

FREEZE POLICY

INTRODUCTION

This Freeze Policy sets out the framework, responsibilities and procedures to be followed by the Broker for freezing and unfreezing of trading accounts, trading access/terminals, securities or funds in accordance with SEBI circulars and Exchange directives. The policy aims to protect investor interests, strengthen account security and ensure regulatory compliance.

LEGAL AND REGULATORY BASIS:

This policy is framed to comply with relevant SEBI circulars and Exchange communications, including but not limited to:

- SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 (Facility of voluntary freezing/blocking of trading accounts by clients).
- Exchange circulars and frameworks implementing SEBI requirements;
 - NSE Circulars implementing the framework (e.g., NSE/INSP/61529 dated April 8, 2024, NSE Circular Ref. No. 47/2024 dated July 05, 2024).
 - BSE Master Circulars and notices implementing the voluntary freeze framework (April 08, 2024 notices).

The Broker will monitor further SEBI/Exchange updates and revise this policy when required.

SCOPE

This policy applies to:

- All clients of the Broker (individuals, corporates, NRIs, institutions).
- All authorized persons, employees, branches, and authorized third-party agents.
- All trading segments and platforms (Equity, Derivatives, Currency, Commodities, Mutual Fund/ETF/DP interfaces).
- All systems that provide order placement, routing, settlement and account access.

DEFINITIONS:

- **Freezing/Blocking:** Temporarily disabling the ability to place new orders and/or restricting movement of funds/securities through a trading account or terminal.
- **Client Voluntary Freeze:** Freeze initiated at the explicit request of the client to block online trading access on account of suspected unauthorized activity, loss of credentials or other reasons.
- **Broker-Initiated Freeze:** Freeze imposed by the Broker on risk/compliance grounds (e.g., margin shortfall, AML/suspicious activity).
- **Regulatory/ Exchange-Directed Freeze:** Freeze imposed under directions/orders issued by SEBI, Exchanges, Depositories, Clearing Corporations or other lawful authorities.

TYPES OF FREEZES AND APPLICABILITY:

⇒ Client Voluntary Freeze:

- a) The Broker shall provide a facility for clients to voluntarily freeze or block online trading access to their trading accounts in line with SEBI and Exchange directives.
- b) Modes to accept such requests shall include: registered email from client's registered email id, SMS from registered mobile number, dedicated helpline (recorded line), secure web-form within client login, or written request submitted at branch.
- c) The Broker shall acknowledge receipt immediately and implement the freeze without undue delay. The freeze shall remain until the client requests unfreeze following authentication and verification procedures.

⇒ Broker-Initiated Freeze (Risk or Compliance Based):

- The Broker may freeze client accounts when there is risk to client funds/securities or the market, including margin shortfalls, unsettled dues, cheque dishonor, exposure breaches, suspicious/intrusive trading patterns, missing/expired KYC, AML alerts, or legal attachments.
- Depending on severity, the Broker may implement: full freeze (no new orders, restricted settlements), partial freeze (allow only square-off/settlement), or segment-specific restrictions.

⇒ Regulatory / Exchange Directed Freeze:

- The Broker will comply immediately with any freeze, restriction or direction received from SEBI, Exchanges, Depositories, Clearing Corporations, or law enforcement agencies.
- Such freezes may be at PAN/security/account/terminal level and may be applied to specific persons (e.g., designated persons under PIT), promoters, or accounts under investigation.

PROCEDURES: FREEZE, ACKNOWLEDGEMENT & UNFREEZE

⇒ Client Request (Voluntary Freeze):

- Receive request through authorized channels (registered email, SMS from registered mobile, physical letter).
- Capture: client id, trading account number, reason, timestamp and channel.
- Acknowledge to client within the same business day via SMS/Email/call-back with a unique freeze reference number.
- Implement freeze immediately on the trading platform(s) - block login and order placement; limit margin or settlements as per internal RMS workflow.
- Notify relevant internal teams (RMS, Compliance, Ops) and log the action in freeze register.

⇒ **Broker-Initiated Freeze:**

- RMS/Compliance to evaluate trigger events and decide freeze type and scope.
- Immediate implementation; notify client with reasons and remediation steps. Allow only limited activity (e.g., square-off) where appropriate to reduce market/position risk.
- Escalation matrix: RMS -> Compliance Team -> Compliance Officer for approvals above defined thresholds.

⇒ **Regulatory/Exchange Freeze**

- Upon receipt of a regulatory/exchange instruction, implement the specified restriction immediately and acknowledge receipt to the issuer as required.
- Log the freeze instruction and preserve all communications, system logs and evidence for future audits or regulatory queries.

⇒ **Unfreeze Process**

- **Client-initiated unfreeze:** client submit unfreeze request via registered channels. The Broker shall authenticate (OTP to registered mobile/email, in-person verification for offline requests, KYC checks if required) and confirm identity before unfreeze.
- **Broker-initiated unfreeze:** clear root cause (payment of margin/dues, submission of documents, closure of surveillance alert) and authorized sign-off by Compliance/RMS.
- **Regulatory unfreeze:** only upon receipt of formal withdrawal/clearance from the issuing authority or upon expiry of the direction.

⇒ **Authentication & Verification Standards**

- All freeze and unfreeze requests must be authenticated using at least two-factor verification for online channels (registered mobile OTP + registered email confirmation) wherever possible.
- For written or branch requests, the Broker must verify government ID, signature match, and obtain a confirmation call-back to the registered mobile number.
- Any request failing authentication must be treated as a potential security incident and escalated immediately.

⇒ **Communication to Clients**

- The Broker shall communicate clearly to clients the freeze action, its scope, expected timelines (where applicable), steps required for unfreeze and contact details for escalation.
- Clients must be provided a freeze reference number and expected SLAs for acknowledgement and processing in line with regulatory timelines.
- The Broker shall publish the freeze/unfreeze policy summary on its website and include it in client onboarding documentation.

⇒ **Record-Keeping, Reporting and Audit**

- The Broker shall maintain an auditable freeze register recording: date/time of request, client details, reason, channel, freeze type, approving officer, evidence and unfreeze details.
- All actions must have system logs preserved for minimum period as required under SEBI/Exchange rules (refer to Broker's retention policy).
- Any freeze related to suspicious transactions / AML must be reported to relevant authorities and internal AML team as per internal AML policy.
- Compliance will include freeze actions in periodic reports to the Exchange / SEBI if required.

ROLES & RESPONSIBILITIES

- Client: Report suspicious activity and provide authentic freeze/unfreeze requests via registered channels.
- Frontline/Branch Staff: Receive requests, conduct initial verification and log request in the freeze register.
- Operations: Apply system-level freezes, coordinate with exchanges/clearing, and confirm implementation.
- RMS/Compliance: Assess risk, authorize broker-initiated freezes, coordinate regulatory responses and approve unfreeze.
- Senior Management: Review material freezes, policy exceptions and audit reports.