



INTERNAL POLICY ON NISM-VII: Securities Operations and Risk Management Certification

Reference

1. SEBI Notification No. LAD-NRO/GN/2010-11/21/29390 published in the Gazette of India on December 10, 2010.
2. NSE Circular no. NSE/INSP/16536 December 15, 2010
3. NSE Circular no. NSE/INSP/27495 September 02, 2014
4. BSE Notice no.20101215-19 dated December 15,2010
5. BSE Notice no. 20140902-8 dated September 02,2014

Brief

SEBI notification no.LA-NRO/GN/2010-11/21/29390 dated December 10,2010 mandated persons associated with a registered stoker broker/trading member/clearing member who are involved in or deal with, any of the below mentioned functions are required to have a valid **NISM Series VII - Securities Operations and Risk Management Certification:**

- I. Assets of funds of investors or clients
- II. Redressal of investor grievances
- III. Internal Control or risk management and
- IV. Activities having a bearing on operation risk

whenever KLFS 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 3 months from the date of his /her employment.

Definition of 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. As per the above requirement following employees of the Company would mandatorily require to pass the NISM VII certification:

- I. CEO
- II. COO
- III. Head Operations
- IV. Compliance Officer
- V. Dealing Head
- VI. RMS Head
- VII. Head KYC
- VIII. Head DP
- IX. Head Settlements
- X. Head dealing (Retail as well as Institution)
- XI. Dealers
- XII. All Employees from KYC, DP, RMS, Operations, Settlements and Dealers.



Exemption

In view of operational difficulties expressed by the Members in consultation with SEBI and other exchanges NSE vide their circular dated September 2, 2014 exempted from the requirement of NISM – VII associated persons handling following basic clerical/elementary functions:

Internal control or risk management

1. Inwarding of collateral's/cheques*
2. Person performing maker 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 bearing on operational risk and dealing with assets or funds of investors or clients

1. Person performing maker entries*
2. Maker entry in the database*
3. Preparing MIS
4. Generating reports, Files
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.

Review of Policy

The policy may be reviewed from time to time as and when any changes introduced by SEBI or Stock exchanges or depending on the business needs of the Company.

The policy may be reviewed by the CEO, COO or Compliance Officer and place the changes in policy before the Board at the meeting.