

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

## **ANNEXURE TO RISK MANAGEMENT POLICY**

### **1. INTRODUCTION**

In order to enhance the ease of doing business and ease of doing investments for investors and to enhance protection of investors from suspicious activities; SEBI, has vide its circular ref. no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 has mandated that a framework shall be laid down by stock exchanges for Trading Members to provide the facility of voluntary freezing/blocking the online access of the trading account to their clients. Accordingly, stock exchanges have issued circulars providing a framework for trading members for the facility of voluntary freezing/blocking the online access of the trading account for clients.

In accordance with the above, Trading Members are required to frame a policy in line with the exchange prescribed framework, which shall be part of the trading member's Risk Management Policy and shall be displayed on its website along with the process and mode(s) through which the client can place the request to freeze / block & unfreeze / unblock the trading account along with the timelines that will be followed by the trading members for the same.

### **2. SCOPE AND APPLICABILITY**

- A. Trading Members providing internet based trading/ mobile trading/ other online access for trading are required to make available to the clients at least two modes of the following communications through which the client may request for voluntary freezing/ blocking the online access of trading account if any suspicious activity is observed in the trading account: -
- i. Email from registered e-mail ID
  - ii. SMS from registered mobile number
  - iii. IVR/tele calling
  - iv. Chatbot
  - v. Trading Member's App / website
  - vi. Any other legally verifiable mechanism
- B. The policy shall be applicable with effect from July 01, 2024.
- C. The policy shall be provided to new on boarded clients as part of account opening kit with effect from applicable date, July 01, 2024.
- D. It shall be communicated to all existing clients via email or any other suitable mechanism which can be preserved by July 01, 2024. In case, communication gets bounced/undelivered, the same shall be communicated through alternate channels to such clients. Other suitable mechanism may include physical delivery/SMS/electronic instant messaging services after adhering with the safeguards prescribed on Issuance of Electronic Contract Notes (ECN) through SMS/electronic instant messaging services.

### 3. Mode of receipt of request for freezing/blocking the trading A/c:

- a. An e-mail ID stoptrade@gwcindia.in shall be provided to clients for this purpose, the said e-mail ID shall be dedicated for receipt of communication for voluntary freezing/ blocking of the online access of the clients' trading account.
- b. IVR/Tele calling on +917845161999 an option shall be provided to clients wherein they can call in on IVR Platform / we care team of company to place request for freezing/blocking their trading A/c.

### 4. Procedure to be followed on receipt of request for freezing/blocking the trading A/c.:

On receipt of request from clients through any of the prescribed modes of communications; for freezing/blocking of the online access of the trading account from the client:

- a. Company shall validate that the request is received from a registered client as per and issue an acknowledgement as well as freeze/block the online access of the client's trading account and simultaneously cancel all the pending orders of the said client.
- b. (i) To validate that the request for freezing/blocking of the online access of the trading account is received from the respective client; company shall verify, whether request is received from the registered e-mail Id of the client; and wherever request is received from other than registered e-mail Id of the client, company shall authenticate the client with 2 Factor Authentication.  
  
(ii) To validate the request received on IVR / tele calling desk; company shall verify the client by authenticating that request is received from registered mobile no. of client and with 2 Factor Authentication.
- c. The timelines for freezing/ blocking of the online access of the clients' trading account is as under:

| <b>Scenario</b>  | <b>Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account.</b> |
|--|--|
| Request received during the trading hours and within 15 minutes before the start of trading. | Within 15 minutes  |
| Request received after the trading hours and 15 minutes before the start of trading.         | Before the start of next trading session   |

- d. Post freezing/blocking the client's trading account, company shall send a communication on the registered mobile number and registered e-mail ID of the client, stating that the online access to the trading account has been frozen/blocked and all the pending orders in the client's trading account, if any, have been cancelled along with the process of re-enablement for getting the online access to the trading account.
- e. Company shall also communicate / provide the details of open positions of client (if any) along- with contract expiry information within one hour from the freezing/blocking of the trading account.
- f. Company shall maintain the appropriate records/logs including, but not limited to, request received to freeze/block the online access of trading account, confirmation given for freezing/blocking of the online access of the trading account and cancellation of pending orders, if any, sent to the clients.
- g. In case of failure of in freezing/ blocking the online access within the prescribed timelines, there is a risk that company may be held responsible for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.

## **5. Re-enabling the client for online access of the trading account: -**

Company shall re-enable the online access of trading account after carrying out necessary due diligence including validating the client request and unfreezing / unblocking the online access of the trading account.

## **6. Clarification for clients:**

- i. Freezing/blocking is only for the online access to the client's trading account, and there shall be no restrictions on the Risk Management activities of company.
- ii. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the records of respective Exchanges.

## **7. Record Management:**

1. Company shall maintain a verifiable record of communication of this policy to all existing clients and obtain a confirmation of providing a copy of this policy from all new on boarded clients with effect from July 1, 2024.
2. Company shall maintain a verifiable record of all such requests received for freezing/ blocking of online access to trading account received from clients as per record management guidelines prescribed by the exchanges/regulator.

## **8. Reporting of freezing / blocking of the online access of the clients trading account:**

The data relating to freezing / blocking of the online access of the clients trading account shall be reported as per compliance requirement prescribed by SEBI / Exchanges, if any.