

Securities Operation & Risk Management (SORM) Policy

Brief

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

- Assets or Funds of investors or clients
- Redressal of investor grievances
- Internal control or risk management
- Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within two years from the date of such notification. Simultaneously, whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his /her employment.

Need

The Company being a trading member NSE & MCX-SX, provisions of the aforesaid requirement is applicable to all its employees & sub-brokers involved in the activities as mentioned above.

Purpose

This examination seeks to create a common minimum knowledge benchmark for associated person of registered stock broker/ trading member/ clearing member in recognized stock exchanges.

Definition - Associated Person

“Associated Person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

Exemption

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII – Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary level / clerical level.

Internal Control or Risk Management

1. Inwarding or collateral's / Cheques
2. Person performing market entries
3. Maker entry in the database
4. Photocopying, printouts, scanning of documents
5. Preparing of MIS
6. Sending of letters / reports to clients, Exchanges, SEBI
7. Attending Calls, etc.

Redressal of Investor Grievances

1. Inwarding of complaints
2. Seeking documents from clients
3. Person performing maker entries
4. Maker entry in the database
5. Photocopying, printouts, scanning of documents
6. Preparing of MIS
7. Sending of letters / reports to clients, Exchanges, SEBI updation, data entry, uploading on SCORES
8. Attending calls, etc

Activities having a being on operational risk and dealing with assets of funds of investors of clients

1. Person performing maker entries
2. Maker entry in the database
3. Preparing of MIS
4. Generating of reports, File
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters / reports to clients, Exchanges, SEBI
8. Attending calls, etc

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM – SORM Certification or such other prescribed certification at all times.