



Karuna Financial Services Pvt. Ltd.
207, C. R. Avenue, Meridian Plaza
3rd Floor, Kolkata- 700006

RISK MANAGEMENT POLICY:-

This is with reference to SEBI Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024 and Exchange Circular no. NSE/INSP/60277 dated January 16, 2024 on the subject "Ease of Doing Investments by Investors - Facility of voluntary freezing/ blocking of Trading Accounts by Clients".

KARUNA has the framework for Risk Management policy for provide the facility of voluntary freezing/blocking the online access of the clients on account of suspicious activities as finalized in accordance with Point no. 4 of the SEBI Circular.

The framework for KARUNA for providing the facility of voluntary freezing/ blocking the online access of the trading account for their clients on account of suspicious activities as finalized by the Brokers' Industry Standards Forum in consultation with the Exchanges is as follows:

1. KARUNA is providing internet based trading/ mobile trading/ other online access for trading shall make available to the clients 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: -
 - a) Email from registered e-mail ID
 - b) SMS from registered mobile number
2. Where an e-mail ID and telephone number is provided by the KARUNA for this purpose, the said e-mail ID/ telephone number should be dedicated for receipt of communication for voluntary freezing/ blocking of the online access of the clients' trading account. The nomenclature of the dedicated e-mail Id is - stoptrade@karunaemail.in and Mobile number - **8336958396**.
Karuna requested to all online clients to call the above Mobile number after sending email /SMS from registered ID to confirm the records.
3. KARUNA take the following actions on the receipt of request through any modes of communications as provided by the KARUNA for freezing/blocking of the online access of the communications as provided by the KARUNA for freezing/blocking of the online access of the trading account from the client:
 - a. Validate that the request is received from the client as per below point no. 4 and issue the 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. The timelines for freezing/ blocking of the online access of the clients' trading account is as under: -



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| Scenario | Timelines for issuing acknowledgement as well as freezing / blocking of the online access of the trading account. |
|---|--|
| Request received during the trading hours ¹ and within 15 minutes before the start of trading. | Within 15 minutes ² |
| Request received after the trading hours and 15 minutes before the start of trading. | Before the start of next trading session |

- b. Post freezing/blocking the client's trading account, 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.
 - c. Details of open positions (if any) should also be communicated to the client along with contract expiry information within one hour from the freezing/blocking of the trading account. This will eliminate the risk of unwanted delivery settlement. This time limit shall be contracted after a review in the next six months after the date of its applicability to enhance protection of investors from suspicious activities.
4. KARUNA shall have a mechanism in place to validate that the request for freezing/blocking of the online access of the trading account is received from the respective client only. This can be done by the Trading Member by:
- a. verifying whether request is received from the registered phone number/e-mail Id of the client; or where request is received from other than registered phone number/e-mail Id of the client, the Trading Member should have a client authentication procedure (2 Factor Authentication) in place or
 - b. Following any other process as may be prescribed by the Exchange(s) uniformly in consultation with SEBI, from time to time.
5. KARUNA 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.



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6. In case of failure of the Trading Member in freezing/ blocking the online access within the prescribed timelines (**15 minutes in case the request is received during the trading hours and within 15 minutes before the start of trading / Before the start of the next trading session in case the request is received after the trading hours and 15 minutes before the start of the trading)**, KARUNA **shall be responsible** for any trades executed from the time of receipt of such request till such time the online access is blocked / frozen.

7. **Re-enabling the client for online access of the trading account:** - KARUNA 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.

8. It is clarified that:
 - a. 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 KARUNA.
 - b. The request for freezing/ blocking does not constitute request for marking client Unique Client Code (UCC) as inactive in the Exchange records.