

POLICIES

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

RISK POLICY

Introduction

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

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

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

2. Debit Balance

It is client’s obligation to clear his/her outstanding dues by 3rd day from settlement date. The client shall ensure timely provision of funds to FINWIZARD so as to meet exchange obligations. Debit cannot be held more than 4th day from settlement date. Client has to clear the debit on or before 3rd day from settlement date.

If client fails to fulfil his/her fund obligation on or 3rd day from settlement or the valuation of stock bought and pledged for margin fall to or below 115%, then RMS will reserve the rights to sell securities to clear ageing debit. Client will be intimated to clear the debit on 3rd day from settlement date through SMS. On 4th day from settlement, fresh trading will be blocked and client will be put in square off mode. Selling will be done by RMS in clients account on 4th day from settlement date to the extent of debit on T day as per ageing debit.

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

3. Imposition of penalty/delayed payment charges

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

FINWIZARD may impose fines / penalties for any orders / trades / deals / actions of the client which are contrary to the Mandatory and Voluntary Client Registration Documents / rules / regulations / bye laws of the exchange or any other law for the time being in force. Further where the FINWIZARD TECHNOLOGY PVT. LTD. has to pay any fine or bear any punishment from any authority in connection with / as a consequence of / in relation to any of the orders / trades / deals / actions of the client, the same shall be borne by the client.

4. Treatment for Securities in Ban Period

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

5. Physical delivery settlements in F&O Contracts:

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

Treatment for physical delivery contracts:

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



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

Facility of voluntary freezing/blocking of Trading Accounts

As an enhanced security measure for our investors, we have introduced a new feature that allows you to freeze your Fisdom trading account. You can use this feature to instantly block any trading related activities in your account and prevent unauthorized transactions in case your account is compromised.

How to place a request:

1. You can email us at stoptrade@fisdom.com from your registered email ID to initiate an account freeze
 2. You can also initiate an account freeze from the services section of your Fisdom app
- Process:
- Once your request is validated, we will initiate your account freeze.
 - You will receive an email confirmation of account freeze within 15 minutes if your account freeze request is received during trading hours and before start of trading hours the next day if the request is received post market hours.

What Happens When Your Account is Frozen?

- Any open orders(including GTTs, stock SIPs) will be automatically cancelled
- Your open positions will continue to remain open
- All orders for stocks, F&O, IPOs and other secondary market orders will be blocked
- Your Mutual fund SIPs will continue to remain active and you can continue to invest in Mutual Funds

Access to the stocks section of the Fisdom app/website will be blocked.

How do I unfreeze/restore access?

1. Email us at startrade@fisdom.com from your registered email ID to unfreeze your account.
2. You can also initiate account unfreeze from the services section of your Fisdom app.

For any further clarifications, please email us at ask@fisdom.com

Our detailed policy for account/freeze can be accessed by [clicking here](#)

INACTIVE ACCOUNT POLICY

BACKGROUND

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

DEFINITION

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

PROCEDURE TO BE FOLLOWED

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

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

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

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

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

ERROR ACCOUNT POLICY/ CLIENT CODE MODIFICATION POLICY

- As per SEBI circular, modification of client codes of non-institutional trades is done only to rectify a genuine error in entry of client code at the time of placing /modifying the related order.
- The modification to the client code is to be done only in exceptional cases and not as a routine one.
- The reason for modification has to be ascertained and genuineness is to be established and also its impact on the clients should be studied before the modification.
- We are permitted to change client codes of non-institutional clients only for the following objective criteria;
 1. Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other
 2. Modification within relatives (Relative for this purpose would mean 'Relative' as defined under sec. 6 the Companies Act, 1956).
- A client code in the UCC database of the Exchange will be created for the account which is classified as an error account.

- We will inform the exchange on T+1 basis, for client code modification of non-institutional based on the objective criteria mentioned above.
- Approval of the senior management/Compliance officer will be required to carry out any modification.
- Post approval of the senior management/Compliance officer the Client Code Modification will be carried out only on the designated system by designated officer.

PMLA Policy

Anti Money Laundering Measures

Background

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

The Anti - Money Laundering Guidelines provide a general background on the subject of money laundering and terrorist financing in India and provides guidance on the practical implications of the PMLA.

Money Laundering is the process by which large amounts of illegally obtained money (from drug trafficking, terrorist activity or any other serious crimes) is given the appearance of having originated from a legitimate source. All crimes that produce a financial benefit(s) give rise to money laundering.

As per the provisions of the PMLA, every banking company, financial institution (which includes a chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub- broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with the securities market and 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 the PMLA. Such transactions include:

- All cash transactions of the value of more than Rs. 10 lakh (Rupees Ten Lakh) or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below Rs. 10 lakh (Rupees Ten Lakh) or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of Rs. 10 lakh (Rupees Ten Lakh) or its equivalent in foreign currency.
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as demat account, security account maintained by the registered intermediary.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

The Government of India has set up Financial Intelligence Unit-India (FIU-INDIA) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the finance minister.

The Anti-Money-Laundering (AML) Policy has been drafted in accordance with the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and Rules framed there-under and as per the latest SEBI issued Master Circular SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6,2024 which consolidates all the requirements/obligations issued with regard to AML/CFT.

Objective

The objective of policy to Prevent criminal elements from using business for money laundering activities or the funding of terrorist or criminal activities. Finwizard Understand the customers and their financial dealings better, which in turn would help Finwizard manage the risk prudently. To put in place appropriate controls for detecting and reporting suspicious transactions in accordance with the applicable laws/ procedures laid down to Comply applicable laws and regulatory guidelines and to comply with PMLA Act, Rules and amendments issued from time to time.

These policies and procedures will apply to the operation of the Finwizard in respect of businesses undertaken by it in its capacity of an intermediary registered with SEBI i.e., stock-broker and depository participant and are to be read in conjunction with the existing guidelines.

The regulatory / statutory requirements

An officer of the company will be designated as “Principal Officer” who will ensure proper discharge of all legal requirements with respect to the same Compliance Head of FINWIZARD is the Principal Officer responsible for: -

- Compliance of the provisions of the PMLA and AML guidelines
- Act as a central reference point and play an active role in identification & assessment of potential suspicious transactions.
- Ensure that FINWIZARD will not enter into any cash transactions with its clients for any reason whatsoever.
- Ensure that FINWIZARD discharges its legal obligation to report suspicious transactions to concerned authorities.

Customer due diligence process:

Client Due Diligence means due diligence carried out on a client referred to in clause (ha) of sub-section (1) of section 2 of the PMLA using reliable and independent sources of identification.

- Obtaining sufficient information about the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted;
- Verify the customer's identity using reliable independent source document, data or information;
- Conduct on-going due diligence and scrutiny of the account/ client to ensure that the transaction conducted are consistent with the client's background/ financial status, its activities and risk profile.
- Identify beneficial ownership and control, i.e., determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted.

The beneficial ownership shall be determined as follows :-

1. If the client is Company - more than 10% of shares or capital or profits of the company;
2. If the client is a partnership firm - more than 10% of capital or profits of the partnership;
3. If the client is a body corporate - more than 15% of the property or capital or profits of such association;
4. If the client is Trusts - the trustee, the beneficiaries with 10% or more interest in the trust.

- Perform ongoing scrutiny of the transactions of all accounts throughout the course of the business relationship to ensure that conducted transactions are consistent with the income declared by client and risk profile.
- Finwizard shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.
- Finwizard shall register the details of a client, in case of client being a non-profit organization, on the DARPAN Portal of NITI Aayog, if not already registered.
- No transaction and account-based relationship shall be undertaken without following CDD procedure.

Client due diligence process covering following aspects:

1) **Policy for acceptance of clients**

Each person should open trading and demat account by following all steps set in application or met in person Complete KYC process to become a client of FINWIZARD. No account to be opened in a fictitious / benami name or on an anonymous basis. while opening accounts of individuals, documents relating to proof of identity, proof of residence, PAN card are obtained and verified by an official of the Company. Moreover 'in person verification' of the client is carried out by the officials of the Company including VIPV and this fact is recorded in the application form.

While opening of accounts in respect of entities other than individuals- documents like Memorandum of Association, Articles of Association, Board Resolution, photographs of authorized signatories, etc. are obtained. No account is opened where Finwizard unable to apply appropriate CDD measures/ KYC Guidelines. Any client falling in SEBI Debarred, UNSC Sanctions List and UAPA orders are flagged off and restricted from account opening.

2) **Client Identification Procedure**

The KYC policy shall clearly spell out the client identification procedure to be carried out at different stages i.e., while establishing the intermediary – client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

Finwizard shall proactively put in place appropriate risk management systems to determine whether our client or potential client or the beneficial owner of such client is a politically exposed person. Finwizard are required to obtain senior management approval for establishing business relationships with PEPs. Finwizard shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owner's identity. The client shall be identified by using reliable sources including documents / information. If client have failed to provide satisfactory evidence of identity shall be noted and reported to the higher authority of Finwizard.

Finwizard shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, Directives and Circulars issued thereunder so that the intermediary is aware of the clients on whose behalf it is dealing.

3) Risk Management

The parameters should enable classification of clients into low, medium and high-risk. Clients will be categorized into low, medium and high-risk clients enabling proper monitoring and risk management. Risk categorization helps to apply appropriate customer due diligence process. The factors of risk perception depend on client's KYC details, location, nature of business/trading activity, turnover, nature of transaction, and manner of payment etc. FINWIZARD shall accept the clients based on the risk they are likely to pose, e.g. Clients of special category shall be classified in high risk. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

Record Keeping

Finwizard shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant Legislation, Rules, Regulations, Exchange Bye-laws and Circulars. Finwizard have an internal mechanism for proper maintenance and preservation of records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities.

Finwizard shall maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

1. the nature of the transactions;
2. the amount of the transaction and the currency in which it is denominated;
3. the date on which the transaction was conducted; and
4. the parties to the transaction.

Suspicious Transactions Monitoring and Reporting

Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. Finwizard shall check all complex unusually large transactions / patterns which appear to have no economic purpose. The Company may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/office records.

Finwizard shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, Finwizard shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

Finwizard will, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR with FIU INDIA if they have reasonable grounds to believe that the transactions involve proceeds of crime.

Suspended Persons

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



identify whether any client is forming a part of that list, in that case such clients shall be blocked and reported to regulatory agencies accordingly.

Employee Training

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

Investors' Education

Implementation of AML/CFT measures requires intermediaries to demand certain information from investors. 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 client with regards to the motive and purpose of collecting such information. Finwizard to sensitize their clients about these requirements as the ones emanating from AML and CFT framework.

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

INVESTOR GRIEVANCES

Compliance Officer shall be the designated officer for handling the Investors Grievances and Client Complaints. You can write to us at grievances@fisdom.com in case of any concerns. The resolution of the Complaint shall be done at the earliest and the same shall be recorded in the register along with the date of resolution. For escalation matrix, please visit <https://www.fisdom.com/customer-service/>.

CONTRACT NOTES & MARGIN STATEMENTS

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

CLOSING OF ACCOUNTS

On the written request of the client, the client account can be closed provided the client adheres to formalities for account closure including settlement of all dues in the account and closing of all open position. Client also has option to close the account online by logging into the FISDOM App. If the client wishes to again open a broking account then the client shall have to complete the KYC and account opening formalities once again.

THIRD PARTY PAYMENTS

FINWIZARD shall have the prerogative to refuse payments received from any bank account where the client is not the first holder or which is not mentioned in the KYC or which the client has not got updated subsequently by submitting a written request along with adequate proof. FINWIZARD shall not be responsible for any loss or damage arising out of such refusal of acceptance of payments in the situations mentioned above. However, due to an oversight, if any such third-party payment has been accepted by FINWIZARD and the credit for the same has been given in the client's ledger, FINWIZARD shall have the right to immediately reverse such credit entries on noticing or becoming aware of the same. In such a case, FINWIZARD reserves the right to liquidate any of the open positions and/or any of the collaterals received/held on behalf of the client. FINWIZARD, its Directors and employees shall not be responsible for any consequential damages or losses.