



**DB (INTERNATIONAL)**

**STOCK BROKERS LIMITED**

**POLICIES AND PROCEDURES**

**Policy Version No. : 1.1**

**Approved by Board of Directors in Board Meeting 29<sup>th</sup> July, 2025**



## Internal Control Policy

### **Policy and Procedure**

All internal control points and operating instruction as specified by NSE/BSE/MCX/CDSL and SEBI from time to time will be followed. We will appoint concurrent and internal auditor to conduct NSE/BSE/MCX/CDSL from time to time.

#### **1. Client Account Opening:**

This is ongoing process and we regularly receive applications for registration as client for broking business. At HO experienced persons are entrusted with the work of Registering New Clients. New Form received to be checked document as per exchange by one person and is rechecked by another and then submitted to the authorized person to sign the documents. A copy of signed form is given to the client. Our client registration form is a combined form for registration of client NSE Cash and F&O Segment, BSE Cash Segment and MCX segment. An agreement in the format specified by NSE/ BSE /MCX/CDSL and SEBI shall be entered into with all the clients before the trading account is activated. This ensures that all the updates pronounced by the exchanges & depositories are properly incorporated. These forms when sent to clients are affixed with the company name and address. For the walk in clients, the documents are verified with original documents and then account is opened after due diligence. DB has its mechanism for internal screening of client before onboarding. DB can use its discretion for opening of account depending on internal assessment. There may be various scenarios for using its discretion which may be exhaustive but not limited to e.g. penalty imposed on the client by any regulatory authority, PAN deactivation or activation, litigation etc.

#### **Closure of Account:**

1. Any account can be closed on written and online request of the client after full and final settlement of account.
2. In case, if due to any reason such as non-clearance of dues, non-adherence of company policies, company wants to close the account of the customer, they may do so by giving 30 days prior notice to the customer.
3. In case of receipt of request / instruction of closure of an account from regulator / statutory bodies / exchanges or any other governing body, instruction / guidelines issued by them shall be followed.

## POLICY REGARDING TREATMENT OF INACTIVE/DORMANT ACCOUNT

**OBJECTIVE:** The objective of the policy is to appropriately deal with the Inactive/dormant client as per guidelines prescribed by SEBI vide circular no. dated December 3, 2009, and stock exchanges vide circular no. NSE/INSP/43488 dated February 10, 2020, NSE/INSP/ 64718 dated October 25, 2024, and other circulars in this regard.

#### **DEFINITION OF INACTIVE TRADING ACCOUNT:**

In case of trading account, the term inactive account refers to such account wherein any of below mentioned activities has not been carried out by client since last 24 (Twenty Four) months:

- Trading or participation in OFS/ Buy-back/ Open Offer across any of the exchanges/ segments\* of the exchanges through DB or

\*Cash/ Equity Derivative/ Currency Derivative/ Commodities Derivative/ EGR/ Debt/ Online Bond Platform/ Executive Only Platform/ Any other segment as may be allowed by SEBI/ stock exchanges from time to time.



- Transaction in nature of applying/ subscribing IPOs (where the IPO bid is successful & not cancelled)/ SGB/ Mutual Funds (lump sum investment or investments through successful SIP installment payments) on the Mutual Fund platform of the Stock Exchanges through the DB or
- Modification/updation of e-mail Id/ Mobile Number/ Address in KYC record of client through the same member and the same has been uploaded to KRA to ensure Validated/ Registered status.

**POLICY:**

**1. Procedure to handle inactive/dormant accounts:**

The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' by the in UCC database of all the respective Exchanges as well as in the Back office.

**2. Reactivation of Inactive client** In case the client who is flagged as inactive seeks re-activation of the trading account, while reactivating the said client, shall:

- Mandatorily In-Person Verification/Video In-Person Verification (IPV/VIPV) requirement specified in the SEBI Master Circular on KYC dated October 12, 2023.
- Confirmation from the client if there is any change in clients' basic details such as Address, Mobile number, Email ID, Bank/DP account, income, etc. as registered with the Member. In case of changes in any of the said details, Client has to provide the updated details along with the necessary documents and update in its records as well in the UCC records of the respective Exchanges. In case of KRA Validated status or registered status through same intermediary cases, we may fetch the details along with the necessary documents from the KRA record and display the said details for confirmation of the client and updation in its record. If there is change, then we shall update the UCC records of Exchanges as well as KRA.

If client has confirmed that there is no change, we shall maintain the verifiable logs of the same.

- Notwithstanding anything contained above, in case a client seeks re-activation then member shall verify client status as per KRA and if the client status as per KRA is not validated (i.e. "On hold"/"Rejected"/"Registered" through other intermediary, etc.) Then the member shall seek basic details like Address, Mobile number, Email ID, Bank/DP account, income, etc. along with the necessary documents as required by KRA and upload the same to KRA to ensure validated/registered status as per KRA before permitting client to trade on the Exchanges.

Once an inactive trading account is re-activated as per the above procedure, the computation of next 24 months for the purpose of identifying client as inactive in the subsequent period shall be considered from the date of last reactivation of trading account.

Notwithstanding anything contained above, DB shall also ensure adequate due diligence of the client on an ongoing basis (including, but not limited to, doing Re-KYC) in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies.



### **3. Refusal of orders for penny / illiquid stock**

The stock broker may from time to time limit (quantity/value) / refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies), the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI. Provided

further that stock broker 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 client agrees that the losses, if any on account of such refusal or due to delay caused by such limits, shall be borne exclusively by the client alone.

The stock broker may require reconfirmation of orders, which are larger than that specified by the stock broker's risk management, and is also aware that the stock broker has the discretion to reject the execution of such orders based on its risk perception.

### **4. Setting up client's exposure limits and conditions under which a client may not be allowed to take further positions or the broker may close the existing position of a client**

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

- a. For Non-Payment or erosion of margins or other amounts, outstanding debts, etc. proceeds of such liquidation/ close out if any, against the client's liabilities/obligations.
- b. Any order which is executed without the required margin in the client's account or the broker's exposure is more than 90% and above so no fresh trade will be taken.
- c. The client here by 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 the exchange(s), DB (International) Stock Brokers Ltd. reserves the right to square off positions.

- d. 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 any other reason as prescribed or instructed by SEBI.

The client is not entitled to trade without adequate margin / security and that it shall be his / her / its responsibility to ascertain beforehand the margin / security requirements for his/ her /its orders / trades / deals and to ensure that the required margin / security is made available to the stock broker in such form and manner as may be required by the stock broker. If the client's order is executed despite a shortfall in the available margin, the client, shall, whether or not the stock broker intimates such shortfall in the margin to the client, make up the shortfall suomoto immediately. The client further agrees that he /she / it shall be responsible for all orders (including any orders that may be executed without the required margin in the client's account) & / or any claim /loss/ damage arising out of the non-availability /shortage of margin /security required by the stock broker & / or exchange & / or SEBI.

The stock broker is entitled to vary the form (i.e., the replacement of the margin / security in one form with the margin / security in any other form, say, in the form of money instead of shares) & / or quantum & / or percentage of the margin & / or security required to be deposited / made available, from time to time.

The margin / security deposited by the client with the stock broker are not eligible for any interest.

The stock broker is entitled to include / appropriate any / all payout of funds & / or securities towards margin / security without requiring specific authorizations for each payout.

The stock broker is entitled to transfer funds &/ or securities from his account for one exchange & / or one segment of the exchange to his / her / its account for another exchange & / or another segment of the same exchange whenever applicable and found necessary by the stock broker. The client also agrees and authorizes the stock broker to treat / adjust his/ her / its margin / security lying in one exchange & / or one segment of the exchange / towards the of another exchange & / or another segment of the exchange.

The stock broker is entitled to disable / freeze the account & / or trading facility / any other service. Facility, if, in the opinion of the stock broker, the client has committed a crime / fraud or has acted in contradiction of this agreement or / is likely to evade / violate any laws, rules, regulations, a lawful authority whether Indian or foreign or if the stock broker so apprehends.



## **5. Applicable Brokerage rate**

**Stock broker is entitled to charge brokerage within the limits imposed by exchange which at present is as under:**

- a. **For Cash Market Segment:** The maximum brokerage chargeable in relation to trades affected 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 Option Contracts:** Brokerage for option contracts would not exceed Rs. 100/- (per lot) single side or such other rates as provided by the exchange(s)/SEBI.
- c. In addition to brokerage SIL would also separately charge other statutory levies such as STT (Securities Transaction Tax), Service Tax as applicable, stamp duties etc. and Exchange Turnover Charges as well as for other Value Added Services such as tele supports, research analysis, dispatch of statement of accounts, etc. and clients desirous of opening account with SIL will have to bear the same. Such charges, apart from brokerage, could either be charged either under various heads or in the name of OTHER CHARGES as per SIL discretion. It would be the duty of client to note the said charges regularly and periodically and shall not raise any dispute or claim in respect to said charges at any later stage. SIL further clarifies that above mentioned additional charges could vary from client to client at the sole discretion of SIL and no client would have any right to compare or claim charges charged from other clients by SIL.

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

The client agrees that any amounts which are overdue from the client towards trading or on account of any basis on shortfall amount till the date of actual realization of money. The client agrees that the stock broker may impose fines / penalties for 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, at such rates and in such form as it may deem fit. Further where the stock broker 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.

The client agrees to pay to the stock broker brokerage, commission, fees, all taxes, duties, levies imposed by any authority including but not limited to the stock exchanges (including any amount due on account of reassessment / backlogs etc.), transaction expenses, incidental expenses such as postage, courier etc. as they apply from time to time to the client's account / transactions / services that the client avails from the stock broker.



## **7. 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**

The stock broker maintains centralized banking and securities handling processes and related banking and depository accounts at designated place. 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) or 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.

In case the payment of the margin/security is made by the client through a bank instrument, the stock broker shall be at liberty to give the benefit / credit for the same only on the realization of the funds from the said bank instrument etc. at the absolute discretion of the stock broker.

Where the margin /security is made available by way of securities or any other property, the stock broker is empowered to decline its acceptance as margin / security & / or to accept it at such reduced value as the stock broker may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the stock broker may deem fit in its absolute discretion. 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. The stock broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices. In case open position (i.e. 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 pay-in 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. Without prejudice to the foregoing, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

The stock broker is entitled to prescribe the date and time by which the margin / security



is to be made available and the stock broker may refuse to accept any payments in any form after such deadline for margin / security expires. Notwithstanding anything to the contrary in the agreement or elsewhere, if the client fails to maintain or provide the required margin/fund / security or to meet the funds/margins/ securities pay in obligations for the orders / trades / deals of the client within the prescribed time and form, the stock broker shall have the right without to take any one or more of the following steps:

- i. To withhold any payout of funds / securities.
- ii. To withhold / disable the trading / dealing facility to the client.
- iii. To liquidate one or more security(s) of the client by selling the same in such manner and at such rate which the stock broker may deem fit in its absolute discretion. It is agreed and understood by the client that securities here includes securities which are pending delivery / receipt.
- iv. To liquidate / square off partially or fully the position of sale & / or purchase in anyone or more securities / contracts in such manner and at such rate which the stock broker may decide in its absolute discretion.
- v. To take any other steps which in the given circumstances, the stock broker may deem fit. The client agrees that the loss(s) if any, on account of anyone or more steps as enumerated herein above being taken by the stock broker, shall be borne exclusively by the client alone and agrees not to question the reasonableness, requirements, timing, manner, form, pricing etc., which are chosen by the stock broker.

#### **8. Shortages in obligations arising out of Internal netting of trades**

Stock broker shall not be obliged to deliver any securities or pay any money to the client unless and until the same has been received by the stock broker from the exchange, the clearing corporation/ clearing house or other company or entity liable to make the payment and the client has fulfilled his / her/ its obligations first.

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

- a. 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) is debited to the short delivering seller client.
- b. In case, the shares are not purchased from the market for whatsoever reason, the seller account shall be debited by the closing price of shares on the date of the auction plus 2% over and above the closing price or minimum 50 paise per shares on the date of the auction for the settlement whichever is higher.
- 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 10% above the official closing price on the auction day or the highest



traded price from first trading day of the settlement till the auction day.

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

- i. The client may request the stock broker to temporarily suspend his account, stock broker may do so subject to client accepting / adhering to conditions imposed by stock broker including but not limited to settlement of account and/ or other obligation.
- ii. The stock broker can withhold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

**10. De-registering a client**

Notwithstanding anything to the contrary stated in the agreement, the stock broker shall be entitled to terminate the agreement with immediate effect in any of the following circumstances.

- i. If the action of the Client are *prima facie* illegal/ improper or such as to manipulate the price of any securities or disturb the normal/ proper functioning of the market, either alone or in conjunction with others.
- ii. If the action of the Client are *prima facie* illegal/ improper or such as to manipulate the price of any securities or disturb the conjunction with others.
- iii. If there is any commencement of a legal process against the Client under any law in force;
- iv. On the death/lunacy or other disability of the Client;
- v. If a receiver, administrator or liquidator has been appointed or allowed to be appointed of all or any part of the undertaking of the Client;
- vi. If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- vii. If the Client being a partnership firm, has any steps taken by the Client and/ or its partners for dissolution of the partnership;
- viii. If the Client have taken or suffered to be taken any action for its reorganization, liquidation or dissolution;
- ix. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the Security;
- x. If there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable;



- xi. If the Client suffers any adverse material change in his / her / its financial position or defaults in any other agreement with the Stock broker;
- xii. If the Client is in breach of any term, condition or covenant of this Agreement;
- xiii. If any covenant or warranty of the Client is incorrect or untrue in any material respect;

#### **Record maintenance**

An excel sheet and hard copy of documents shall be maintained by compliance team.

#### **11. Contract Notes:**

As a Trading Member of NSE/BSE we are required to issue Contract Note/s to all our constituents for all trades executed by them in the format as prescribed by the NSE. It is ensured that the Contract Notes are issued within 24 hours of the execution of the contract and signed by the person authorized for this purpose. Contract note are time stamped with the time of receipt of order and the time of execution of order etc. Contract Notes, Margin Statement, Statement of Accounts and annual statements to Clients are sent through email within stipulated time as prescribed by exchanges/SEBI. Proper log of sending reports of these documents is maintained. In case of bouncing of email, DB sends a physical copy of contract note to the client through courier within stipulated time. The billing is done on the trade date and informed to the client as per the rules and regulations of the exchange(s)

#### **12. Collection and Release of payments to Clients**

The DB (international) Stock Brokers Limited various Bank Accounts at HO are operated by the Director/Authorized Signatories.

**Collection:-** Normally we get payments on due dates from most of the clients. Person authorized to collect dues from clients would review outstanding to be received on continuous basis in record kept made and payment obtained.

#### **13. Release of Payments: -**

All Clients to be paid on due date without fail. However those Clients who have given Running Account Letter and do not want payments for their convenience are not paid. Extreme care is taken to ensure that cheque/s issued by the Stock home India very seriously.

#### **14. Collection and Delivery of Securities to the Clients**

**In Demat Form** – It is ensured that clients provide delivery of shares from the same DP ID registered with us as mentioned in the KYC or updated subsequently.

Delivery of Securities to the client is made in client demat account.



## **15. Records**

All physical records like Client Registration Forms – Contract Notes- Bank records is kept at HO/Record Room. To prevent the misuse of confidential information a “Chinese Wall” policy will be adopted in terms of SEBI (Prohibition of Insider Trading) Regulations, 1992.

A Risk Management System is an integral part of an efficient risk system. We have put in place a comprehensive risk management policy, which is constantly upgraded as per the latest notifications, directions and guidelines issued by exchange, SEBI and other authorities in respect of securities market.

The purpose of this manual is to provide all employees of DB (International) Limited (DBL) with a reference to manual containing policies and procedures established by the company. In the interest of brevity, an attempt has been made to include only that information which may be used under normal operating circumstances. For exceptional situations, it is recommended that the appropriate authority is contacted.

The model of RMS consists of Branches and Authorized Person. All the staff of branches, including Branch manager, RM, dealer and also covering all those who are directly, indirectly dealing with client needs to understand and following the policy in order to ensure hassle free market/trading operations.

## **16. Risk Management Operations:-**

We have a client level risk management system wherein the margins/collaterals of all the clients are uploaded to the front office software of the Company. The clients are allocated exposure, based on the margin/collaterals available with us.

VaR / Initial margin is collected upfront from all the clients. Margins are collected either by cheques and other banking instruments through mapped bank accounts of the client/TM, by securities and other eligible instruments prescribed by SEBI/Exchange. The collaterals given by the clients towards margin are accepted only after haircut called “VaR” which is never less than that fixed by the Exchange. An extra VaR is generally applied for haircut on collaterals to give extra cushion against volatility and exposure is allowed accordingly. VaR is calculated taking into consideration many factors such as volatility, VaR by Exchange(s), Market Capitalization, turnover etc.

The clients are allowed to execute transactions and the VaR / Initial margin is blocked based on the exposure availed by the client. In the Capital/commodity Market segment, the clients are required to pay the balance amount within the stipulated time and regular follow-ups are ensured for recovery of debit balances.

Based on above following are primarily functions of Risk management department includes:

- To check capital adequacy for exposure and requirements of the clients.



- Monitoring of clients order, patterns of trade, order rejection, increasing of exposure/limit.
- Monitoring MTM profits/loss incurred out of trades.
- Benchmarking Margin Vs Exposure of client.
- Decision taking with regards to squaring off positions on account of MTM loss or margin shortfalls or any other reasons that may come across.

### **17. Client Margin Deposit Calculation for FNO/CDS:**

An upfront margin is required from client to trade in F&O/CDS segment

All margin deposit of a client will be valued on upfront basis i.e. on same day.

#### **Note:**

- 1) T-1 margin does not include trading date FNO/CDS MTM and credit posting which will actually be treated as accrued for T Day reporting.
- 2) Option sold premium will not be considered for limit purpose for Future including cash although same can be considered for buying premium option of the same value.
- 3) Any MTM (either booked or notional) shall not be considered for limit purpose till settlement of the same.

### **18. Trading Limit Guidelines/Collateral Margin:**

Total Deposit = Ledger Balance+ Pledged Stock Value after Haircut + Fund Transfer (Same day, if any)

Particular	Cash	FO		CD		Commodities	
Intraday Exposure	As per VAR	Future	Option	Future	Option	Future	Option
		1 X Future	1 X (Premium)	1 X Margin	1 X (Premium)	MCX : 1 X	1 X (Premium)
Delivery Limit / Carried Forward	1 X of Limit Set	1 X of Limit Set		1 X of Limit Set		1 X of Limit Set	
		It is compulsory to keep 100% margin as per the exchange norms.					



<b>Limit Setting</b>	<p>Total Deposit = Ledger Balance+ Pledged Stock Value after Haircut + Fund Transfer (Same day, if any)</p>
	<p>➤ <b><u>MTM Sq-off:</u></b></p> <p>a) First Call = 60%, b) Second call = 70%, c) Final call/Square off=80%</p> <p>Note: Once the MTM loss of the intra-day positions reach 80% of the margin available, the positions should be cleared from the branch concerned, failing which the positions taken for the intra-day will be cleared off from RMS &amp; Surveillance dept., therein after only ATOM, or Fund Transfer is allowed to increase the exposure or limit.</p> <p>➤ In case client MTM loss reaches to 60-70% at the end of the day, client will have to reduce the position up to the level of 50% or need to enhance the limit by additional margin.</p> <p>➤ <b>Client should further note that in the case of extreme volatility or with low liquidity contracts, the square off (MTM loss ) may be above 100% of the available capital for which Client is solely responsible and liable to clear any debit occurring due to position square off.</b></p> <p>➤ <b><u>Ageing Debit Square Off</u></b></p> <p>Stock broker shall not grant further exposure to the clients having debit balance beyond 5 days. Only grace period of 5 working days from settlement day is given to the client to clear the dues. It is client's obligation to clear his/her outstanding dues by T+1 basis. Client shall not be allowed for Intraday trading also (across segment) beyond T+5.</p> <ul style="list-style-type: none"><li>• To obtain new/fresh exposure client should provide 100 % amount up-to ageing debit by cheque /fund transfer.</li><li>• If the open position clearance not been initiated from branch, then same would be taken care by RMS department (Head office) as per situation with intimation to branch. In this regard, company shall not be responsible for any loss.</li><li>• At the time of selling stocks, below method is followed:<ul style="list-style-type: none"><li>○ Stock from Beneficiary Account</li><li>○ Stock from Margin Account (If sufficient stocks are not found in Beneficiary A/c)</li></ul></li></ul>



	<ul style="list-style-type: none"><li>• In case stock valuation falls below 20% of the total ledger debit, square off can be done even before T+2 days.</li><li>➤ In case at any point of time, if the client ledger arrived to debit due to whatever market volatile or higher position values in less margin or dishonor of pay in client will be responsible to pay the dues to clear the outstanding in his/her ledger.</li><li>➤ In any circumstances client fails to pay the due amount, company will have legal right to recover such an amount from client.</li><li>➤ In case client carries commodity or Derivatives position more than 1 time, they need to pay shortfall on next day before 9A.M.<ul style="list-style-type: none"><li>* Note: T+1 day consideration shall not be given to such client, where instances of cheque bouncing or cheque reversal have taken place in the past.</li></ul></li><li>➤ The MTM loss arising in F&amp;O positions need to be paid on the same day (T day) so that MTM settlement can be performed properly, failing which the positions may be reduced to the available margin level.</li></ul>
<b>Banned Securities</b>	<ul style="list-style-type: none"><li>➤ No Intraday position may be allowed on Ban scrip</li><li>➤ Trading in commodity contracts will be restricted a day prior to the delivery intention period</li><li>➤ Physical delivery of commodities is not allowed.</li></ul> <p>Physical delivery of derivative contracts shall be squared off a day before tender period.</p>
<b>Illiquid stocks</b>	<ul style="list-style-type: none"><li>➤ Exposure: only 1 time exposure may be given on illiquid stock.</li></ul>
<b>Penalty</b>	<ul style="list-style-type: none"><li>➤ Any delay payment (after T+1) may attract a penalty against delay payment charges (DPC) @18% interest p.a.</li><li>➤ In case of Bounce cheque, a penalty amount will be debited to the client account as per actual basis.</li></ul> <p>In case of F&amp;O/commodity MTM shortfall, actual penalty will be charged as per exchange</p>



<b>Clarification regarding margin collection by clients</b>	<ul style="list-style-type: none"><li>➤ Free balance available on current day (T day) with client in different segments (Cash/FO/CD) across exchanges may be considered for margin collection</li><li>➤ Only exchange approved stock in Client margin Pledge account will be considered for margin collection and for intra-day exposure in derivative segment subject to a haircut of VAR margin. Exposure for C/F will be subject to availability of clear fund balance &amp; collateral holding only.</li><li>➤ Limit against premium credit for sell of option contract:<ul style="list-style-type: none"><li>* not allowed to take position in Option Contract Buy/Sell on same day</li><li>* not allowed to take position in Future &amp; Option contract sell on same day</li><li>* not allowed to take intraday or Delivery position for EQUITY scrip on very same day</li></ul></li><li>➤ MTM profit cannot be considered for taking fresh position in cash &amp; FNO segment.</li><li>➤ Non approved securities (other than illiquid stocks) can be considered on case to case basis for providing exposure benefit to client after applying exchange based VAR</li></ul>
<b>Prohibition of manipulative, fraudulent and unfair trade practices</b>	<p>In case a client, dealer, or Branch manager is found to be involved in manipulative, fraudulent unethical and unfair trade practices, strict action will be taken against them. Following are few examples of activities which are prohibited.</p> <ul style="list-style-type: none"><li>• Synchronized trading</li><li>• Client Exchange Volume</li><li>• Off Market Transfer to Multiple clients and from multiple to single account</li><li>• Client Script Concentration</li><li>• Illiquid stock trading</li><li>• Client Purchase/Sale to Income</li><li>• Profit loss transfer</li><li>• Guaranteed returns or promise undue advantages</li><li>• Planting false or misleading news, spreading rumor with the objective of enhancing brokerage or commission</li><li>• Order matching</li></ul>
<b>Quarterly/ Monthly Settlement</b>	<ul style="list-style-type: none"><li>➤ Accounts needs to be settled once every quarter/month as per preference selected by him at the time of Account opening.</li></ul>
<b>Delivery Margin requirement</b>	<p>It is mandatory to maintain the margin in the expiry week for In the money long/buy options.</p>



<b>for Long/Buy option positions</b>	
<b>Online Trading Guidelines</b>	<p>All clients who have opted for Internet based trading (Online Trading) accounts will be given a user ID and password. Such clients will execute trade through his Online Trading system only.</p> <p>TM is not responsible if the password is shared / disclosed to another person by client himself. Such clients have responsibility to execute trade and square off the position through provided Online Trading system within prescribed time frame and TM will not interfere in between trades as executed by client.</p> <p>In the special case, client may request TM to square off the same. In absence of such request or otherwise, TM may square off the position as and when required.</p>
<b>Risk Disclosure Guidelines</b>	<p>Clients must be aware about the "Risk Disclosure Documents" as prescribed by SEBI/exchange. In the light of the various risk involved, as mentioned in the "Risk Disclosure Documents", client should undertake transactions only if they understand the nature of the relationship into which executing trading.</p> <ul style="list-style-type: none"><li>➤ TM is not liable or held responsible for such Risk. The clients shall be solely responsible for the consequences and no contract can be rescinded on that account.</li></ul>
<b>General</b>	<ul style="list-style-type: none"><li>➤ No family adjustment of ledger or Cheque is allowed</li><li>➤ Third party Cheques or collateral securities are not accepted</li><li>➤ Positions taken as intraday can be converted to Delivery Product (MIS to NRML) subject to the availability of credit balance or on confirmation of Fund transfer.</li><li>➤ After Market Order (AMO) may be cancelled if the price entered is more than 10% away from the LTP in either direction</li><li>➤ After Market Order (AMO) may be cancelled if client do not have sufficient funds</li><li>➤ Positions may be squared off immediately, if cheque bounces (due to any reason).</li><li>➤ No unlimited access granted to any client ID, Dealer ID and Branch ID</li><li>➤ Restrictions on Far-month contract (Expiry of contracts does not fall within 60 days from the trade day)</li><li>➤</li></ul>



<b>Payout Request Guidelines</b>	<p>Client can request for payout through phone line/online/send an email to <a href="mailto:accounts@dbonline.in">accounts@dbonline.in</a> The limits may be decreased from trading accounts once account department intimate us about such payout requests.</p> <p>All requests to entertain limit or hold positions in short margin will only be allowed if client requests to cancel payout being processed after we receive a request through registered email and registered mobile.</p>
<b>Surveillance</b>	<p>Apart from monitoring the availability of margins and recovery of Debit balance, we also identify the incidents which in our opinion, require to be scrutinized.</p> <p>We keep check on the list of securities provided by exchange as illiquid. No business center is allowed to transact in these securities. Further, we identify the securities that are having very few transactions on regular basis in the market and categorize them also as illiquid securities. The approval to execute transactions in such securities is given on a case to case basis and we charge 100% margin in such cases.</p> <p>At the end of the day, we process the transactions through our offline surveillance system. We also examine the incidents of trades which are executed in less liquid securities to identify whether the same are used as a mechanism to execute transactions like circular trading, profit transfer incidents etc.</p>
<b>Disclaimer Note</b>	<p>This document is intended for internal use only. It is designed to keep clients and front line employees informed about the company's internal policy procedures and risk management.</p> <p>If you are not the intended recipient, you are strictly prohibited from disclosing, copying, distributing, or taking any action in reliance on any information in this policy.</p> <p>Any form of transmission cannot guarantee the security or accuracy of the data, as data may be intercepted, corrupted, destroyed, arrive late or incomplete, or contain viruses. DBL therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of such transmission.</p>



## 19. Client Code Modification Policy

**Objective:** This policy aims to reduce order entry mistakes and discourage client code modifications. It outlines the framework for monitoring and penalties related to client code modifications, in line with the Exchange's updated circular. The penalties will be levied to ensure compliance and safeguard the integrity of the trading system.

### **1. Error Account Maintenance**

We are maintaining a designated "Error Account" with the Client Code as 'ERROR' in the UCC database.

### **2. Modification to ERROR Account and Liquidation of Trades**

If a trade is transferred to the "Error Account," we are required to liquidate the erroneous positions from the "Error Account" itself.

### **3. Fresh Trades in ERROR Account**

No fresh trades are allowed in the "Error Account." Only square-off trades are permitted.

### **4. Modification of Client Code from ERROR Account to another Client Code**

We are not allowed to modify a client code from the "Error Account" to another client code.

### **5. Open Positions in ERROR Account for More Than 3 Working Days**

No open positions shall be kept in the "Error Account" for more than three working days.

### **7. Institutional Trade Modification**

Modification of client codes between institutional entities will be allowed only if both codes belong to different schemes or sub-accounts of the same institution.

### **8. Penalty for Client Code Modifications (Non-Institutional Clients)**

Penalties will be imposed based on the percentage of modified non-institutional client code trades relative to the total non-institutional trades of the trading member. In case of frequent modifications, the Exchange may conduct a special inspection, and appropriate disciplinary action may be taken if deficiencies are identified.

### **8. Waiver of Penalty**

In case of genuine errors (such as communication or typing errors) or modifications within relatives (as defined by the Companies Act, 2013), we may request a waiver of penalties by submitting supporting documents within three working days of the modification. Failure to submit within this timeframe will result in the denial of the waiver request.



## **20. Return of Clients Assets**

We are required to ensure that all client accounts are settled on monthly or quarterly basis (*as per the client preferences*) in the manner prescribed from time to time. In case we are unable to settle the client accounts due to non-availability of client's account details and non-traceability of client, Members are advised to make all efforts to trace the clients to settle client account and maintain an audit trail for such efforts made for tracing such clients and settling their account. In case of receipt of any claims from such clients, members are advised to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only.

## **21. Policy on Conflict of Interest**

### **1. Objective**

This policy is designed to ensure that DB (International) Stock Brokers Limited (hereinafter referred to as "the Company") and its associated persons comply with the provisions set forth by the Securities and Exchange Board of India (SEBI) to avoid, manage, and eliminate conflicts of interest. The policy follows the guidelines outlined in the SEBI circular and incorporates the best practices outlined in Principle 8 of the International Organization of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulations.

The goal is to promote fairness, transparency, and integrity in all dealings with clients, counterparties, and the securities market while ensuring that no personal or organizational interest compromises the Company's duty to act in the best interests of its clients.

### **2. Scope**

This policy applies to all employees, officers, directors, and other associated persons of the Company.

### **3. Responsibilities**

#### **3.1 Senior Management's Role**

The senior management is actively involved in the development, implementation, and periodic review of this policy. They will ensure that:

- High standards of integrity are maintained in business practices.
- Policies, internal procedures, and codes of conduct are developed and communicated effectively to all associated persons.

#### **3.2 Employee and Associated Persons' Responsibilities**

All employees and associated persons shall:

- Adhere to the policy guidelines for identifying and managing conflict of interest situations.
- Act in the best interests of clients, ensuring that their personal interests do not conflict with professional duties.
- Ensure fair treatment of clients and avoid any discrimination.



- Disclose any potential conflict of interest to the compliance officer or management.

#### **4. Guidelines to Avoid, Deal with, and Manage Conflict of Interest:**

##### **4.1 Code of Conduct and Internal Procedures**

- The Company shall lay down clear policies and internal procedures to identify, avoid, and manage conflicts of interest.
- A code of conduct shall be formulated and communicated to all employees and associated persons, outlining appropriate standards of conduct.
- Policies will emphasize the importance of managing conflicts to ensure that client interests are prioritized over personal interests.

##### **4.2 Integrity and Fairness**

- All business activities must be conducted with the highest standards of integrity.
- The Company shall treat all clients fairly, ensuring that their advice, recommendations, and transactions are not influenced by personal or organizational interests.

##### **5.3 Personal Interest vs. Client Interest**

- Associated persons must ensure that their personal interests do not conflict with their duty to clients.
- The Company's advice, investment decisions, and transactions must always prioritize client interests.

##### **5.4 Disclosure of Potential Conflicts**

- The Company will ensure that any potential sources of conflict of interest are disclosed to clients in a timely and transparent manner.
- Such disclosures will be made in a way that does not impair the ability of the Company to render fair, objective, and unbiased services.

##### **5.5 Information Barriers**

- Information barriers (also known as "Chinese walls") shall be implemented to prevent the flow of sensitive information between different departments or units of the Company.
- This will help reduce the possibility of conflicts arising from the sharing of proprietary or confidential information.

#### **6. Implementation and Monitoring**

- The compliance officer will oversee the implementation of this policy and monitor adherence to the guidelines.
- The Company will conduct periodic assessments and audits of its policies and practices related to conflict of interest.



As per the SEBI guidelines regarding restrictions on circulation of unauthenticated news / information, the following procedure is adopted:

1. Director/ Employees will not circulate any rumors or unverified information or news obtained from client, industry, any trade or any other sources without the specific approval of Compliance Officer.
2. The Compliance Officer, before approving circulation of any news, have to verify its authenticity and only after satisfying himself can allow circulation of any such news.
3. The Compliance Officer with the assistance of IT department shall ensure no usage of Blogs /Chat forums /Messenger sites etc., so that no unauthenticated news / information is circulated.
4. The Compliance Officer should ensure proper education and training to all the employees to understand the nature of unauthenticated news / information.
5. The trading staff will not be allowed to use mobile phone during trading hours.
6. The company designates the Compliance officer for the prevention of circulation of unauthenticated news/information and in case of any violation observed, Compliance Officer shall be liable.

## **22. Policy on Handling of Good till Cancelled Orders (GTC) for Clients**

DB (international) Stock Brokers Limited (DB) is not offering any facility for Good Till cancelled (GTC) Order; therefore there is no requirement for formulating the policy for GTC in accordance with National Stock Exchange of India Limited (NSE) Circular Ref. No: NSE/INSP/62528 dated June 21, 2024, NSE/INSP/63789 dated September 06, 2024, and 20240622-2 dated June 22, 2024. Also there is no need to make it part of account opening form.



## **23. Pre Funded instrument policy**

### **Objective:**

The objective of the policy is to prevent acceptance of third party funds and to prescribe process to deal with instruments issued by third party when received.

### **Background:**

SEBI vide circular no. SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 has specified that the Stock brokers can accept demand drafts from their clients. However, SEBI vide circular no. CIR/MIRSD/ 03/2011 dated June 9, 2011 has advised stock brokers to maintain an audit trail while receiving funds from the clients through Demand Draft (DD)/Pay Order (PO)/Bankers cheque (BC) since such third party pre-paid instruments do not contain the details like name of the client, bank account number are not mentioned on such instruments. No maintenance of audit trail may result in flow of third party funds or unidentified money which may result into breach of regulations issued under PMLA and SEBI circulars.

### **Policy:**

As a Policy of DB (International) Stock Brokers Limited discourages receipt of funds from the Clients through Pre-funded Instrument means i.e., Demand Draft, Pay Orders, Banker' Cheque, Fund Transfer through Internet, etc. This is to discourage the flow of third party funds or unidentified money into the System to avoid future litigations and comply with the Regulations of the regulatory bodies.

The Prefunded Instruments may be accepted under special circumstances with the permission of the Senior Management/Board of Directors. The special circumstances include:

- Continuous Bank Holidays.
- Client having account in other Banks or in Co-operative bank
- To Meet Immediate Margin/Settlement Shortfall
- To take Fresh Position
- Client's Bank or City do not have clearing facility.
- Non Availability of cheque book or delay in procuring cheque book
- Default Client

Where the aggregate value of the prefunded instrument is less than Rs. 50000/- per day per client, the prefunded instrument is accepted only after ascertaining the genuine reason for the said prefunded instrument and after obtaining undertaking to that affect by maintaining the Xerox copy of the prefunded instrument.



Where the aggregate value of the prefunded instrument is Rs. 50,000/- or above per day per client, the prefunded instrument is accepted only after ascertaining the genuine reason for the said prefunded instrument and after obtaining undertaking to that effect and accompanied by the name of the account holder and number of the bank account debited for the purpose duly certified by the issued bank. The mode of the 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.

In case of any receipt of funds by way of Electronic fund transfer, an audit trail to ensure that funds are received from respective client only has to be maintained.

If the pre-paid instrument is received through post or any other method where client does not directly interface for submission of the instrument and the instrument does not contain the information as required above, the following action may be taken:

- Contact the client immediately and seek information. Do not bank the instrument until the information is given by the client.
- If the pre-paid instrument is bank transfer, contact banker immediately for the details; not utilize the amount so credited until the details are received and do not give credit to the Client until banker gives the details/certification.

While giving credit to respective client's ledger, Head office needs to cross check/verify with documents that such instrument is received from respective clients.

The record of all such pre funded instruments received is maintained in the prescribed format.

All the payments from the clients through NEFT/RTGS are made sure they are received from respective client's Accounts only.



## **24. Standard Operating Procedure (SOP) for handing surveillance alert**

### **1. Purpose**

This SOP outlines the procedures for processing internal surveillance alerts generated by DB (International) Stock Brokers Limited (referred to as “DB”) and those from Central Depository Services Limited (CDSL). Its aim is to ensure timely and efficiently handling of alerts while adhering to regulatory requirements.

### **2. Scope**

This procedure applies to all personnel involved in monitoring and managing surveillance alerts within the Depository Participant (DP) department. It encompasses alert generation criteria, response timelines, escalation processes, and the Maker-Checker mechanism.

### **3. Definitions**

- **Surveillance Alerts:**

**Internal Alerts:** These alerts are generated internally by the software installed by DB.

**Alerts from CDSL:** These alerts are generated by CDSL and provided to us.

The team will analyze the above mentioned alert, verify the authenticity with the concerned BO(s) and take appropriate action to close or escalate to CDSL or any other concerned authority.

- **Maker-Checker Mechanism:** For efficiently the monitoring and handling of surveillance alerts within the DP, DB has made a provision of Maker and Checker mechanism.
  - **Maker:** Responsible for documenting and processing of the alert, including gathering all necessary information. The maker shall make comment to pass on his initial findings to Level 2 (Compliance Officer)
  - **Checker:** Responsible for reviewing the alert and the actions taken by the Maker, ensuring compliance as per criteria mentioned in SOP.

### **4. Alert Generation Parameters**

Surveillance alerts may be generated based on the following parameters:

1. Multiple Account Opened with same demographic like same PAN/mobile number/ email id/ bank account no. / address.
2. Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3. Frequent change in client KYC for Demat Accounts
4. Frequent Off-Market transfers by a client in a specified period
5. Off-market transfers not commensurate with the income/Net worth of the client.
6. Pledge transactions not commensurate with the income/Net worth of the client.
7. Off-market transfers (High Value) immediately after modification of details in demat account



8. Review of reasons of off-market transfers provided by client for off-market transfers vis à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales.
9. Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10. Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

## 5. Response Timelines

- **Initial Review:** Surveillance alerts must be reviewed within 5 working days of generation.
- **Investigation Completion:** The investigation should be concluded within 15 working days of the initial review.
- **Reporting to Compliance Officer:** The supervisor should pass on alerts within 20 days to the Compliance Officer.
- **Closure of alerts:** The compliance officer should ensure to close the alerts within 30 days of generation.

## 6. Processing and Disposal of Alerts

DB has prepared the SOP for the processing and disposal of alerts as per the scenario and threshold defined as mentioned in Annexure-I. These alerts are analyzed with proper due diligence and explanation is sought from the client, if required. Accordingly, alerts are closed on case-to-case basis.

## 7. Periodic Review

- The Compliance Officer will review the SOP and alert parameters annually to ensure relevance and compliance with regulations.
- Any amendments must be documented and staff must be trained on updates.

## 8. Training and Awareness

DB shall have an on-going employee training programme to handle surveillance alerts as per criteria mentioned in SOP and any amendments made in SOP.



#### Annexure-I

DP Scenario	Threshold
<b>S832 Multiple Account Open with Common Details</b>	<b>Threshold</b> <b>PAN : 2</b> <b>Mobile No : 5</b> <b>Email ID : 5</b> <b>Bank A/C No : 3</b> <b>Address : 5</b>
<b>S833 High value off market transaction in a specified period</b>	<b>Account Segments= All</b> <b>Single transaction value =&gt; Rs.10,00,000</b> <b>Day Transaction value = Rs.5,00,000</b> <b>Total Transaction Value= Rs.2,50,000</b> <b>No Of Times for Day Transaction=3</b> <b>No of Off Market Transactions =&gt; 3</b>
<b>S834 Client Off-Market Transactions vis-a-vis Fair Value</b>	<b>Account Segments= All</b> <b>Single transaction value =&gt; Rs.5,00,000</b> <b>Total Transaction Value =&gt; Rs.10,00,000</b>
<b>S835 Pledge Transactions vis-a-vis Client Fair Value</b>	<b>Account Segments= All</b> <b>Single Pledged transaction value =&gt; Rs.5,00,000</b> <b>Total Pledged transaction Value =&gt; Rs.5,00,000</b>
<b>S836 High value transactions after modification in account</b>	<b>Account Segments= All</b> <b>Single off market transaction value =&gt; Rs.5,00,000</b> <b>Day Off Market Transaction Value =&gt; Rs.10,00,000,</b> <b>Last modification days &lt;=30</b>
<b>S837 Frequent change in client KYC for DP Accounts</b>	<b>Changes 3 and no of days 30</b>
<b>S838 Client Communication Bounced Back Undelivered</b>	<b>No Of Times Email Bounced 3</b> <b>No Of Times Letter Returned 3</b>
<b>S840 Client Off Market Transfer for Specific Reason</b>	<b>Reason Gift =&gt; Rs.1,00,000</b> <b>Reason Donation =&gt; Rs.1,00,000</b> <b>reason Off Market Sale = Rs.1,00,000</b> <b>Look Back No of Days = 90</b>
<b>S841 Sudden Increase in Transactions and holding decrease significantly</b>	<b>No of Days from A/c Open &lt;= 90</b> <b>% of Increase in Txn Value =&gt; 5</b> <b>Holding % vis Trxn value&lt;= 5</b> <b>Current month Trxn value =&gt; Rs.1,00,000</b>

The alerts generated on the basis of above scenarios will be analyzed, additional documents will be sought from clients, wherever required and accordingly due diligence will be done to close the alerts.



### **Transactional Alerts to be provided by the Depository Participant (DB):**

S. No.	Name of Alert
1	Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the DP.
2	Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced.
3	Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc
4	Frequent Off-Market transfers by a client in a specified period
5	Off-market transfers not commensurate with the income/Networth of the client.
6	Pledge transactions not commensurate with the income/Networth of the client.
7	Off-market transfers (High Value) immediately after modification of details in demat account
8	Review of reasons of off-market transfers provided by client for off-market transfers vis à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales
9	Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
10	Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients.

## Reporting format for closure of alerts



## **25. INTERNAL POLICY ON NISM CERTIFICATION (SECURITIES OPERATION AND RISK MANAGEMENT CERTIFICATION EXAMINATION - SERIES -VII)**

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

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

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

**Exemption:** Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII – Securities Operation and Risk Management (SORM).

For this purpose, the company considers following activities as basic elementary level / clerical level.

<b>S. no.</b>	<b>Internal Control or Risk Management.</b>	<b>Redressal of Investor Grievances</b>	<b>Activities having a bearing on operational risk and dealing with assets of funds of investors of clients</b>
1	Inwarding or collateral's /Cheques	Inwarding of complaints	Person performing maker entries
2	Person performing market entries	Seeking documents from clients	Maker entry in the database
3	Maker entry in the database	Person performing maker entries	Preparing of MIS
4	Photocopying, printouts, scanning of documents	Maker entry in the database	Generating of reports, Files
5	Preparing of MIS	Photocopying, printouts, scanning of documents	Photocopying, printouts, scanning of documents



6	Sending of letters / reports to clients, Exchanges, SEBI	Preparing of MIS	Dispatching documents to clients
7	Attending Calls, etc.	Sending of letters / reports to clients, Exchanges, SEBI updation, data entry, uploading on SCORES	Sending of letters / reports to clients, Exchanges, SEBI
8	--	Attending calls, etc.	Attending calls, etc.

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

All other NISM Certifications including that of Compliance, Derivatives etc as specified by the Regulatory from time to time are to be complied.

**Reference:-**

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

## **26. Disclosure on Outsourcing Activity**

The management has decided that all operations in relation to maintenance and processing of client records are to be maintained by in-house team only except operations that require help of the outside agencies that cannot be performed by the in-house team such as bill printing/dispatch and courier services etc. If company decides to outsource any of its activity in the future, it will take appropriate steps and a detailed policy will be published to elaborate scope, roles, and responsibilities.



## 27. Investor Complaints & Redressal

Investor complaints such as non-issuance of DIS booklet, erroneous/fraudulent transfer, erroneous trade, trade without consent or any other type of compliant are registered in the grievance register. The investor may complaint directly to DB through physical mode at the correspondence address or electronic mode for which there is a dedicated email id at [investorgrievance@dbonline.in](mailto:investorgrievance@dbonline.in). The grievance email id is communicated to clients through bill cum transaction statement, statement of holding etc., or through [www.dbonline.in](http://www.dbonline.in). The grievance id and other relevant details have been mentioned on display board. The resolution of the complaint is done within prescribed time as per regulatory authorities guidelines and confirmatory reply is sent through mail or in physical form. In case the complaint is received from regulatory authorities, the copy of the reply is sent to regulatory authorities within stipulated time period as per regulatory authority's guidelines. The timely resolution of the complaint is the responsibility of the compliance officer. The complaint register, MIS, Resolution and closure status is also put up to the Director/National Head/Operation Head on monthly basis. A prescribed report for grievance Redressal is submitted to regulatory authorities.

### Facsimile Policy

W.r.t. NSE Circular no NSE/INSP/32524 dated Jun 6, 2016 and BSE Circular no. 20160607-04 dated Jun 07, 2016.

**Definition:** Facsimile Signature: Scanned signatures of authorized person in physical documents, instead of actual signatures of the person while maintaining the validity of the documents.

**Authorized Signatory:** Means Compliance Officer, Directors or any other official authorized by board.

We, DB, are sending the Electronic Contract Notes (ECN) to our clients. As No Physical Contract Notes are being sent to clients, maintaining/ adopting the facsimile signature policy is not applicable on us. We always strive for green initiative and send Electronic Contract Notes (ECN) to our clients. Our Authorized Signatory does manual/wet signature on Physical Contract Notes only on receipt of client's request or bouncing of Electronic Contract Notes (ECN) as per the bouncing report of back office system.



## **28. Market Access through Branches / Authorized Persons:**

DB will ensure that the branch have adequate office space, equipment (computers, telephone lines), and trained manpower to effectively discharge activities on behalf of the broker. Details of the branch, including address, telephone, and fax numbers, must be submitted to the exchange. Separate books of account, and client databases must be maintained, as per audit requirements.

An AP is an individual, partnership firm, LLP, or body corporate appointed by a stock broker to act on their behalf as an agent to provide access to the trading platform. DB follows the eligibility Criteria as prescribed by exchanges for individuals, LLPs and corporates. DB will ensure that AP is not already registered with another trading member on the same exchange.

The allotment of terminals is carried out in strict compliance with the Exchange's regulatory and operational guidelines. These guidelines ensure that only authorized individuals or entities receive terminal access. If a Branch or AP is closed, all user IDs and terminals associated with that location must be immediately surrendered. This includes deactivating or reassigning any system access or trading rights tied to the terminal of the closed Branch or AP.

To monitoring the trading terminals and activities of APs, DB to identify AP terminals where no trades have been placed in the last six months or have been inactive and ensure that they are deactivated on an immediate basis. Also, DB monitor that trades placed on the AP terminal are commensurate with the number of clients mapped to them.

DB shall exercise adequate control and due diligence over the activities, conduct and transactions of APs by conducting surprise and periodic Inspections and taking regular feedback from the clients of the APs. In case any anomaly is identified, DB shall take necessary disciplinary actions against their APs. DB shall be vicariously and severally liable for any violation committed by their APs including operating any schemes of unauthorized collective investments/portfolio management and promising indicative/guaranteed/fixed returns etc.

Enhanced due diligence to be done by DB , by means of in-person verification/site visits, validating their PAN, conducting background checks, ensuring that they are not a part of SEBI & Exchange.

### **Branch/AP inspections:**

In order to ensure on going compliance with the SEBI Act, 1992, SEBI (Stock Brokers) Regulations, applicable SEBI circulars, and Stock Exchange bye-laws, rules and regulations strengthen supervisory controls over branches and APs, The branches and APs will be inspected by trading member. The frequency of the inspections will be as per the circulars issued by exchanges and SEBI from time to time.

DB shall ensure that email address and contact details of an AP are not mapped to any of their existing APs and or clients of the DB. A continual monitoring process should be in place, to identify such instances.

DB shall ensure following:

- Director/Partner of a registered AP/Trading Member is not appointed in the capacity of AP with any other Trading Member, or the same Trading Member registered with the Exchange.
- Director/Partner of an AP is not associated as Designated Director/Designated Partner/Compliance Officer with any Trading Member registered with the Exchange.
- Director/Partner of AP is not associated as Director/Partner with other AP registered with the Exchange.
- Further an Authorized person shall be affiliated with only one Trading Member of the Exchange at any point in time.

DB restricts entities with names which may mislead clients/investors, including names with "Portfolio/wealth management/advisory" without a valid SEBI registration as specified in the Exchange circular no. NSE/COMP/55716 dated February 22, 2023.



## **29. Prevention of Insider Trading:**

As per the SEBI regulation regarding prohibition of insider trading, the following procedures shall be undertaken:

- a. Directors and / or Employees shall maintain the Confidentiality of all Price Sensitive Information & will not pass such Information either directly or indirectly by way of making a recommendation to anybody for the Purchase or Sale of Securities.
- b. Price Sensitive Information should be disclosed only to those, who need the Information to discharge their Duties in the company and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.
- c. All files / data, containing Confidential Information shall be kept in a secure environment. All computer files must have adequate security such as Login and Password.
- d. Directors / Employees shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their companies Accounts, Own Account, their relative's Accounts or Client's Account.
- e. All Directors / Employees, who intend to deal in the Securities of listed Companies where company have some assignment / interest, shall first pre-clear the transactions as per the pre-dealing Procedure, wherein, an application, may be made in this regard, to the Compliance Officer indicating the name and estimated number of Securities that the Director / Employees intends to deal in, with the details of Demat Account and any other details as may be required at that point in time.
- f. In order to monitor above Procedures and Trading in Client Securities based on Inside Information, the company as and when required, would restrict Trading in certain Securities.
- g. The restricted List shall be maintained by the RMS Team.
- h. Any Director / Employee, who trades in Securities or communicates any Information or counsels any Person Trading in Securities will be treated as contravention of the policy, may be penalized and suitable action shall be taken against him / her as find appropriate by Law.
- i. The Action by the company shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.
- j. The company designates its Compliance officer for the prevention of insider trading and in case of any violation observed; Compliance Officer shall inform it to the Director / SEBI.



## **FRAMEWORK FOR VOLUNTARY FREEZING/BLOCKING THE ONLINE ACCESS OF TRADING ACCOUNT**

In reference to SEBI Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 and Exchange Circular no. NSE/INSP/60277 dated January 16, 2024 on the subject “Ease of Doing Investments by Investors - Facility of voluntary freezing/ blocking of Trading Accounts by Clients”, DB (International) Stock Brokers Ltd. (DB) has framed such policy.

The framework for providing the facility of voluntary freezing/ blocking the online access of the trading account to clients on account of suspicious activities is as follows:-

1) The clients, availing internet based trading/ mobile trading/ other online access for trading, may request for voluntary freezing/ blocking the online access of trading account if any suspicious activity is observed in the trading account through following modes: -

a) Email from registered e-mail ID at [stoptrade@dbonline.in](mailto:stoptrade@dbonline.in)

b) Call us at our Contact No. 0120-4823300

2) Following actions will be taken by the DB, on the receipt of request through any modes of communications as above provided for freezing/blocking of the online access of the trading account from the client:

a. Validate that the request is received from the client as per below point no. 3 and issue the acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client. The timelines for freezing/blocking of the online access of the clients' trading account is as under: -

### **Scenario**

Timelines for issuing acknowledgement as well as freezing/blocking of the online access of the trading account.

Request received during the trading hours<sup>1</sup> and within 15 minutes before the start of trading.

Within 15 minutes<sup>2</sup>

Request received after the trading hours and 15 minutes before the start of trading.

Before the start of next trading session

(1) Trading hours shall be as follows: Capital Market Segment: 9.15 a.m. to 3.30 p.m., Equity Derivatives Segment: 9.15 a.m. to 3.30 p.m., Currency Derivatives Segment: 09.00 a.m. to 05.00 p.m., Commodity Derivatives Segment: 09.00 a.m. to 11:30 p.m.

2 To begin with, the time limit of 15 minutes is being specified for the purpose of issuing acknowledgement as well as freezing/blocking of the online access of the trading account. This time limit shall be contracted



after a review in next six months after the date of its applicability to enhance protection of investors from suspicious activities)

b. Post freezing/blocking the client's trading account, DB will send a communication on the registered mobile number and registered e-mail ID of the client, stating that the online access to the trading account has been frozen/blocked and all the pending orders in the client's trading account, if

any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.

c. Details of open positions (if any) should also be communicated to the client alongwith contract expiry information within one hour from the freezing/blocking of the trading account. This will eliminate the risk of unwanted delivery settlement.

3) For the purpose of validation of request for freezing/blocking of the online access of the trading account is received from the respective client only, DB will:

a) verifying whether request is received from the registered phone number/e-mail Id of the client; or where request is received from other than registered phone number/e-mail Id of the client, the DB shall use a client authentication procedure (2 Factor Authentication) in place.

4) DB shall maintain the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the client

##### 5) RE-ENABLING THE CLIENT FOR ONLINE ACCESS OF THE TRADING ACCOUNT

We shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account. For Re-enabling the online access of trading account, the client should undergo with in person verification live or through video call.