

Lotusdew

Risk Management Policy:

Objective:

To outline the risk management framework and procedures to identify, assess, monitor, and mitigate risks associated with trading operations.

SURVEILLANCE POLICY

With respect to the transactional alerts being downloaded from the Exchanges /generated by the Company, the following activities will be carried out based on UCC parameters:

Client(s) Information

Due Diligence of its client(s) will be carried out on a continuous basis. It will also be ensured that key KYC parameters are updated on a continuous basis as prescribed by SEBI and latest information of the client is updated in UCC database of the Exchange. Based on this information, the Company will establish groups / association amongst clients to identify multiple accounts / common account / group of clients.

Analysis

In order to analyze the trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts, Company will:

A. Seek explanation from such identified Client(s) / Group of Client(s) for entering into such transactions.

B. Seek documentary evidence such as bank statement / demat transaction statement or any other documents to satisfy itself:

i. In case of funds, Bank statements of the Client(s) / Group of Client(s) from which funds pay-in have been met, to be sought. In case of securities, demat account statements of the Client(s)/Group of Client(s) from which securities pay-in has been met, be sought.

ii. The period for such statements may be at least +/- 15 days from the date of transactions to verify whether the funds / securities for the settlement of such trades actually belongs to the client for whom the trades were transacted.

iii. After analyzing the documentary evidences, the Company will record its observations for such identified transactions or Client(s)/Group of Client(s).

iv. In case adverse observations are recorded, the Company will report all such instances to the Exchange within 45 days of the alert generation. The Company may seek extension of the time period from the Exchange, wherever required.

Monitoring and reporting

Following procedure will be followed for monitoring and reporting of alerts:

A: Receipt of Alerts from Exchanges / generated

B: Time frame for disposition of alerts and if there is any delay in disposition, reason for the same shall be documented.

C: Suspicious / Manipulative activity identification and reporting process

D: Record Maintenance

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

F: The surveillance process shall be conducted under overall supervision of its Compliance Officer

G: Compliance Officer will be responsible for all surveillance activities carried out by the Company and for the record maintenance and reporting of such activities.

H: Based on facts and circumstances, the Company will exercise its independent judgment and will take adequate precaution.

ANNEXURE TO LOTUSDEW RISK MANAGEMENT POLICY

Introduction

In an effort to enhance the ease of business operations and investment activities for investors, and to safeguard investors from suspicious activities, SEBI, through its circular ref. No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024, has mandated a framework for stock exchanges. This framework requires Trading Members to provide clients with the facility to voluntarily freeze/block online access to their trading accounts. Consequently, stock exchanges have issued circulars detailing this framework. In line with these directives, the following policy has been formulated for the voluntary freezing/blocking of trading accounts.

1. Mode of Request for Freezing/Blocking the Trading Account

Clients can choose from the following options to freeze/block their trading account:

Option A: Clients can send an email to stoptrade@airalgo.com from their registered email ID. Upon receipt of the email, the Lotusdew team will call the client to confirm the request. The client must accept the call and complete the necessary confirmation steps.

Option B: Clients call Lotusdew team on 7731082221 and request for to freeze/block the trading account. The same shall be processed after verification of client through client details.

Note: Any of the above options can be used to freeze/block the trading account. Once the account is frozen/blocked, all online access will be unavailable.

2. Procedure to Unfreeze/Unblock the Account

Clients wishing to unfreeze/unblock their account must send an email to stoptrade@airalgo.com from their registered email ID. Upon receipt of the email, the Lotusdew team will contact the client to confirm the request. The account will be unfrozen only after the client confirms the request over the call.

Timelines for Freezing/Blocking the Online Access: Scenario Timelines for Issuing Acknowledgement and Freezing/Blocking Request received during trading hours and within 15 minutes before the start of trading Within 15 minutes Request received after trading hours and 15 minutes before the start of the next trading session Before the start of the next trading session.

Note: By opting to block/freeze the account, you are only blocking online access to your trading account. There will be no restrictions on the risk management activities of Lotusdew.

Clarifications

1. Freezing/blocking only restricts online access to the client's trading account. There will be no restrictions on the risk management activities of Lotusdew.

2. The request for freezing/blocking does not equate to marking the client's Unique Client Code (UCC) as inactive in the Exchange records. This policy shall be effective from July 01, 2024