



NSE/BSE/MCX

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Company Policies

The information in this document has been classified as “**Confidential**”. This classification applies to the most sensitive business information, which is intended strictly for use within **Open Futures**. Its unauthorized disclosure could seriously and adversely impact the owner, its stakeholders, its business partners, and/or its customers leading to legal and financial repercussions and adverse public opinion.

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INTERNAL CONTROL POLICY & RISK MANAGEMENT

Preface:

This document shall deem to be as official guidelines, policies and procedures to be followed by Open Futures while carrying out its business activities as a Member of BSE Ltd. (Bombay Stock Exchange).

The objective of this document is to effectively manage the various risk involved in the business operations which may include default by clients, fraud and infidelity by employees, technological failures, misuse of trading system for market manipulations apart from protecting the interests of investors and ensuring the effective and timely compliance with various applicable Acts, rules, regulations, bye-laws, circulars and guidelines.

Manner of usage:

This document shall be used as guidelines and reference by the key personnel in charge of the activities namely client identification and introduction, surveillance, record keeping and the personnel in charge of executing and authorizing the day to day transactions as well as by the business associates. Who are involved in the activities as mentioned above. The Compliance Officer (CO) shall provide the copy of this document to all such existing as well as new key Personnel and Business Associates from time to time and explain the contents and their responsibilities in this regard.

Risk Management & Internal controls:

1) Registration of Clients:-

- a) It is a policy of the company to carry client registration in house.
- b) KYC procedures as prescribed by SEBI/Stock Exchange are to be strictly followed while ascertaining the identity and verifying the proof of address of the new clients.
- c) No, we do not entertain walk in clients.
- d) We take from clients networth/financial standing details which has to be supported by one of the following documents:-
 - i) Copy of ITR acknowledgement.
 - ii) Copy of Annual Returns.
 - iii) Networth certificate from a Chartered Accountant.
 - iv) Bank Account Statement for last six months.
 - v) Copy of Demat Account holding statement.
 - vi) Any other document substantiating ownership of assets.
 - vii) Identity Proof of Banking Account and Demat account shall be obtained before entering the details of bank and demat account in the client master database.

- viii) No we do not outsource client registration modalities.
- ix) All client registration documents, once checked, found complete and verified as such and the accounts opened, are securely stored.
- x) Yes, we had properly implement the maker-checker concept as a part of our Internal Check system and by virtue of that we duly allocate the work between the two personnel for filling of form and approval of it in order to avoid any misuse of data on unfilled areas.
- xi) We have a process of updating of client particulars i.e. address,e-mail id, contact details, etc on request of client in written.
- xii) We do UCC though online process after taking on account all due diligence before updating online.
- xiii) No, we don't have any separate marketing division.
- xiv) No, we never launched any promotional scheme till date.
- xv) No, we never offer any freebies to our clients.

2) Closure of Client accounts/ Dormant accounts

Client Accounts which are lying inactive since last 6(six) calendar months from the account opening date or last transaction date done by client, will be considered as Dormant Accounts and the assets lying therein are returned back. We have categorized them into below mentioned two ways:

6th Month dormant Accounts: are those trading accounts in which trading had not placed since last 6(six) calendar months. In this category, the client code shall be marked disabled in our back office as well as in trading platform, so that no trade can be undertaken/punched in his/her client code. If any such client who is willing to re-initiate trading in its account are required to furnish written request letter of re enablement of its UCC which should be signed by the respective client only & not by POA holder.

Very Old dormant Accounts: are those trading accounts in which trading had not placed since last TWO YEAR. Once the any client code lying inactive since Two years, the client code shall be marked as disabled in our back office as well as in trading platform, so that no trade can be undertaken/punched in his/her client code. If any such client who is willing to re-initiate trading in its account are required to fulfill KYC formalities along with a written request letter of re-enablement of its UCC which should be signed by the respective client only & not by POA holder.

3) Receiving, validating & entering the orders of clients in the trading platform:-

Normally, the new clients shall be assigned and introduced to a specific terminal operator and the operator shall be briefed about client's requirements for trading, investments and his risk taking abilities. Accordingly the terminal operator shall, under instruction from the concerned senior official.

4) Sending contract notes, daily margin statement, quarterly statement of accounts to clients

- a) As a business practice, at the time of execution of the client agreement, we obtained consent from all our clients regarding the issue of ECN and as per references Circular Download no. NSE/INSP/11324 dated 18-Sep-08, the Contract Note which are authenticated by means of digital signatures,encrypted and comply with the provisions of the

IT Act, 2000 obtained from certifying authority which we send within 24 hours of execution of trades and margin details are send on daily basis to our respective clients, the proof of delivery / dispatch are maintained regularly. Further, in addition to the e-mail communication of the ECNs in the manner stated above, we simultaneously publish the ECN on our designated web site in a secured way and enable relevant access to the clients.

- b) Quarterly statement of account alongwith d-mat holding is send by e-mail. But if client requires statement in physical form we send the statement accordingly.
- c) We have maintained the logbook of all the emails which is generated by the system and trail for bounce mails.
- d) The Contract Notes, Daily Margin Statement & Quarterly Statement of Accounts of Fiancial& Securities to clients through email digitally signed within prescribed time frame of exchange on designated email id registered with us.
- e) Duplicate copies of contract notes and account statement will be maintained in software itself.

5) Collection and Release of Payments to clients :-

- a) The client shall be asked to make the full payment as per the daily debit obligation on T+1 basis. The pay-out of funds shall be made on T+2 basis after confirming the successful pay-in of securities by the client. The exchange/segment wise segregated ledger account shall be maintained with an option to view the exchange position.
- b) Under written authorization from the client, the pay-out of funds can be retained for margins and/or future pay-in obligation and for collection and release of funds the account shall be maintained on a running account basis with exchange net balance criteria.
- c) No third party transfers are allowed.

6) Collection and maintenance of Margins:-

- a) The requirement of collection and maintenance of margins in Cash/Capital Market segment is waived.
- b) In case of the clients having relatively large volume and regular trading activities, the pay-out of funds and securities shall be retained towards the upfront and daily margins under the written authorization from the clients.

7) Collection and delivery of Securities to the clients:-

- a) Collection of deliveries of securities from clients shall normally be called from the clients on T+1 basis.
- b) In case of delivery pay-in obligations of large quantity/value and/or illiquid scrip shall be called for prior to the execution of sell order or as early as possible after the execution of sell order and shall be tendered to the clearing house under early pay-in mechanism.
- c) Deliveries of securities to the clients shall be effected within 24 hours from the pay-out and as far as possible the deliveries shall be given to the clients directly from the clearing house through upload of pay-out break-up files.
- d) In case of the clients who have given written authorization for retention of securities towards margin and/or future pay-in obligations, the pay-out securities of such clients shall be moved and retained in the separate BO account designated as 'Client Margin BO Account'.

8) Default by client

Shortages in Obligation and Internal Auction: Clients are required to make Securities / Funds pay in on T+2 day. In case of default in security pay in by the client and the shortage is at member level i.e. internal shortage then close out rate is calculated as 5% above the higher closing price between trading day and pay-in day shall be recovered from the defaulting client and passed on to the respective beneficiary client.

In case of the default of securities pay-in by the client and the shortage is from the exchange, auction value of the respective exchange plus penalty (decided by the member from time to time) plus brokerage and other statutory charges shall be recovered from the defaulting client.

In the case of funds default by the client, the members shall be liquidating the stocks to recover the money. Any shortfall arising out of liquidating securities by the members shall also be recovered from the defaulting client along with interest (decided by the members from time to time).

In case of any default or if any amount is overdue from Client over such period as may be allowed by you, penalty / delayed payment charges ranging from 12% to 21% p.a. (depending upon prevalent market rate) may be charged. However, the client discloses that he/she/it is aware and specifically agree that this is just an additional / ad-hoc facility and shall not be construed / resulted into permanent practice leading to funding by broker in contravention of applicable laws.

Restrictions/Prohibition to take further position or closing existing position: Under any of the circumstances, such as, client's failure to meet pay-in or margin obligations or clearance of outstanding / debit balance with broker before permissible time limit or beyond such period as may be allowed by broker as per its RMS policy, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. In case of any delay or failure in meeting any obligation, margin requirements etc. from client side, broker might close the existing position or open position WITHOUT ANY FURTHER INTIMATION to the client as per RMS policy. Such Circumstances may include (but not limited to):

- i) failure to meet pay-in obligation on T+2 day,
- (ii) Delay in meeting the pay-in or margin requirement,
- (iii) Delay or failure in clearance of outstanding or dues to the broker,
- (iv) Returning or frequent returning of cheques of the client,
- (v) Unnecessary / Unwarranted dispute from client without any substantial cause/reason,
- (vi) Client's attitude of not coming to the amicable settlement from any dispute that can be settled without involvement of Exchange and/or SEBI,
- (vii) As per prevalent RMS policy of the Broker,
- (viii) Any direction from SEBI / Exchange or such other authorities,
- (ix) Under such other circumstances as the Broker might think just and proper on case to case basis.

Suspension / Deregistering of Client Account :

The Broker and/or client may suspend Client's Trading Account from further dealing in the securities market through the broker in following circumstances :

(a) as per Client's prior written request of at least 3 days submitted to Broker at its Vadodara Office duly acknowledged by Broker (subject to clearance of entire outstanding / obligations).

(b) Dormant or in-active status of client account beyond specified time limit as may be prescribed by Broker.

(c) Under any circumstances mentioned in (i) to (ix) above.

9) RISK MANAGEMENT

- a) The day to day operations are being looked after by the Compliance Officer.
- b) The on-line surveillance desk is to be monitored by either of these Senior Officer where real time client wise / scrip wise position, MTM, Margin requirements, available margin and exposure limits will all exchange segment are monitored.
- c) Various types of limits on trading terminals are being set up and updated dynamically during the live market.
- d) As off line risk management reports are generated which enables to have a quick look at a glance for the status of any individual account or a group of account or for the clients.
- e) The various compliance requirements of the exchange / segments shall be ensured by the compliance officers under the supervision of the Senior Officer.

10) Square off of positions / Liquidation of securities without consent of clients

- a) Even after regular reminders, if client will fail to make the payment of the margin or pay-in, then we would squared off his/her position and before taking such action in this direction, we telephonically explain all the details to the client about our proposed action in this regard.
- b) Principally, company followed the practice of giving reasonable opportunity of being heard and gave a verbal show cause notice to such type of clients, thereafter, if company thinks it is just and reasonable to square off their position, then action will be taken in that direction.

11) Policy of internal shortage

- a) The opted policy is in line with exchange recommendations.

12) Transfer of trades

- a) Due to efficient fool proof Internal Control System is in place, such type of activities are duly monitored by the authorized persons which restrained the occurrence of any such incident.
- b) If sometime punching of order has been done by the dealer, which results in punching the order in the wrong code shall uploaded in UCC as error code.

- c) We emphasize our dealers to actively participate in the mock trading sessions organized by the NSE ,BSE & MCX from time to time in order to reduce such instances.

13) Investor Redressal Mechanism

- a) The Investor compliant register is maintained as per exchange prescribed format.
- b) At the time of opening of account, we informed to our clients about our dedicated investor grievance email & it is printed on KYC too where they can send their grievances.
- c) Complaints received, if any, by way of letter, telephonic call, personal representation, e-mail, etc are recorded in the Register of Complaints.
- d) Compliance Officer will take care of all those complaints.

14) Allotment /surrender of trading terminals , opening & closing of branches

- a) The limit of the clients are fixed subject to Initial Margin deposited or the funds given by the client, Branch or Sub Broker, as the case may be.
- b) In case of surrender of terminal, we provide facility to the clients for carrying out trade at other terminal by mapping the same at the earliest.
- c) Before any allotment or surrender of any trading terminal, the same will be informed to Exchange via ENIT.
- d) We monitor the circulars released by the NSE on regular basis in order to ensure that the vendor has still on the panel of NSE with whom we had made tie up for the Internet/CTCL based trading.
- e) We do not have any branch & sub-broker.

15) Banking Operations and Payment of Dividend etc.:-

- a) All the bank account shall be reconciled on a regular basis by downloading the bankstatements in electronic form from the websites of respective banks.
- b) The ECS credit of dividends shall be passed on immediately at the time of bank reconciliation through journal entry in the account of relevant clients.
- c) One competent employee dedicated for the banking operations shall remain present in or around the clearing bank and ensure the availability of sufficient funds in all the clearing and clients accounts.

16) Continuity planning / alternate plan in case of disasters etc.

- a) All the Information Technology infrastructure requirements shall be in charge of the Senior Officer.

- b) There shall be sufficient and competent man power to manage the trading system failures during the live market.
- c) There shall be the back-up communication link in addition to the regular link for all the exchange segment and it shall be tested periodically.
- d) There shall be main line power input from two different routes and there shall be sufficient battery back-up through on-line UPS. Apart from that there shall be a system to quickly switch over to the power back-up through the mobile generator van in case of long power failures.
- e) In case of disaster, we can commence the operations from our any of two locations at any time since location have online connectivity, more over we keep back-up zeep, pen drive and cartridges with full data. All our data is loaded on our website which includes client transactions, contracts, ledgers, delivery statement etc. So we are well equipped with our internal system in case of disaster.

17) Detailed policy for client code modification process (including details of personnel authorized to make the modifications, checks in place to ensure that there is no misuse of the facility and escalation of analysis done of client code modifications).

- a) The client code of the trades executed by us are modified only in the circumstances that the order entry of the same may be erroneously put into the system by our dealer in wrong client code. After knowing the error done by dealer he has to report immediately the same to Trading In charge who after checking the genuinity of error done by dealer modifies the trades done on the exchange through client code modification facility provided by the exchange. We are not encouraging any type of client code modifications and only genuine errors resulting in trades are modified by us.
- b) Mr. Kuber Singh (RMS-HOD) & Ms. Bhawna Joshi (Compliance Officer) is authorised to make such modifications on the exchange platform.

18) Brokerage Charged

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

The client will pay to **Open Futures**, 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 Open Futures.

19) Record Keeping

6.1 Registered intermediaries should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

6.2 Registered Intermediaries should maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

6.3 Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries should retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:

- (a) the beneficial owner of the account;
- (b) the volume of the funds flowing through the account; and
- (c) for selected transactions:
 - the origin of the funds;
 - the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
 - the identity of the person undertaking the transaction;
 - the destination of the funds;
 - the form of instruction and authority.

6.4 Registered Intermediaries should ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, they should consider retaining certain records, e.g. customer identification, account files, and business correspondence, for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

20) PMLA

- a) Regular review of procedures and policies on money laundering will be done to ensure its effectiveness.
- b) Customers will be sensitized about requirements of provisions emanating from AML and CFT framework.

*We have a detail policy for PMLA.

Anti Money Laundering Policy

Background

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July, 2005. As per the provision of the Act all the intermediaries registered under section 12 of the SEBI Act, 1992 shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the rules under PMLA. SEBI has also issued a circular no: ISD/QR/RR/AML/1/06 on Jan 18, 2006 to all intermediaries registered with SEBI under section 12 of the SEBI Act providing guidelines on Anti Money Laundering Standards.

As per the provisions of the Act senior management of the company are fully committed to establish appropriate policies and procedures for prevention of money laundering and terrorist financing and ensuring the effectiveness and compliance with all relevant legal and regulatory requirement. They have formulated a system for identifying, monitoring and reporting and reporting to law enforcement authorities about suspected transactions occurred for Money laundering and terrorist financing.

The Government of India has serious concerns over money laundering activities which are not only illegal but anti-national as well. As a market participant it is evident that strict and vigilant tracking of all transactions of suspicious nature required.

Accordingly the Company has laid down following policy guidelines:

Policy Statement

Open Futures is fully committed to combat any effort of laundering money earned through drug trafficking, terrorism and any other means of organized and serious crimes by any individual or entity. Towards this **Open Futures** has put in place all such processes and procedures of internal control aimed at preventing and impeding any attempt of money laundering and terrorist financing using the services offered by its group companies.

Open Futures has appointed **Ms. Bhawna Joshi** as the Principal Officer. She will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the concerned authorities.

Purpose & Scope of the policy:

As a Financial Market Intermediary (which includes a stock-broker, sub-broker) we need to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Accordingly all the back office and trading staff is instructed is instructed to observe the following safeguards:

1. No Cash transactions for trading in securities shall be allowed from any client in the normal course of business.
2. Maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the

PMLA. Such transactions include:

- Cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
 - All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
 - All suspicious transactions whether or not made in cash.
3. Frequent off Market transfers from one BO account to another shall be scrutinized and asked for. In absence of valid reason case or found suspicious, it shall be brought to the notice of Principal Officer.
 4. Trading beyond ones declared income: The turnover of the clients should be according to their declared means of income. Any abnormal increase in client's turnover shall be reported to Principal Officer. The Back Office staff should take due care in updating the clients' financial details and shall periodically review the same.

Policies & Procedures :

Customer Due Diligence :

The 'Know your Client' (KYC) Policy : -

A. While establishing the intermediary – client relationship

No account shall be opened unless all the KYC Norms as prescribed from time to time by the SEBI / Exchanges are duly complied with, all the information as required to be filled in the KYC form (including financial information, occupation details and employment details) is actually filled in and the documentary evidence in support of the same is made available by the client. Moreover all the supporting documents should be verified with originals and client should sign the KYC & MCA in presence of our own staff and the client should be introduced by an existing clients or the known reference. The information provided by the client should be checked through independent source namely.

Pan No must be verified from Income Tax Web Site

Address must be verified by sending Welcome Letter / Qtrly Statement of Account, and in case any document returned undelivered the client should be asked to provide his new address proof before doing any further transaction.

We must exercise additional due diligence in case of the **Clients of Special Category** which include but not limited to :-

- i. Non resident clients
- ii. High networth clients (i.e the clients having networth exceeding 20 Lakhs and doing the intra day trading volume of more than 2 Crore and daily delivery volume more than Rs 20 Lakhs)
- iii. Trust, Charities, NGOs and organizations receiving donations
- iv. Companies having close family shareholdings or beneficial ownership
- v. Politically exposed persons (PEP) of foreign origin
- vi. Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- vii. Companies offering foreign exchange offerings
- viii. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is

unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centres, tax havens, countries where fraud is highly prevalent.

- ix. Non face to face clients
- x. Clients with dubious reputation as per public information available etc.
- xi. Such Other persons who as per our independent judgment may be classified as CSC.

In case we have reasons to believe that any of our existing / potential customer is a politically exposed person (PEP) we must exercise due diligence, to ascertain whether the customer is a politically exposed person (PEP), which would include seeking additional information from clients and accessing publicly available information etc.

The dealing staff must obtain senior management`s prior approval for establishing business relationships with Politically Exposed Persons. In case an existing customer is subsequently found to be, or subsequently becomes a PEP, dealing staff must obtain senior management`s approval to continue the business relationship.

We must take reasonable measures to verify source of funds of clients identified as PEP.

The client should be identified by using reliable sources including documents / information and we should obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship. The information 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. Each original documents should be seen prior to acceptance of a copy.

Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority.

While accepting a client the underlying objective should be to follow the requirements enshrined in the PML Act, 2002 SEBI Act, 1992 and Regulations, directives and circulars issued there under so that we are aware of the clients on whose behalf we are dealing.

c) While carrying out transactions for the client

RMS department should monitor the trading activity of the client and exercise due diligence to ensure that the trading activity of the client is not disproportionate to the financial status and the track record of the client.

Payments department should ensure that payment received from the client is being received in time and through the bank account the details of which are given by the client in KYC form and the payment through cash / bearer demand drafts should not be entertained.

B. Policy for acceptance of clients:

The following safeguards are to be followed while accepting the clients:

- a. No account is opened in a fictitious / benami name or on an anonymous basis. To ensure this we must insist the client to fill up all the necessary details in the KYC form in our presence and obtain all the necessary documentary evidence in support of the information filled in KYC. We must verify all the documents submitted in support of information filled in the KYC form with the originals and in-person verification should be done by our own staff. Moreover new client should either be introduced by an existing customer or by the senior official of the company. In case we have any doubt that incomplete / fictitious information is submitted by the client, we must ask for such additional information so as to satisfy ourselves about the genuineness of the client and the information of the client before accepting his registration.
- b. Factors of risk perception of the client :-

Particulars	Risk Perception
Factors of Risk Perception having regard to :	
Client`s Location (Registered / Correspondence/ other address)	
- Face to Face clients of Delhi NCR	Low Risk
- Face to Face clients of other than Delhi NCR	Low Risk
- Client Introduced by existing Face to Face Clients	Low Risk
- Client Introduced by other Existing Clients	Medium Risk
- Direct Clients of Delhi NCR	Medium Risk
- Direct Clients of other than Delhi NCR	High Risk
- Non resident Clients	High Risk
Nature of Business Activity, Trading Turnover etc	
-Retail clients (average daily turnover < Rs 10 Lakhs or net settlement obligation < Rs 2 Lakhs)	Low Risk
- Retail clients (average daily turnover < Rs 25 Lakhs or net settlement obligation < Rs 5 Lakhs)	Medium Risk
- HNI Clients (average daily turnover > Rs 25 Lakhs or net settlement obligation > Rs 5 Lakhs)	High Risk
Manner of Making Payment	
- Regular payment through A/c payee cheque from the Bank A/c already mapped with us	Low Risk
- Payment through A/c payee cheque from the Bank A/c other than one already mapped with us	Medium Risk
- Payment through Banker`s Cheque / Demand Draft / Cash	High Risk
Client of Special Categories as defined under Para A (a) of these Guidelines	Very High Risk

- c. Ensure that no account is opened where we unable to apply appropriate clients due diligence measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client or information provided by the client is suspected to be non genuine or perceived non co-operation of the client in providing full and complete information. We should not continue to do business with such a person and file a suspicious activity report. We should also evaluate whether there is suspicious trading in the account and whether there is a need to freeze or close the account.

Policy for Recruitment of personnel

The HR Department is instructed to cross check all the references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting. The department should obtain the following documents:

1. Photographs
2. Proof of address
3. Identity proof
4. Proof of Educational Qualification
5. References

Retention of records

Records pertaining to active clients and staff details collected for recruitment shall be kept safely.

Information to be maintained

Company will maintain and preserve the following information in respect of transactions referred to in Rule 3 of PMLA Rules for the period of 10 years.

- I. Client Registration Forms
- II. Contract Note
- III. the nature of the transactions;
- IV. the amount of the transaction and the currency in which it denominated;
- V. the date on which the transaction was conducted; and
- VI. the parties to the transaction.

Employees' Training

Company adopted an ongoing employee training program so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

Investors Education

Implementation of AML/CFT measures requires back office and trading staff to demand certain information from investors which may be of personal nature or which have hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the customer with regard to the motive and purpose of collecting such information. There is, therefore, a need for the back office and trading staff to sensitize their customers about these requirements as the ones emanating from AML and CFT framework. The back office and trading staff should prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the AML/CFT programme.

Reporting to FIU

As per our observations if any transaction of suspicious nature is identified it must be brought to the notice of the Principal Officer who will submit report to the FIU if required.

Above said policies are reviewed by us on regular basis to keep it updated as per the various amendments in the PMLA rules.

Brokerage Charged

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

The client will pay to Open Futures, 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 **Open Futures**.

Error Account Policy

1. The modification to the client code is to be done only in exceptional cases and not as a routine one.
2. The reason for modification has to be ascertained and analyzed and genuineness is to be established and also its impact on the clients should be studied before the modification. If voice recording is in practice, the same is being studied.
3. Normally as a principle, we are permitted to change client codes of non-institutional clients only for the following objective criteria;
 - 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.
 - b. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
4. For easy identification of error account, we register a fresh client code as "ERROR" in the UCC database of the Exchange for the account which is classified as error account.
5. We will inform the Exchange (through BEFS), by end of day, the reasons for modification of client codes of non-institutional trades based on the aforesaid objective criteria.
6. Therefore it is imperative that the issue should be reported to the senior level Manager/Director/Proprietor and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interests of the client.
7. Hence the facility to modify the client codes should be available only at the Corporate Manager level and should not be given to the branches/franchise/sub-brokers.
8. Training program should be conducted to all the Dealers and they should be explained how code modifications can be misused and what steps should be taken to avoid the same. It also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors'/'typing errors'.

Investor Grievance Redressal Policy

A. Introduction

At **Open Futures**, we believe that Investor service is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the **Open Futures**. Prompt and efficient service is essential to retaining existing relationships and therefore Investor satisfaction becomes critical to the **Open Futures**, especially since we follow the Direct-to-Investor model. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance redressal framework.

Grievance redressal is supported by a review mechanism, to minimize the recurrence of similar issues in future.

B. Key steps undertaken by the Company for handling Investor Grievances are enumerated as follows:

- The Company has designated email id i.e. grievance@openfutures.in for handling Investor grievances on which investor can make a complaint which is provided on the website of the company.
- The Client is also encouraged to register all complaints against the Broker vide letter, phone call and through fax also.
- A correspondence either by letter or mail is mandatorily made to the investor who has submitted written complaints acknowledging receipt of the complaint.
- Upon receipt of the complaint, the complaint is entered into a register and tracked till its completion. The Compliance department will take note of the same and discuss the issue with the employee against whom the complaint is directed.
- The Compliance Officer of the Company reviews the investor complaints on weekly basis to find out whether complaint has been resolved within time or not.
- If the issue can be resolved at the Employee level it is done so and the Employee will then talk to the Client and resolve the matter.
- If the issue cannot be resolved at the Employee level, then the Top Management will come into the picture and resolve the issue directly with the Client.
- If the complaint is against the management policy, then the Management will discuss the same and give its recommendation and resolve the issue with the Client.
- If the issue still cannot be resolved with the Client at the Management level, then the issue can be taken up with the Arbitration Committee of the Exchange.

C. The Company has prescribed service standards for various investor related activities being handled by **Open Futures** and process followed by them for handling Investor Grievances are enumerated as follows:

1. At the receiving counter at **Open Futures** stamp is affixed on every letter.
2. Mail is entered in system through an in-house developed program by Open Futures.
3. **Open Futures** replies to mails referring to files, master data & other relevant information within seven days of the receipt of mails.
4. Status of reply given to investor's letters is updated in the mail entry system on fortnightly basis.
5. List of pending mail (if any) is taken up by **Open Futures** with the Compliance Officer and after discussions /verification of records, suitable reply is drafted and issued to the investor.
6. Monthly report on receipt and redressal of investor complaints or grievances is provided to the Company.
7. In case of Notice/Summons received from a statutory authority such as Court, Income-tax Department, status of the case as available in **Open Futures** record together with draft reply is provided to Company for vetting and finalization at their end.
8. Status of redressal of complaints from BSE and NSE is informed to them through Letters / email and if any telephonic enquiry is received from them full details of the case and status of redressal are provided over phone.

Policy for Unauthentic News Circulation

Prohibition on circulation of unauthenticated News:

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

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

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

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

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

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

Access Control: Access to Blogs/chat forums/messenger sites etc. has been restricted by Open Futures and is not allowed.

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

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

Code Of Internal Procedures And Conduct For Prevention Of Insider Trading In Shares Of The Company (As Amended)

1. Definitions

- 1.1 “Act” means the Securities and Exchange Board of India Act, 1992 (15 of 1992) and may be referred to herein as the Act;
- 1.2 “Board” means Securities and Exchange Board of India established under Section 3 of Securities and Exchange Board of India Act, 1992.
- 1.3 “Company” means Open Futures in these Codes of Conduct.
- 1.4 “Insider” means any person who,
 - i) is or was connected with the company or is deemed to have been connected with the company, and who is reasonably expected to have access, to unpublished price sensitive information in respect of securities of a company, or
 - ii) Has received or has had access to such unpublished price sensitive information.

1.5 “Connected Person” means any person who:-

a) is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 of the Company or is deemed to be director of the Company by virtue of sub-clause (10) of section 307 of that Act; or occupies the position of an officer or an employee of the Company or holds a position involving a professional or business relationship between himself and the Company whether temporary or permanent and who may reasonably be expected to have an access to unpublished price sensitive information in relation to the Company;

Explanation: For the purpose of clause I, the words “connected person” shall mean any person who is a connected person six months prior to an act of insider trading.

1.6 A “Person is deemed to be a connected person” if such person –

- a) is a company under the same management or group, or any subsidiary company thereof within the meaning of sub-section (1B) of section 370, or sub-section(11) of section 372, of the Companies Act, 1956, or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969, as the case may be ; or
- b) is an intermediary as specified in section 12 of the Act, Investment company, Trustee Company, Asset Management Company or an employee or director thereof or an official of a stock exchange or of clearing house or corporation.
- c) is a merchant banker, share transfer agent, registrar to an issue, debenture trustee, broker, portfolio manager, Investment Advisor, sub-broker, Investment Company or an employee thereof, or, is a member of the Board of Trustee of a mutual fund or a member of the Board of Directors of the Asset Management Company of a mutual fund or is an employee thereof who has a fiduciary relationship with the company.

- d) is a member of the Board of Directors or an employee of a public financial institution as defined in Section 4A of the Companies Act, 1956; or
- e) is an official or an employee of a Self-regulatory Organization recognized or authorized by the Board of a regulatory body; or
- f) is a relative of any of the aforementioned persons;
- g) is a banker of the company.
- h) relatives of the connected person;
- i) a concern, firm, trust, Hindu Undivided Family, company, Association of Persons wherein the relatives of persons mentioned in sub-clauses (f)(g)(h) have more than 10% of the holding or interest.

1.7 “Price Sensitive Information” means any information which relates directly or indirectly to a company and which, if published, is likely to materially affect the price of securities of company;

Explanation:- The following shall be deemed to be price sensitive information:-

- i. Periodical financial results of the company
- ii. Intended declaration of dividends (both interim and final);
- iii. Issue of securities or buy-back of securities
- iv. Any major expansion plans or execution of new projects;
- v. Amalgamation, mergers or takeovers;
- vi. Disposal of the whole or substantial part of the undertaking; and
- vii significant changes in policies, plans or operations of the company

1.8 “Un-published” means information which is not published by the company or its agents and is not specific in nature.

Explanation:-

Speculative reports in print or electronic media shall not be considered as published information.

1.9 “Designated Employee” means

- i. Board of Directors
- ii. Directors (whether or not they are members of the Board);
- iii. Employees of the rank of Vice President and above; and
- iv. Employees of finance / accounts and share department of the rank of General Manager and above posted in the offices in national capital region of Delhi.

- 1.10 “Dependent” means spouse, children and parents of the designated employee.
- 1.11 “Securities” include shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature as may be issued by the company from time to time and which are listed on any Stock Exchanges.
- 1.12 “Dealing in Securities” means an act of subscribing, buying, selling or agreeing to subscribe, buy, sell or deal in any securities by any person either as principal or agent;
- 1.13 “Working day” means the working day when the regular trading is permitted on the stock exchange where securities of the company are listed.
- 2. Compliance Officer
 - 2.1 Ms. Bhawna Joshi is appointed as Compliance Officer of **(Open Futures)** and she will report to the Proprietor / Chief Executive Officer.
 - 2.2 The compliance officer shall be responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearing of designated employees and their dependents trades through respective department heads, monitoring of trades and the implementation of the codes of conduct under the overall supervision of the Board of the company.
 - 2.3 The compliance officer shall maintain a record of the designated employees and any changes made in the list of designated employees.
 - 2.4 The compliance officer shall assist all the employees in addressing any clarification regarding the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the company’s code of conduct.
- 3. Preservation of “Price Sensitive Information”
 - 3.1 Employees shall maintain the confidentiality of all Price Sensitive Information and not pass on such information to any person directly or indirectly by way of making a recommendation for the purchase or sale of securities.

4. Need to know
 - 4.1 Price sensitive information is to be handled on a “need to know” basis, i.e. Price Sensitive Information should be disclosed only to those within the company who need the information to discharge their duty.
5. Limited access to confidential information
 - 5.1 Files containing confidential information shall be kept secure. Computer files must have adequate security of login and password etc.
6. Prevention of misuse of “Price Sensitive Information”
 - 6.1 Designated employees of the company shall be subject to trading restrictions as enumerated in the Code.
7. Trading Window
 - 7.1 The designated employees may deal in the shares and securities on any working day during the trading hours as prescribed by the stock exchanges and this shall be called the ‘Trading Window’ except during the period when the trading window is closed. The trading window shall be closed during the time the information referred to in para 7.3 is un-published.
 - 7.2 When the trading window is closed, the designated employees, shall not trade in the company’s securities in such period
 - 7.3 The trading window shall be, inter-alia, closed at the time of:-
 - a) Declaration of Financial results (quarterly, half-yearly and annual)
 - b) Declaration of dividends (interim and final)
 - c) Issue of securities by way of public / rights / bonus etc.
 - d) Any major expansion plans or execution of new projects
 - e) Amalgamation, mergers, takeovers and buy back
 - f) Disposal of whole or substantially whole of the undertaking
 - g) Any changes in policies, plans or operations of the company
 - h) Any other event that may be decided by the company from time to time.
 - 7.4 The trading window shall be opened 24 hours after the information referred to in para 7.3 is made public.

- 7.5 Designated employees of the company shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the company's securities during the periods when trading window is closed, as referred to in para 7.3 or during any other period as may be specified by the company from time to time.
- 7.6 In case of ESOPs, exercise of option may be allowed when trading window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when trading window is closed.
8. Pre clearance of trades
 - 8.1 Designated employees of the company and their dependents who intend to deal in the securities of the company above the threshold limit of 20,000 equity shares should pre-clear the transactions as per the pre-dealing procedure as described hereunder.
 - 8.2 An application in prescribed form shall be submitted to the Compliance Officer indicating the estimated number of securities that the designated employee intends to deal in, the details as to the depository with which he has a security account, the details as to the securities in such depository mode and such other details as may be required by any rule made by the company in this behalf.
 - 8.3 An undertaking in the prescribed form shall be executed in favour of the company by such designated employee incorporating, inter-alia, the following clauses, as may be applicable:
 - a) That the designated employee does not have any access or has not received "Price Sensitive Information" upto the time of signing of the undertaking.
 - b) That in case the designated employee has access to or receives "Price Sensitive Information" after the signing of this undertaking but before the execution of the transaction he / she shall inform the Compliance Officer of the change in his position and that he / she would completely refrain from dealing in the securities of the company till the time such information becomes public.
 - c) That he / she has not contravened the code of conduct for prevention of insider trading as notified by the company from time to time.
 - d) That he / she has made a true and full disclosure in the matter.
9. Other restrictions

- 9.1 Designated employees and their dependents shall execute their order in respect of the securities of the company within one week after the approval of preclearance is given. If the order is not executed within one week after the approval is given, the designated employee must pre-clear the transaction again.
- 9.2 Designated employees who buy or sell any number of shares of the Company shall not enter into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction.
- 9.3 In the case of subscription in the primary market, the designated employees shall hold their investments for a minimum period of 30 days. The holding period would commence when the securities are actually allotted.
- 9.4 Designated employees shall not take any position in derivative transactions in the shares of the company at any time.
- 9.5 In case the sale of securities is necessitated by personal emergency, the holding period may be waived by the Compliance Officer after recording in writing his / her reasons in this regard.

10. Disclosure

10.1 Designated employees of the company shall be required to disclose following details:

- a) Shareholding of the company and positions taken by them or their dependents in derivatives within 2 working days of joining the company;
- b) Change in shareholding i.e. acquisition or sale of shares of the Company by them and/ or their dependents from previous disclosure (even if previous disclosure was nil) within 2 working days of such change. For this purpose, change in shareholding means:
 - i. The aggregate value of acquisition/ sale should be Rs. 5,00,000/- or more; or
 - ii. The number of shares acquired / sold should be 25000 or above; or
 - iii. Acquisition or sale of shares should be 1% or more of total shareholding of the Company; whichever is lower.

11 Reporting requirements for transactions in securities

11.1 Designated employees of the company shall be required to forward half yearly statements (as on 31st March and 30th September) of their securities transactions (buy/ sell) including the statements of their dependents to the Compliance Officer within 14 days of the end of the period.

11.2 Designated employees of the company shall be required to forward Annual statement (as on 31st March) of their shareholding in the Company as well as of their dependents to the Compliance Officer within 14 days of the end of financial year.

12. Maintenance of records

12.1 The Compliance Officer shall maintain records of all the declarations given by the designated employees for a minimum period of three years.

12.2 The Compliance Officer shall place before the Proprietor / Chief Executive Officer of the company on a monthly basis, details of the dealings in the securities by designated employees of the company and the accompanying documents that such persons had executed under the pre-dealing procedure as envisaged in the code.

13. Penalty for contravention of code of conduct

13.1 Any designated employee who trades in securities or communicates any information for trading in securities, in contravention of the Code of Conduct may be penalized and appropriate action may be taken by the company.

13.2 Designated employees of the company who violate the Code of Conduct shall also be subject to the disciplinary action by the company, which may include wage freeze, suspension, ineligibility for future participation in employee stock option plans, etc. as may be decided by Managing Director/Proprietor of the Company.

13.3 The action by the company shall not preclude the Board from taking any action in case of violation of SEBI (Prohibition of Insider Trading), Regulations, 1992.

14. Information to the Board in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

14.1 In case it is observed by the company/ compliance officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board shall be informed by the company.

Inactive Client Account Policy

This policy defines the treatment of Dormant/Inactive accounts of the clients maintained with the company(**Open Futures**).

Definition of Dormant / Inactive accounts

In case of trading account the term dormant/Inactive account refers to such account where no transaction have been carried out since last 6(six) calendar months from the account opening date or last transaction date done by client.

In case of Dormant account the term Dormant/Inactive accounts refers to such accounts where no debit transaction had taken place for a continuous period of 6(six) months.

Categories:

6th Month dormant Accounts: are those trading accounts in which trading had not placed since last 6(six) calendar months. In this category , the client code shall be marked disabled in our back office as well as in trading platform, so that no trade can be undertaken/punched in his/her client code. If any such client who is willing to re-initiate trading in its account are required to furnish written request letter of re enablement of its UCC which should be signed by the respective client only & not by POA holder.

Very Old dormant Accounts: are those trading accounts in which trading had not placed since last TWO YEAR. Once the any client code lying inactive since Two years, the client code shall be marked as disabled in our back office as well as in trading platform, so that no trade can be undertaken/punched in his/her client code. If any such client who is willing to re-initiate trading in its account are required to fulfill KYC formalities along with a written request letter of re-enablement of its UCC which should be signed by the respective client only & not by POA holder.

Procedure to be followed:

- Alist of inactive clients shall be prepared from the back office software at regular interval and shall be submitted to the concerned department after confirmation with the management. The management will approve a final list of inactive clients.
- A copy of the list is also forwarded to dealers who operate our BOLT or NEAT terminals.
- The concerned department shall mark the client status as “inactive” or “dormant” in various front office software of CTCL and IML and back office accounting and DP software.
- After inactive marking, if any orders are received the dealer shall take reasonable steps to identify the identity of the client and to ensure that the orders are received from the same client. The dealer shall use various techniques like call back, asking personal detail questions, last trade dates, outstanding positions etc to confirm the identity of the caller. They may use any other technique which is reasonable. In case of a doubt the case shall be referred to the management or concerned Sub-Broker or introducer.
- Dormant client/ Block client has to update their KYC details at the time of fresh order, if required.

Annexure
ACCOUNT RE-ACTIVATION FORM

Date: _____

To
Open Futures,
Regd Office: C-2028,
Sushant Lok-I
Gurgaon Haryana-122001

(To be filed by Client)

Client Code	
Client Name	

I/We hereby request you to re-activate my /our account and treat this form as intimation for re-opening of the account.
I/We hereby confirm that all the information provided to you with initial account opening is the same and I/We agree to abide by the exchange rules and notifications issued till date.

Client's Signature

Date.

SURVEILLANCE POLICY

1. Objective

In accordance with BSE Notice No. 20130307-21 dated March 07, 2013, NSE Circular No. NSE/INVG/22908 dated March 07, 2013 and MCX Circular No. ading members are required to frame surveillance policy for handling effective monitoring of trading activity of client. In compliance with the aforesaid circulars, we **(Open Futures)** adopt and implement below mentioned Surveillance Policy covering areas mentioned in the aforementioned circular. The policy has been approved by its Proprietor in a general meeting held on 01, April 2013 at the Registered Office of the company:

2. What is Surveillance?

Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair transactions that may violate securities related laws, rules and regulations. In order to ensure investor protection and to safeguard the integrity of the markets, it is imperative to have in place an effective market surveillance mechanism. The main objective of surveillance function is to help maintain a fair and efficient market for securities.

3. Receipt of Alerts from Exchanges / generated on E-Boss , ENIT & FTP

In order to facilitate effective surveillance mechanisms at the Member level, the Exchanges provides following mandatory transactional alerts along with other alerts to the trading members through e-BOSS (BSE) and ENIT (NSE), “SFTP Root path Member ID Folder” (MCX). This facilitates the trading members to effectively monitor the trading activity of their clients. Types of Transactional Alerts provided by Exchange are as follows;

Sr.No.	Transactional Alerts	Segment
1	Significant increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), dealing in common scrips	Cash
4	Client(s)/Group of Client(s) concentrated in a few illiquid scrips	Cash
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Wash Sales	Cash & Derivatives

10	Reversal of Trades	Cash & Derivatives
11	Front Running	Cash
12	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from market	Cash

BSE – Alerts can be downloaded by log-in into e-Boss Surveillance System.

NSE - Alerts can be downloaded by log-in into ENIT- ENIT Compliance-

Investigation Department – Transactional Alerts.

MCX– Alerts can be downloaded through SFTP Root path\Member ID\Date Folder

4. Suspicious / Manipulative activity identification and reporting process

Suspicious / Manipulative activity identification and reporting process include gathering of client information, analysing client activity, seeking documentary evidences if required, monitoring the trading activities, record maintenance and reporting.

• Client Information:

- o Implementing Anti Money Laundering Policy Vis a Vis KYC standard for New Clients Acceptance and implementing high standard of due diligence process.
- o Periodic updating of client database and having system to do continuous client due diligence.
- o Identification of Beneficial Ownership
- o Identification of Multiple Accounts/common Accounts/group of Clients
- o Analysing common emails, mobile numbers, address and other linkages
- o Other publicly available information

• Analysis Client Activity

Clients' trading pattern or activity shall be analysed based on Alert received /generated through exchange system. There are alerts which require only client confirmation or explanations or trading history analysis and there are other alerts which require documentary evidence viz. Bank Statement or Demat Statement for +/- 15 Days as per Exchange requirements. Here, Transaction Alerts falling under Sr. No. 1 & 2 requires only trading history analysis, last 12 months trading turnover analysis, turnover v/s income range comparison and client confirmation on sudden activity in dormant account. Member shall take also reasonable steps to analysis these type of alerts and shall be required to close the status of alerts or report the exchange in case of any adverse findings. In case of transactional alerts Sr. No. 3 to 13, apart from analysing trading history and income comparison, member shall take explanations regarding alerts received from the exchange and also ask for +/- 15 Days' Bank statement in case of Funds Movement and Demat Statement in case of movement of shares and Responsible person shall verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted or not? Member shall record observation for such transactional alerts and maintain records with regard

to such analysis. In case, client failed to provide explanation or documentary evidences, such client(s) shall be deactivated and shall be activated only after they satisfy all requirement of this policy.

5. Time frame for disposition of alerts

All the alerts downloaded will be analysed by Operations Manager & Compliance Manager keeping in view Client Type, Risk Categorization, Income Range Selected and Past Trading Pattern. In case of any adverse findings, same shall be informed to Exchange with comments within 45 days of receipt of Alert. In case of delay in disposition, written extension to be taken from respective exchange and reason for the same shall be documented.

6. Record Maintenance

Member shall record observation for such transactional alerts and maintain records with regard to such analysis. Record must be maintained as per statutory time frame. A quarterly MIS shall be put up to the Board in case of any adverse findings for further action.

7. Supervision of Compliance Office

In case of any alert downloaded which is suspicious, same shall be informed to Compliance Officer. Any Corrective measures/action to be taken shall be under the supervision of Compliance Officer. Designated Operations Manager / Compliance Officer would be responsible for all surveillance activities carried out by the Trading Member and for the record maintenance and reporting of such activities.

8. Effective Date

This policy shall be made effective from 1st May, 2013 or such extended period as exchange may prescribe.

Policy for Client Code Modification

1. Objective

To frame the guidelines for modification to client codes post trade execution and reporting of such Client Code Modifications and to fulfill compliance in accordance with SEBI requirement or, *(With reference to SEBI circular ref. no. CIR/DNPD/6/2011 dated July 5, 2011, NSE/INVG/2011/18484 and BSE Notice no :20110729-24, Notice date : Friday, July 29, 2011).*

2. Brief about Client Code Modification:

Client Code Modification means modification / change of the client codes after execution of trades. Stock Exchanges provide a facility to modify any client code after the trade has been executed to rectify any error or wrong data entry done by the dealers at the time of punching orders. However, such Client Code modification is subject to certain guidelines as to the time limit within which the client code modification is to be carried out, terminal / system on which such modifications can be done etc. The facility is mainly to provide a system for modification of client codes in case genuine errors in punching / placing the orders. It is to be used as an exception and not a routine. To prevent misuse of the facility Stock Exchanges levy penalty / fine for all non-institutional client code modifications.

3. Scope of the Policy:

This policy covers all the Client Code Modifications carried out / to be carried out in any of the client accounts controlled by HO, subject to the guidelines issued by the SEBI / Stock Exchanges from time to time, in any segment of any exchange for which **Open Futures** is a member broker.

4. “Error Trades” means the trades which will be modified / to be modified / allowed, to be modified subject to guidelines of the SEBI / Stock Exchanges and this policy.

For the purpose of this Policy, only the following types of trades shall be modified / allowed to be modified:

In case of NSE (NOTE: no consistent pattern in such modifications):

- i. client code/name and modified client code/name are similar to each other but such modifications are not repetitive.
- ii. Family Code (spouse, dependent parents, dependent children and HUF)

In Case of BSE:

- i. Punching error / typing error of client codes due to any genuine error or mistake in order entry, while punching the order, by any of dealer.
- ii. Trade entered for wrong client due to any miscommunication from the client / authorized representative of the client.
- iii. Modification within family members
- iv. Institutional trades modified to broker error/pro account

In Case of MCX

- i. Punching error / typing error of client codes due to any genuine error or mistake in order entry, while punching the order, by any of dealer.
- ii. Trade entered for wrong client due to any miscommunication from the client / authorized representative of the client.

5. General Conditions:

- (i) The facility for Client Code Modification can be used only in case of Error Trade.

- (ii) The Client Code Modification shall be carried out only on the designated system and / or as per the process as may be prescribed by SEBI / Stock Exchange.

6. Place for Client Code Modification:

Any Client Code Modification shall, subject to compliance of this policy, be carried out by RMS at HO of all the Error Trades happened in Capital Market Segment of NSE, BSE and MCX.

7. Penalty

The penalty or fine, if any, levied on **Open Futures** for any wrong trade occurred due to any miscommunication from the client / authorized representative of the client shall be borne by the client.

RMS POLICY

We are running CTCL ids in all our branches and sub-brokers locations except a few where we have given the bolt terminals. This is done in order to exercise proper control over the trading activities.

All our CTCL ids are centrally monitored and all the limits being given are also through the RMS team in the head office.

Each RMS executive has been given a charge of specific locations which he monitors on day to day basis and he has been entrusted the task of changing the limits if he feels so.

We follow a procedure where there should be minimal manual intervention in the admin terminals. We import a set of files created by our back office which mainly consists of the stocks of the client lying with us and the outstanding F&O net position if any. In addition to this we also import var margin rate file and span file. Lastly we import a deposit file in the system on the basis of which each client is assigned a particular limit.

The computation of the deposit is also automated and the deposit is computed on the basis of the credit balance of the client plus the value of securities lying with us.

We also impose an ageing check on our clients to restrict the further buying in case their debit continues in a stretch for 5 days. This ageing check gets automatically removed when the client comes in credit.

Each RMS executive has also been entrusted the job of recovery of payments from the clients of his assigned branches. Also, he ensures that he receives the periodical balance confirmation from all the clients of his assigned branches. Whenever a particular client comes in debit our RMS executive keeps an eye on that client code.

We have implemented the policy of actual settlement of funds and securities once in quarter/ month to bring transparency in dealing with clients and to avoid disputes in future.

Write up of KRA Processing

SEBI has vide its various circulars viz. MIRSD/SE/Cir-21/2011 dated October 5, 2011, MIRSD/Cir-23/2011 dated December 2, 2011, MIRSD/Cir-5/2012 dated April 13, 2012 and the SEBI (KYC Registration Agency) Regulations, 2011 notified and mandated Uniform KYC Form and supporting documents required to be used by all SEBI registered intermediaries for new client accounts as well as existing active client. The uniform KYC requirement is effective from 1 January 2012.

In view of the above, the KYC form to be used by new investors as well as existing active investor (who trade / invest / deal with us anytime starting from April 16, 2012) for obtaining KYC compliance has been modified. Accordingly, investors will be required to adhere to the new KYC norms.

As per the new KYC procedure, there shall be a common KYC Application Form for all the SEBI registered intermediaries. The New Investors will be required to use the Common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries. It is mandatory to carry out IPV of investors from the effective date. We shall perform the initial KYC of its new investors. We shall upload the details of the investors on the system of the KYC Registration Agency (KRA). KRA shall send a letter to investor after receipt of initial/updated KYC documents from our side confirming the details thereof. The same process is carried out for the existing active investors also (who trade / invest / deal with us anytime starting from April 16, 2012) Once the investor has done KYC with us, the investor need not undergo the same process again with another SEBI registered intermediary.

Details Procedure:

All clients in our Company are allowed to trade only after they have completed the Registration process including the filling of Account Opening Form & KYC Documents (KYC Documents to be done in case of non KRA Registered clients). For Clients who are already registered under KRA a softcopy of the same is download from KRA Authority and we also take fresh KYC and documents with client consent only.

In case of fresh KRA the scanned copy of the same is uploaded to KRA registering Authority for registration at their end. Further a copy of Rights & Obligations, Risk Disclosure Document, Guidance Note, and Policies & Procedures along with a copy of Tariff Sheet is given to clients. Further there are some other documents which are Non-mandatory to be executed by clients at their discretion. A receipt is taken from the client as a token of his acceptance of all the documents. After verifying the details given by clients, In-person verification is done & the client code is generated and activated in the system.

CONFLICT OF INTEREST POLICY

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;

We **Open Futures** hereby provide the policy we maintain in order to manage conflict of interest in respect of the duties we owe to our clients.

This Policy is not intended to, and does not create third party rights or duties that would not already exist if the Policy had not been made available.

Purpose

The purpose of this document is to set out the Company's approach in identifying and managing conflict of interest which may arise during the course of its business activities. The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called "related persons") and refers to all interactions with clients.

The aim of our Policy is to identify and prevent conflict of interest which may arise between the Company and its clients or between one client and another. Accordingly, we have adopted a conflict of interest policy setting out the procedures, practices and controls in place to achieve this.

The process entails the following actions:

- I. Identification of conflict of interest situations
- II. Management of conflict of interest situations
- III. Disclosure of conflict of interest and record keeping

Identification of Conflict of Interest situations

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interest of a client, the Company takes into account, whether the Company or a relevant person, is in any of the following situations, as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) The Company or relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (b) The Company or a relevant person 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;
- (c) The Company or relevant person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- (d) The Company or a relevant person carries the same business with the client;
- (e) The Company or a relevant person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of money, goods or services, other than the standard commission or fee for that service.

Conflict of Interest situation can be divided into two categories:

- (a) Conflict of interest which might arise between Clients and the Company (management, employees, tied agents etc.) and
- (b) Between the clients themselves

Taking into consideration the services the Company offers, potential circumstances giving rise to Conflict of Interest may be related to the Reception and transmission of orders, Execution of orders, Dealing on own account and/or Ancillary services.

The paragraph below specifies some of the major sources of potential conflict of interest, which may arise:

- (iii) In the area of Investment Research and in particular, from the Company's own interest in the sales of financial instrument(s)
- (iv) From payments (e.g. commissions) received from or made to third parties in connection with investment services provided to them
- (v) From performance – related remuneration of employees and agents
- (vi) From other business activities of the Company, especially, from the Company's interest in profits from trading on its own account
- (vii) From personal relations of employees or members of the Company's Board of Directors or parties related to such persons

Management of Conflict of Interest situations

The Company has set up internal policies and has an in-house Compliance Department that is responsible for identifying and managing potential conflict of interest. The above mentioned Department also updates the relevant internal procedures and ensures compliance with such procedures.

The Company maintains and operates effective organizational and administrative procedures to manage the identified conflict of interest. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

In general, the procedures and controls that the Company follows regarding conflict of interest include the following measures:

- (a) Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving risk of conflict of interest where the exchange of that information may harm the interests of one or more clients;
- (b) The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company;
- (c) The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where conflict of interests may arise in relation to those activities;
- (d) Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- (e) Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflict of interest.

Some of these policies and procedures established to prevent Conflict of Interest are shown below:

- A 'need to know' policy governing the dissemination of confidential or inside information within the Group
- Chinese walls restricting the flow of confidential and inside information within the company and physical separation of departments
- Procedures governing access to electronic data
- Segregation of duties that may give rise to conflict of interest if carried out by the same individual
- Personal account dealing requirements applicable to relevant persons in relation to their own investments
- A gifts and inducements log registering the solicitation, offer or receipt of certain benefits
- The prohibition of external business interests conflicting with our interests as far as the Group's officers and employees are concerned, unless board approval is provided.
- A policy designed to limit the conflict of interest arising from the giving and receiving of inducements
- Establishment of an in-house Compliance Department to monitor and report on the above to the Company's Board of Directors
- Appointment of an internal auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors
- Establishment of the four-eyes principle in supervising the Company's activities

Disclosure of conflict of interest and record keeping

Where the organizational and administrative arrangements described above are not sufficient to ensure with reasonable confidence that the risks of damage of the client's interests will be prevented, the Company clearly discloses the general nature and/or source of conflict of interest to the Client before undertaking business on his behalf.

Disclosure to Clients is done in sufficient detail to enable the Clients to make an informed decision about the investment and ancillary service in the context of which the conflict arises.

If the Company, however, does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to the conflict.

The Company reserves the right to review and/or amend its Policy and arrangements whenever this is deemed to be appropriate. Further information about this summary document is available upon request.

Should you have a question about conflicts of interest please direct your questions to our Compliance Department: bhawnajoshi@openfutures.in

PRE - FUNDED POLICY

It's a Policy of the Company for the acceptance of Prefunded Instruments. This policy is Subject to the rules and regulations of the Exchange from time to time.

Open Futures does not take pre funded instruments from the clients but there is a policy for exceptional cases.

Title: Acceptance of Prefunded Instrument for trades on Exchanges. Coverage: Head office only.

Scope: Acceptance of Prefunded Instruments like Demand Draft/Payorder/Bank Guarantees from a client against Payin Obligation/ Margin. Procedures: The Prefunded Instruments must be accepted only in following special circumstances;

- 1) If there are Bank Holidays on the following day.
- 2) If the client does not have an account in the bank in which the company has accounts.
- 3) If the client wants to create a position immediately and has no other way of transferring funds.
- 4) If the Bank account of the client is in a cooperative bank, which may take some time for the cheque to be cleared.
- 5) If the company Bank accounts clearing branch is not available in the city/village where the client has his bank account.
- 6) All the procedures prescribed in Cir/MIRSD/03/2011 dated 9/6/2011 Dt 09/06/2011 which is annexed with. Objective:

The Objective of this policy is to minimize the frequency of acceptance of Prefunded Instrument, especially Demand Draft where there is a difficulty in tracking the correct source of Issuance.

Permissible Limits: The Prefunded Instruments must be accepted only in cases mentioned above and not otherwise. Approval for acceptance must be taken by either of the executive Directors or the Managing Director and only then credit should be given.



NSE/BSE/MCX

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Company Policies

(Policy shall be reviewed as and when necessary.)

EFFECTIVE DATE(S)
This Policy is effective from April03, 20011. Last reviewed in 7th Jan 2020.

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