Education/ training program is maintained for the employees, kept secured with the Compliance Department.

As resolved FINWIZARD shall take adequate measures as per its internal policy to prevent money laundering and shall also put in place a frame work for PMLA policy. The policies and procedures as mentioned above shall not be final as it may adopt additional measures to safeguard its interest with respect to activities associated with PMLA.