

# **INTERNAL CONTROLS, COMPLIANCE & RISK MANAGEMENT POLICY**

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### **1. PURPOSE**

This Policy establishes the internal control standards, operational procedures, compliance framework, and risk management practices adopted by Invexmart Financial Services Private Limited in relation to its stock broking activities.

### **2. CLIENT ONBOARDING & ACCOUNT ACTIVATION**

1. Client accounts shall be opened only after receipt of duly completed KYC documents and prescribed supporting documents.
2. PAN verification shall be completed through authorized verification systems.
3. Client bank account details shall be validated through approved banking verification processes.
4. Periodic updation of KYC and financial information may be undertaken as required under applicable laws.

### **3. ORDER MANAGEMENT & TRADE EXECUTION**

1. Orders may be received through approved communication channels including trading platforms, recorded telephone lines, mobile applications, or physical instructions.
2. Orders shall be accepted only from the registered client or authorized representative.
3. Electronic records, call recordings, and audit trails may be maintained for regulatory purposes.

### **4. HANDLING OF CLIENT FUNDS & PAYOUTS**

1. Funds shall be accepted only from bank accounts registered in the name of the client.
2. Third-party payments shall not be accepted except where permitted under regulations.
3. Client payouts shall be processed only to verified bank accounts registered with the Company.
4. Cash transactions shall not be accepted.

### **5. MARGIN COLLECTION & EXPOSURE MANAGEMENT**

1. Clients shall maintain margins as prescribed by Exchanges, SEBI, and internal risk management policies.
2. Adequate upfront margins shall be collected before permitting trading exposure.
3. Failure to maintain required margins may result in restriction or liquidation of positions.

### **6. RISK MANAGEMENT FRAMEWORK**

1. Margin from clients may be collected in the form of cash, fixed deposits, bank guarantees, or any other form permitted under applicable regulations.
2. The Company shall collect upfront margins from clients before permitting trading exposure.
3. Trading limits and exposure limits shall be assigned to all users based on internal risk assessment parameters.

4. In accordance with BSE Notice No. 20180515-39 dated May 15, 2018, BSE Notice No. 20200830-1 dated August 30, 2020, NSE Circular No. NSE/INVG/39647, and NSE Circular No. NSE/INVG/40175, the Company may carry out necessary due diligence before releasing client payouts.
5. Order quantity limits and value limits may be defined at user level to minimize operational errors and abnormal trading exposure.
6. In cases involving suspected non-genuine trades, abnormal trading patterns, or regulatory investigations, the Company reserves the right to withhold funds and/or securities until completion of verification or investigation.
7. Current day MTM profits may not be considered for fresh trading exposure in accordance with applicable peak margin policies.
8. Any penalties arising due to margin shortfall or regulatory non-compliance attributable to client positions shall be borne by the respective client.
9. Clients shall not be permitted to take excessive or high-risk positions without maintaining adequate margins.
10. Risk monitoring and exposure management shall be carried out in accordance with the Company's internal Risk Management Policy.
11. In the event of failure to maintain additional margins or MTM losses, the Company reserves the right to liquidate positions and recover dues without prior notice.

## **7. MONITORING OF AUTHORIZED PERSONS & BRANCH OPERATIONS**

1. Authorized Persons and branch offices shall operate within the regulatory framework prescribed by SEBI and Exchanges.
2. Periodic inspections, audits, and reviews may be conducted to assess compliance standards and operational efficiency.

## **8. COMPLIANCE & REGULATORY OVERSIGHT**

1. The Compliance Department shall monitor adherence to all applicable SEBI, Exchange, FIU-IND, PMLA, and other regulatory requirements.
2. Regulatory circulars and operational directives shall be implemented within prescribed timelines.

## **9. SETTLEMENT OF CLIENT ACCOUNTS**

1. As per applicable Exchange circulars, the Company shall settle clients' accounts on a quarterly basis in accordance with regulatory requirements.
2. As per Exchange guidelines, if a client account remains inactive for a period of 30 days, the Company may carry out monthly settlement of such client accounts.
3. Clients having open positions on the quarterly settlement date may be required to maintain applicable margins, and the Company may retain up to 225% of the margin requirement or such other amount as permitted under SEBI/Exchange regulations.

## **10. TRADE CONFIRMATION & CLIENT COMMUNICATION**

1. Trade confirmations shall be communicated through system-generated alerts, emails, SMS, contract notes, or other approved electronic modes.
2. Trading access may be temporarily restricted pending successful verification or clarification.

#### **11. RECORD MAINTENANCE & DATA SECURITY**

1. The Company shall maintain records, documents, communications, and audit trails in electronic or physical form as required under applicable regulations.
2. Appropriate security controls and access management systems shall be maintained to safeguard operational and client data.

#### **12. POLICY REVIEW & AMENDMENT**

1. This Policy may be modified, updated, or revised by the Company from time to time based on regulatory changes or operational requirements.
2. The latest version of the Policy shall prevail and shall be made available through appropriate communication channels wherever required.