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RMS Policy

As we are aware that market scenario and client profile has been changing day by day. We should be prepared for implementing an adequate system of risk management in respect of trading by our existing and future client to avoid default on their part.

1. Customer Due Diligence/KYC Standards

New customer acceptance procedures, inter alia, could include processes.

a) To cover customer identification and verification depending on nature /status of the customer and kind of transactions that are expected by the customer.

b) To comply with guidelines issued by various regulators such as SEBI, RBI etc.

c) For clearly establishing identity of the client, verification of addresses, phone numbers and other details.

d) To obtain sufficient information in order to identify persons who beneficially own or control the trading account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by entity other than the client

e) For verifying the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc.

f) To check original documents before accepting a copy.

g) Apart from the mandatory information specified by SEBI, we should ask for any additional information as deemed fit on case-to-case basis to satisfy themselves about the genuineness and financial standing of the client.

h) To check whether the client has any criminal background, whether he has been at any point of time been associated in any civil or criminal proceedings anywhere.

i) To check whether at any point of time he has been banned from trading in the stock market.

j) Reluctance on the part of the client to provide necessary information or cooperate in verification process could generate a red flag for us for additional monitoring.

k) Clear processes for introduction of clients by the employees.

l) Risk based KYC procedures should be adopted for all new clients.

m) The information obtained through the above-mentioned measures should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the Guidelines.

n) Factors of risk perception (in terms of monitoring suspicious transactions) of the client to be clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters should enable classification of clients into low, medium and high risk. Clients of special category (as given

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below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile.

O) Updation of client records to KRA and CERSAI web site.

p) Classification of clients as per FATF guidelines.

For existing clients processes could include

a) Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.

b) Classification of clients into high, medium or low risk categories based on KYC details, FATF guidelines, trading activity etc for closer monitoring of high risk categories etc.

c) Obtaining of annual financial statements from all clients, particularly those in high-risk categories.

d) In case of non-individuals' additional information about the directors, partners, dominant promoters, major shareholders to be obtained.

Risk based approach:

Classify both the new and existing clients into high, medium or low risk category depending on parameters such as the customer's background, type of business relationship, transactions etc. we should apply due diligence measures for each of the customer on a risk sensitive basis and adopt an enhanced customer due diligence process for high-risk categories of customers and vice-à-versa.

2. Margin collection and reporting:

We shall collect upfront and required margin from constituents of all segments and shall send margin status report on daily basis to each constituent besides reporting to the exchange. As you are aware that we have been collecting sufficient margins from all our existing clients. You will not allow any new client to trade without receipt of sufficient margin. Mode of collection of margins will be funds as well securities. We shall accept only approved securities and shall apply proper haircut to allow benefit of the same. We shall report correct margin as per funds and securities available in account of the constituent short collection of margins will be reported an actual basis.

3. Payment Control Report:

This report is available to you on daily basis at back-office terminals and at live database on our website. You should take full use of this report to ascertain payment and trading related outstanding position of each client for risk management on daily basis and to avoid possible default by the client.

4. Running Account Settlement of Clients:

Settlements of client's fund and Securities (If any) must be done on monthly /Quarterly basis (As per client's selection) on first Friday of every quarter/Month and fund has to be transferred to client bank account which is registered with us electronically.

5. Settlement of client fund who are not trading:

Settlement of client fund has to be done for the client who are not trading for one month and funds has to be transferred to client bank account which is registered with us electronically.

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UNAUTHENTIC NEWS CIRCULATION POLICY

The purpose of this policy is to avoid the unauthenticated news circulation related to various scrips by employees without adequate caution.

It has been observed that market news circulated through blogs/chat forums / email by employees without adequate caution can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms.

Therefore, all the employees of the organization should follow internal code of conduct and controls of the company. Employees/Temporary staff/ voluntary workers etc working in the office will not encourage or circulate rumours or unverified information obtained from the client, industry and trade or any other sources without verification.

Access Control: There is no Access to chat forums/ Messenger sites to all the staff. Only senior officials including Directors, Compliance Officer and Manager have the access to the said. All the logs of such sites shall be treated as records and are maintained by the compliance officer.

If any employee fails to follow these regulations, he /she will be liable for strict actions.

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SURVEILLANCE POLICY

As per the requirement of Regulators our Compliance Officer, is in-charge of surveillance related all activities. He shall supervise online trading activities of our company and also download the surveillance alerts from the Stock Exchange system's EBOSS AND NSE Surveillance Portal and take actions to close them and report quarterly in exchange member portal.

The process of Due Diligence & scrutinizing each alert (client-wise/scrip-wise separately) should be carried out & completed within one week.

Compliance officer shall call for necessary documents of each Client, scrutinize all documents for necessary analyses and prepare conclusion against each alert.

After reasonable analyses, he will report the conclusion against each alert to Designated Director. The same shall be reported to the Exchange within reasonable time.

After due discussion, the necessary actions shall be taken under instructions from Designated Director, if required.

In case of any suspicious / manipulative undue activities of any Client, the same will be reported to the Exchange and FIU Portal immediately.

Proper records of each alert and documents scrutinized should be maintained.

A quarterly MIS shall be put up to the Board of Director (KEYNOTE) on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.

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Policy on prefunded Instruments and Electronic Fund Transfer

We do not accept any prefunded instrument. Any electronic fund transfer must be done by client to our bank account tagged as USCNBA (A/c No.01270340007777) from his bank account registered with us.

Information about the bank account has been displayed on the web site (<http://horizonportfolio.in>)

If by mistake client deposits any prefunded instrument or cash to our bank account, we insist client to submit either of following documents.

- a. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.*
- b. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.*
- c. Certified copy of the passbook/bank statement for the account debited to issue the instrument.*
- d. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.*

We also maintain an audit trail of the funds received through electronic fund. transfers to ensure that the funds are received from their clients only.

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Conflict of Interests Policy

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2. Policies and Internal Procedures to Identify and avoid or to Deal or manage actual or potential Conflict of Interest
3. Internal code of conduct governing operations
4. Standards of appropriate conduct in the performance of the activities,
5. Communication of policies, procedures, and code to all concerned
6. Implementation and Review of policy of management on Conflict of Interest

1. Introduction

SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013, issued a General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognised Stock Exchanges, Recognised Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines to collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines. SEBI advised to lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned.

SEBI guidelines intends Intermediaries and their Associated Persons to comply with the following –

- high standards of integrity in the conduct of business.
- fair treatment of clients and no discrimination amongst them.
- avoidance of conflict of personal interest with the client and primacy of clients' interest.
- appropriate disclosure to the clients of possible source or potential areas of conflict of interest.
- reducing the opportunities for conflict through prescriptive measures.
- appropriate restrictions on transactions in securities while handling a mandate of issuer or client.
- not to deal in securities while in possession of material non published information;
- not to communicate the material non published information
- not to manipulate the demand for, or supply of, or to influence prices of, securities.
- not to have an incentive structure that encourages sale of products not suiting the risk profile of the clients.
- not to share client information for the personal interest.

2. Policies and Internal Procedures to Identify and avoid or to deal or manage actual or potential Conflict of Interest

GURUSTOX LTD. policy on Conflict of Interest is defined as under.

In order to strive for achieving management of conflict of interests, GURUSTOX LTD. shall endeavour.

- To promote high standards of integrity.
- To ensure fairness of dealing with clients
- To guide for identification, elimination or management of conflict-of-interest situations
- To provide a mechanism for review and assessment of the polices on conflict of interests

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The conflict-of-interest policy aims to ensure that the Company's clients are treated fairly and at the highest level of integrity and that their interests are always protected. It also aims to identify conflicts of interest between:

- The Company and a Client
- Relevant Person and a Client
- A Company of the Group and a Client
- Two or more Clients of the Company in the course of providing services to these Clients
- A Company service provider and a client

In addition, it aims to prevent conflicts of interest from adversely affecting the interest of its client. GURUSTOX LTD. Conflicts of Interest Policy sets out how:

- The Company will identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to our clients' interests.
- The Company has established appropriate mechanisms and systems to manage those conflicts.
- The Company maintains systems designed to prevent damage to our clients' interests through identified conflicts.

“Intermediary” and “Associated Person”

Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 defines the term “intermediaries” and “associated persons”. Accordingly, “intermediary” means an entity registered under SEBI Act and includes any person required to obtain any membership or approval from a stock exchange or a self-regulatory organization; and “associated person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

Conflicts of Interest can be defined in many ways, including any situation in which an individual or corporation (either private or governmental) is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A conflict of interest is a manifestation of the moral hazard problem, particularly when a financial institution provides multiple services, and the potentially competing interests of those services may lead to a concealment of information or dissemination of misleading information. A conflict of interest exists when a party to a transaction could potentially make gain from taking actions that are detrimental to the other party in the transaction.

Identification of Conflicts of Interests

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

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

Potential Conflict of Interest

In order to avoid, manage or deal with conflict of interest with the intermediary or the Associated Persons, it is important to identify the possible areas of conflict of

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interest. GURUSTOX LTD. lists out the following potential conflict of interest that may affect the company.

- i. Directorships or other employment.
- ii. interests in business enterprises or professional practices.
- iii. Share ownership.
- iv. Beneficial interests in trusts.
- v. Personal Account Trading.
- vi. Professional associations or relationships with other organizations.
- vii. Personal associations with other groups or organizations, or family relationships.
- viii. Front running.
- ix. Rebates.
- x. Kickbacks.
- xi. Commission.
- xii. Where the company carries on the same business as a client.
- xiii. Where the company designs, markets, or recommends a product or service without properly considering all our other products and services and the interest of all our clients.
- xiv. Where the company has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client.
- xv. Where the company has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, a client which is distinct from that client's interest in that outcome.
- xvi. Where the company is likely to make a financial gain or avoid a financial loss at the expense of a client; and
- xvii. Where the company receives, or will receive, from the person other than a client an inducement in relation to the service provided to that client in the form of monies, goods or services, other than the standard commission or fee for that service.

Measures to avoid or to deal or manage actual or potential Conflict of Interests

Should a conflict of interest arise, it needs to be managed promptly and fairly. The Company puts in place following arrangements to ensure that:

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

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- x. There is a periodic review of the adequacy of the Company's systems and controls.
- xi. Employees are required to avoid conflicts of interest with activities they undertake outside GURUSTOX LTD..

Information barriers

The Company respects the confidentiality of information it receives regarding its Clients and operates a "Need to Know" approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company. The Company operates internal organizational arrangements to avoid conflicts of interest by controlling, managing or restricting, as deemed appropriate, the flow of confidential information between different areas of business or within a specific division or department. In particular, Chinese Walls are a key tool for conflict of interest prevention, avoiding insider dealing and market manipulation risks. Furthermore, Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT-systems and controlled procedures for the movement of personnel and information between the Company and any other part of the Company. The Company maintains permanent information barriers between different departments.

Disclosure to clients of possible source or potential areas of conflict of interest (COI)

- i. GURUSTOX LTD. or its associated persons should, in writing, disclose to a client any COI in respect of that client including –
 - a. Measures taken to avoid or mitigate the conflict;
 - b. Any ownership interest or financial interest that the provider or representative may be or become eligible for;
 - c. The nature of the relationship or arrangements with a third party that gives rise to a COI in sufficient detail to enable the client to understand the exact nature of the COI.
- ii. GURUSTOX LTD. or its associated persons should, in writing, inform a client of the policy on Management of Conflict of Interest and how it may be accessed.
- iii. Intimation of an actual or potential COI should be made to a person with responsibility for the issue or area, such as the relevant management team, head of the department or key individual.
- iv. In accordance with an employee's obligation to act in the best interest of GURUSTOX LTD., it is not permissible for employees to engage in conduct that would amount to a COI with GURUSTOX LTD..
- v. Staff that fail to disclose a potential or actual COI in accordance with this policy may be liable to disciplinary procedures.
- vi. Where a conflict arises GURUSTOX LTD. or its Associated Persons will, if it is aware of it, disclose it to a client prior to undertaking trading activity for that client or, if the company does not believe that disclosure is appropriate, to manage the conflict, the company may opt not to proceed with the transaction or matter giving rise to the conflict.
- vii. Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect Clients' interests, the conflict will be disclosed to allow the Client to make an informed decision on whether to continue using our service in the situation concerned.
- viii. GURUSTOX LTD. may decline to act for a Client in cases where we believe a conflict of interest cannot be managed in any other way.

Policies and procedures

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The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interest. Our employees receive guidance and training in these policies and procedures, and they are subject to monitoring and review processes.

Procedure to comply with the policy

- i. Every staff member must have a copy of the Policy on management of Conflicts of Interest.
- ii. If a potential COI arises, the transaction must first be discussed with management before entering into the transaction.
- iii. All new employees shall be required to declare their outside interests when they join the firm.
- iv. All staff maintaining personal trading accounts outside of the company are required to instruct their broker to send copy contract notes and periodic statements to the company for reconciliation purposes.
- v. The company Conflict of Interest Policy is annual to located on the website horizonportfolio.in and is subject review.

Inducements

The Company does not offer, solicit or accept any inducements, other than the following:

- the fee, commission or benefit which is disclosed to a client, prior to the provision of the relevant service; and
- it is designed to enhance the quality of the relevant service to a client and in line with the Company's duty to act in the best interests of a client.
- Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts with the Company's duties to act honestly, fairly and professionally in accordance with the best interests of its clients.

Consequences of non-compliance with the policy

- Non-compliance with this policy and the procedures described in it may be considered to be misconduct and may be subject to disciplinary action

3. Internal code of conduct governing operations

GURUSTOX LTD. and Associated Persons shall abide by the Code of Conduct contained in the Schedule II of the Securities and Exchange Board of India (Stock brokers and Sub-Brokers) Regulations, 1992, as amended, for accomplishment of the objectives of the SEBI Code.

4. Standards of appropriate conduct in the performance of the activities

ACML and its Associated Persons shall adopt the following standards of appropriate conduct in the performance of the activities.

- i. To place the client's interests first: Placing the client's interests first is a hallmark of professionalism, requiring GURUSTOX LTD. and its Associated Persons to act honestly and not place personal gain or advantage before the client's interests.
- ii. To provide business services with integrity: Integrity requires honesty and sincerity in all business matters. GURUSTOX LTD. and its Associated Persons are placed in positions of trust by clients, and the ultimate source of that trust is the GURUSTOX LTD. and its Associated Persons' personal integrity, both in the letter and the spirit.

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iii. To provide business services objectively: Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which GURUSTOX LTD. and its Associated Persons functions, objectivity requires GURUSTOX LTD. and its Associated Persons to ensure the integrity of their work, manage conflicts and exercise sound commercial and professional judgment.

iv. To be fair and reasonable in all business relationships & to disclose and manage conflicts of interest: Fairness requires providing clients what they are due, owed or should expect from a business relationship, and includes honesty and disclosure of material conflicts of interest. It involves managing one's own feelings, prejudices, and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would want to be treated.

v. To act in a manner that demonstrates exemplary professional conduct: Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow business associates, and others in business-related activities, and complying with appropriate rules, regulations and business requirements. Professionalism requires GURUSTOX LTD. and its Associated Persons, individually and in cooperation with peers, to enhance and maintain the GURUSTOX LTD.'s public image and its ability to serve the public interest.

vi. To maintain the abilities, skills and knowledge necessary to provide business services competently: Competence requires attaining and maintaining an adequate level of abilities, skills and knowledge in the GURUSTOX LTD.

Policy on Management of Conflict of Interests provision of business services. Competence requires and its Associated Persons to make a continuing commitment to learning and business services improvement.

vii. To protect the confidentiality of all client information: Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can only be built on the understanding that the client's information will not be disclosed inappropriately.

viii. To provide business services diligently: Diligence requires fulfilling business commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering business services.

5. Communication of policies, procedures and code to all concerned

This Policy on management of Conflict of Interest offers general guidance in addition to GURUSTOX LTD. policies and procedures and is not meant to replace any of those policies or procedures and shall be made available through GURUSTOX LTD. website www.horizonportfolio.in or by sending a request in writing. GURUSTOX LTD. expects all its Associated persons, employees, to adhere to this policy. The Board of Directors of Gurustox Ltd. reserves the right to amend, supplement or discontinue this policy and the matters addressed herein, without prior notice, at any time.

6. Implementation and Review of policy of management on Conflict of Interest

This policy shall come into effect from the date of approval of the Board of Directors of the company for its implementation so as to provide necessary guidance enabling identification, elimination or management of conflict-of-interest situations and that the same shall be reviewed and assessed annually by the company management.

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Outsourcing of Activities Policy

A third party may be used to perform one or more activities or one or more third parties may be used to perform different activities of the Company. Such use may be for a specific purpose, specified period or on a continuing basis and includes use of successive third parties, where the first third party may use the second third party to perform the activities and so on.

Since the third parties may not be subject to the regulatory discipline and accountability cannot be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing intermediaries. The Company has framed a Policy for the same, Outsourcing relationships shall be governed by written contracts / agreements that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities, and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc. Third parties should establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities. They should take appropriate steps to ensure that the third party protects confidential information of both the Company and its customers from intentional or inadvertent disclosure to unauthorized persons.

Activities that can be Outsourced

- Data entry, opening of trading accounts, scanning and storage of account opening forms
- Printing and dispatch of welcome kits and dispatch of quarterly transaction statements
- Dispatch of contract notes
- Any such non-critical activity which in the view of the Management needs to be outsourced

Activities that can't be outsourced

Core and critical activities will not be outsourced. An activity shall not be outsourced if it would impair the supervisory authority's right to assess, or its ability to supervise the business of the intermediary. An illustrative list of activities that cannot be outsourced:

- Maintenance and safekeeping of critical data.
- Execution of settlement and other incidental activities for pay-in/payout
- Monitoring and redressal of investor grievances.
- Surveillance Functions.
- Compliance Functions.

Due Diligence

The Company shall conduct appropriate due diligence in selecting the third party to whom any activity is proposed to be outsourced. It shall be ensured that outsourced activities are further outsourced downstream only with the prior consent and with appropriate safeguards including proper legal documentation/ agreement.

Monitoring

An effective monitoring of the entities selected for outsourcing shall be done to ensure that there is check on the activities of outsourced entity. The Company shall be fully liable and accountable for the activities that are being outsourced to the same extent as if the service were provided in-house.

Approval/Review

This policy shall be approved by the Board and reviewed by the Managing Director as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

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Client Code Modification Policy

1. Trades are executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice-versa on trading terminals or in the back office of the member.
2. Modifications of Client codes of trades on the Exchange platform, if any, are done only to rectify a genuine error in entry of client code at the time of placing/modifying the related order as per the provisions of Exchange. The following would constitute genuine errors with regard to client code modifications:
 - a. 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.
3. Shifting of any trade on account of genuine error (institutional or non-institutional) to error account are subsequently liquidated/closed out in the market and are not shifted to other client code.
4. “Error Accounts” are classified properly and UCC uploaded to Exchanges.
5. Trades transferred to ‘Error Accounts’ are reviewed/monitored properly to check the genuineness and to prevent the use of client code modification facility for purposes other than correcting mistakes arising out of client code order entry.
6. The trades modified by the member to the “Error Code” has been settled in Error Account.
8. All the trade modifications done will be uploaded to exchange portal.

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Online client code modification Policy

Modifications to client code post trade execution

Online Modification:

- Genuine punching errors in client codes while placing orders shall be allowed to be modified.
- Client code modification facilities shall be disabled from all the dealer terminals.
- Client code modification shall be carried out only after prior permission from the Director of the company.
- While carrying out code modification, genuineness of the punching errors shall be verified against corroborative circumstantial evidence like similarities of codes, trades in immediately preceding codes, square off trades without holdings or position or any such other evidences shall have to be taken into account.
- Complete records of daily online trade modifications shall be maintained in soft form.
- All such Genuine Error code modification shall be carried out through UCC registered 'ERROR' account. Any rate difference including transactions costs shall be settled between the concerned accounts by passing JV of appropriate amount.
- The Penalties, if any charged by the Exchange/Any Regulatory authorities shall be passed on to the concerned client/sub-broker if the reason of the error is attributable to any negligence on their part else shall be born by the company.

Off Line back office modification:

- Genuine punching errors in client code, if detected after the end of post-closing sessions may be allowed to be modified subject to the verification of genuineness as narrated above.
- For F&O and CDS segment, as far as possible, the errors would be rectified by reversal trade in next trading session and the rate differences shall be set off by passing a JV entry in the ledgers of affected clients. In case the client do not agrees to keep such wrong trade record in his account, such trades may be rectified by moving both legs of the trades to the UCC Registered account of actual client or 'Error A/c.' instead of settling it though JV entry.
- For Cash segment any such errors would be rectified after verifying genuineness.
- Any such back-office client code modification shall be carried out only by director of the company.
- A register containing required details shall be maintained for all such modifications. Concerned dealer/sub-broker shall enter the required details and sign in the register which shall be approved by counter signature of any of the directors.

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Treatment of Inactive Clients

If a registered client does not trade for a gap of 6 months, the account becomes a inactive account by default.

Inactive client's status is marked as Inactive in our back-office software as well as exchange member portal.

These clients are not allowed to trade without rekyc and due diligence.

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Policy for Inactive Clients and granting of further exposures.

If a registered client does not trade for a gap of 6 months, the account becomes a inactive account by default. Below mentioned procedures must be adhered to get the inactive account activated:

1. Clients need to send account activation request from email/currier or in person visit of the office with latest Address, Email, Mobile, income details, Bank and DP details.
2. Process of due diligence of client again.
3. Updation of client latest details to KRA, CERSAI and back-office.
4. Verification in back-office for any outstanding dues.
5. Obtain the fund for further exposure.
6. Activate the client.
7. Allocate the fund for client for further trading.

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Policy for NISM Series VII Series Certification

In Gurustox Ltd. We always facilitate latest Knowledge and training to our employees. In regard to this vision, we have following policy regard series VII certification.

Every employee performing back-office operation, DP Operation, KYC Operation and trading operation (Dealer) should have NISM series VII certification. In case of expiration of certification person should clear within 3 months of expiration of certificate.

New employee should clear the NISM series VII examination within 3 months of joining.

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Policies regarding the use of facsimile/scanned signatures for physical contract notes

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

1. **Mr. Kamal Luthra, Compliance officer** is hereby authorised to affix his facsimile signature (scanned signature) in the Contract Notes and other documents issued to its clients
2. The procedure/ controls for the same is as under.
 - a. The signature shall be scanned and uploaded into the back-office systems/software.
 - b. The signature would be affixed only on documents generated by the Back-office Software.
 - c. In case of change of authorized signatories, the signatures would be replaced after due Board Approval.
3. In case Mr. Kamal Luthra no longer holds the position of Compliance Officer of the company, then the use of his signature should not be continued afterwards under any circumstances. The contract note issued with facsimile/scanned signature shall be deemed to have been signed by the authorized signatory notwithstanding any misuse of facsimile/scanned signature and the ultimate responsibility to prove its genuineness shall rest with Gurustox Ltd.
4. Review of the policy The Board of directors of the company shall review the policy as and when required.

Policy Documents

Policy On referral Schemes

Policy Brief & Purpose

This policy explains important aspects of Referral Incentive Scheme (“**Referral Incentive**”) for referring prospective clients to Open a Trading Account in Gurustox Ltd.

Policy

Gurustox Ltd. does not run any Referral Incentive Scheme and does not have any plan to run Referral Incentive Scheme for opening of trading account by any client or staff in near future. So, no incentive will be provided for opening trading accounts by reference.

This policy may change in future upon review of policy.

Policy Documents

Internal Shortage Policy

This policy explains important aspects for Internal Shortage Policy In case of an internal shortage in any scrip in the same settlement where both buyer & seller are clients of Progressive and seller does not deliver shares for his pay-in obligation.

The short delivering client is provisionally debited by an amount equivalent to 120% of closing rate of day prior to pay-in / pay-out day.

The securities delivered short are purchased from the market on Auction Day and the purchase consideration along with auction penalty is debited to the short delivering seller client along with the reversal entry of provisional amount debited earlier.

If securities cannot be purchased from market due to any force majeure condition, then all shortages not bought-in are deemed to be closed out and short delivering seller client is debited as under:

Exchange NSE: at the higher of (i) the highest price between the first day of the trading day till the day of auction, or (ii) closing price on the auction day plus 20%.

Exchange BSE: at the higher of (i) highest price recorded in the scrip from the trading day on which the transaction took place up to a day prior to the day of the auction i.e., pay-in day, or (ii) 20% above the closing price on the day prior to the day of auction i.e., pay-in day.