

## Annexure A

### Comprehensive Operating Guidelines on Enhanced obligations and responsibilities for QSBs:

A	B	C	D	E	F	G
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<b>A</b>	<b>8.1. Governance structure and processes</b>					
1	8.1.1. to 8.1.3	<p>The Board of Directors (BoD) or analogous body of QSBs shall exercise oversight over incidents/vulnerabilities having an impact on functioning of the QSB in the securities market and investor protection including data security breaches that can affect investor data.</p> <p>QSBs shall have committees of the Board of Directors (BoD) or analogous body such as Audit Committee (for listed QSBs), Nomination and Remuneration Committee, Risk Management Committee, Risk Management Committee, Information Technology (IT) Committee, Cybersecurity Committee and any other Committee as mandated by SEBI from time to time.</p> <p>a) The Chief Financial Officer (CFO) or analogous person of the QSB shall submit to the audit Committee, details in respect of financial status of the entity, disclose any related party transactions, inter-corporate loans and investments, internal financial controls and risk</p>	<p>All Incidents/vulnerabilities including operational, technology related and financial to be placed before the BoD and observations of the BoD, corrective actions taken along with plan of action, and measures taken to prevent recurrence of such incidents to be recorded in the Minutes of Board Meeting.</p> <p>QSBs to ensure composition of the committees such as Audit Committee (for listed QSBs), Nomination and Remuneration Committee, Risk Management Committee, Information Technology (IT) Committee, Cybersecurity / Technology Committee and any other Committee as mandated by SEBI from time to time is in compliance with Companies Act and SEBI (LODR) Regulations (in case of listed entities) and powers and duties of the committees are defined through a Delegation of Authority matrix/Terms of Reference (TOR)</p> <p>The CFO or analogous person to place financial status of the entity, disclose any related party transactions, inter-corporate loans and investments, internal financial</p>	<p>A minimum number of 4 meetings of its Board of Directors /Committee of the Board is required to be held every financial year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board.</p> <p>Audit Committee to meet minimum 4 times in a financial year, and more than 120 days should not have elapsed between two meetings.</p>	<p>QSBs to submit composition of the BoD, details of qualification, experience and expertise of Board members and their terms of appointment to the Exchange.</p> <p>QSBs to submit composition of the committees of the BoD, details of qualification, experience and expertise of Committee members, date of constitution of Committee, approvals taken for constitution of Committee and terms of appointment of members and Delegation of Authority Matrix / Terms of Reference (TOR).</p> <p>In case of any change in the composition of the committees, QSBs to provide an intimation to the Exchange.</p> <p>Signed and dated copies of Minutes of Meetings of the Board of Directors and committees of the Board to be provided to the Exchange.</p>	<p>Details of Board of Directors/committees of the Board and Minutes of Board and Committee meetings including observations and corrective action recommended by Board/Committee to be submitted to the Exchange within 45 days from the end of quarter.</p> <p>Intimation to the Exchange regarding appointment of Director/KMP/Compliance Officer/other senior management employees to be provided within 7 days of such appointment.</p>

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		<p>management systems, compliance with listing and other legal requirements relating to financial statements, adherence to regulatory provisions etc.</p> <p>b) QSBs shall, before appointing directors, Key Managerial Personnel (KMP) and other employees, consult the nomination and remuneration Committee with regard to their appointment, tenure, and remuneration.</p> <p>c) QSBs shall seek inputs from various committees such as risk management Committee and Cybersecurity Committee while framing policies relating to respective areas such as risk management of the organization and, establishing a robust cyber security framework and augmenting IT infrastructure and scalability of operations.</p> <p>QSBs shall submit an annual report to the stock exchanges regarding the observations of the committees of BOD or analogous body, corrective action taken by the QSB, and measures taken to prevent recurrence of such incidents.</p>	<p>controls, and financial risk management systems before the Audit Committee/Board and submit a declaration that financial statements are in compliance with listing and other legal requirements and adhere to regulatory provisions.</p> <p>The CFO or analogous person to promptly intimate the Board regarding indicators having an adverse impact on financial health, including but not limited to:</p> <p>a. Revenues that have been decreasing consistently over time</p> <p>b. A Debt/Equity ratio that is consistently increasing</p> <p>c. Cash flows that are volatile.</p> <p>d. Decrease in net-worth</p> <p>The CFO or analogous person to disclose to the Audit Committee/Board any related party transactions, inter-corporate loans and investments and provide a declaration that such transactions have been undertaken at arm's length.</p> <p>The CFO or analogous person to provide an update to the Audit Committee/Board on the measures taken for strengthening the internal financial controls and financial risk management systems during the quarter.</p>			

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			<p>All declarations and certifications provided by the CFO or analogous person to be incorporated within the Minutes of such Audit Committee /Board meetings.</p> <p>Directors, Key Managerial Personnel (KMP), Compliance Officer and other senior management employees to be appointed only after consultation with the Nomination and Remuneration Committee of the QSB</p> <p>The Nomination and Remuneration Committee to evaluate qualification, past experience and expertise, of the concerned person and accord its approval on tenure and remuneration.</p> <p>Evaluation of the Nomination and Remuneration Committee and approval for appointment of KMP and other senior management employees to be recorded in the Minutes of such Committee meetings.</p>			
<b>B</b>	<b>8.2 Risk Management Policy and Processes:</b>					
2	8.2.1 and 8.2.2	<p>QSBs shall devise a clear and a well-documented risk management policy which encompasses the following: List of all relevant risks which may have to be borne by the QSBs such as:</p> <p>i. risks which can arise during KYC and account opening process such as submission of</p>	<p><u>Risk Management Policy Framework:</u> QSBs to formulate and implement a comprehensive integrated risk assessment, governance, and management policy framework. Further, QSBs to formulate and implement Standard Operating Procedures, Guidelines, Templates, Processes, Catalogues, Checklists and Measurement Metrics.</p>	<p>The Risk Management policy framework to be reviewed and placed before the Risk Management Committee on a half-yearly basis.</p> <p>The Risk Management Committee to be</p>	<p>QSB to submit updated risk management policy framework to the Exchange along with minutes of meeting of the Risk Management Committee.</p> <p>Minutes of the meeting to include approval and adoption of Risk Management Policy and an update on the implementation of</p>	<p>Updated Risk Management Policy and Minutes of Risk Management Committee Meetings to be submitted to the Exchange within 45 days from the end of half year.</p>

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		<p>incomplete KYC forms by the clients, submission of fake information with an intention to commit frauds and non-updation of information submitted as and when there is any change in the information submitted during KYC.</p> <p>ii. operational risks such as faulty systems which can cause erroneous execution of orders from clients' account and/or unauthorized trading on behalf of the client and misutilization of client's sensitive information by any employee of the QSBs.</p> <p>iii. technology risks which include technical glitches and cyber-attacks; and</p> <p>iv. general risks such as fraud risk, credit risk, market risk, legal risk, reputation risk and risk due to outsourcing of activities to third parties.</p> <p>Such risk management policy shall:</p> <p>a) strive to address the root cause of the risks and try to prevent recurrence of such risks.</p> <p>b) enable early identification and prevention of risk.</p> <p>c) assess the likely impact of a probable risk event on various aspects of the functioning of the QSB such as impact on investors, financial loss to the QSB, impact on other</p>	<p>Further, the Risk Management Policy to encompass all the areas prescribed in Column C.</p> <p><u>Risk Identification and Assessment:</u> QSBs to conduct the risk identification and assessment processes annually to review existing risks and identify new risks. However, regulatory changes to be incorporated in the Risk Management Framework within prescribed regulatory timelines.</p>	<p>apprised about all updates made to the Risk Management Framework during the half year including updates based on regulatory changes.</p>	<p>the Policy during the previous half-year.</p> <p>Further, a report on the risk assessment undertaken on an annual basis to be placed before the Risk Management Committee and observations and remarks of the Committee on the risk assessment to be incorporated in the Minutes of Meeting</p>	

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		stakeholders in the market, reputational loss etc. and lay down measures to minimize the impact of such event and d) assign accountability and responsibility of Key Managerial Personnel (KMP) in the organization.				
<b>C</b>	<b>Surveillance of client behaviour:</b>					
3	8.2.3	The risk management framework shall have measures for carrying out surveillance of client behaviour through analysing the pattern of trading done by clients, detection of any unusual activity being done by such clients, reporting the same to stock exchanges and taking necessary measures to prevent any kind of fraudulent activity in the market in terms of the regulatory requirements prescribed by SEBI and MIIs.	QSBs shall, over and above transaction alerts as provided by Exchanges, monitor the following alerts on a monthly basis: 1. Clients having significantly higher Pay-in obligation compared to Income declared or Net Worth uploaded in the UCC system of the Exchange. 2. Unrelated clients having common Mobile Numbers or Email Ids. 3. Unrelated clients having used common devices for trading. (Using device identifiers data) 4. Monitor client activity specifically in deep OTM contracts where clients are incurring losses. 5. Regular campaigns with respect to password sharing. 6. Repeated delivery default by a client wherein a default on delivery obligations takes place 3 times or more during a six-month period on a rolling basis.  Further, QSBs shall monitor the following alerts on daily basis:	Additional alerts as specified in Column D to be monitored by QSB on a monthly/daily basis.	QSBs are required to provide duly approved status of alerts on a quarterly basis, in the manner and format prescribed by the Exchange in Circular NSE/SURV/48818.	A quarterly report to be provided to the Exchange on MSD portal within 15 days from end of the quarter.

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			<ol style="list-style-type: none"> <li>1. Close monitoring to client onboarding process including factors like clients on-boarded from same location, after on-boarding clients holding concentrated same side position in a particular commodity/scrip, Regular interaction with retail clients trading only in options from product suitability perspective.</li> <li>2. Orders/trades resulting into artificial boost in the price of a stock. Patterns such as Pump and Dump and vice versa.</li> <li>3. Client placing large orders and cancelling such orders without intention to execute a trade and creating a false impression of artificial demand in the scrips.</li> <li>4. Order spoofing client activity.</li> <li>5. Client/Related client's concentration in scrip to Exchange volumes</li> <li>6. Circular trading/Reversal pattern</li> <li>7. Maintenance of client watchlist based on historical market manipulations observed at TM end. Monitoring of such clients</li> <li>8. Front Running by Dealers/Clients to large trades of TM</li> <li>9. Compliance of Surveillance Obligation circular NSE/SURV/48818. Monitoring of themes enumerated by Exchange in point 2.</li> </ol>			

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			10. Pro-actively identifying manipulative/error trades/fat finger by placing adequate preventive/detective controls. 11. Monitoring of trading activity of clients in Long dated option contracts 12. Effective monitoring of trading activity of clients in stocks forming part of Surveillance actions (ASM, GSM, unsolicited messages framework). 13. Effective monitoring of other market abuse practices covered under SEBI (FUTP) regulations and SEBI (PIT) regulations. 14. Linked clients being on the same side i.e., Long or Short and cumulatively controlling substantial proportion of the market open interest in a particular commodity/ contract.			
<b>D</b>	<b>Ensuring Integrity of Operations:</b>					
4	8.2.4 and 8.2.5	<p>QSBs shall maintain adequate human resources, systems, processes, and procedures for seamless running of operations and protection of investor data.</p> <p>The staff of the QSBs shall be given the necessary resources and support to carry out their duties effectively and efficiently. The QSBs shall train their employees at regular intervals in matters relating to the activities being handled by them.</p>	<p>Critical departments such as trading desk, risk management, surveillance, account opening department handling KYC etc. shall be identified as critical by QSB and physically protected to allow only authorised access.</p> <p>QSBs to adopt Chinese Wall policies and procedures to prevent unauthorized exchange of information between critical and non-critical departments.</p>	<p>Ongoing monitoring of access control systems.</p> <p>QSBs to review their manpower resources requirement on an annual basis.</p> <p>QSBs to conduct at least one training per half-year for their employees in critical</p>	<p>The following information to be provided to the Exchange on an annual basis:</p> <p>a) Organization Structure defined designation-wise and department-wise.</p> <p>b) Department-wise count of employees (including full time and contractual employees)</p> <p>c) Access Control Policy including list of critical departments to which such policy is applicable.</p>	<p>Organization structure, department-wise count of employees, access control policy and training calendar to be submitted to the Exchange within 30 days of end of financial year.</p> <p>Minutes of Board Meeting including observations and corrective action</p>

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			<p>Incidents w.r.t. leakage of investor data shall be documented and placed before the Board for their consideration and their recommendations to be duly recorded in the minutes of the Board Meeting.</p> <p>QSBs to assess their manpower resources requirement on an annual basis after considering factors such as existing clientele base, systems and processes deployed, skillset and knowledge capacities of resources currently deployed, etc.</p> <p>QSBs shall provide training on ensuring integrity of operations to their resources handling critical / non-critical activities on a periodic basis.</p>	<p>departments and one training per financial year for their employees in non-critical departments.</p> <p>Incidents need to be placed before the Board in the upcoming quarterly meeting.</p>	<p>d) Training Calendar along with count of attendees.</p> <p>Signed and dated copies of Minutes of Meetings of the Board of Directors and committees of the Board to be provided to the Exchange.</p>	recommended by Board to be submitted to the Exchange within 45 days from the end of quarter.
5	8.2.6.	A CXO level officer shall be designated as responsible for managing key risks, i.e., Chief Compliance Officer (responsible for all regulatory compliance related activities), Chief Information Security Officer (responsible for all cyber security related activities), Chief Risk Officer (responsible for overall risk management associated with functioning of the QSB).	All key risks defined in the Risk Management Policy to be assigned to a CXO level officer who shall be responsible for managing such risks.	Frequency of Compliance as per sections 8.2.1 and 8.2.2.	Enhanced reporting requirement as per sections 8.2.1 and 8.2.2.	Frequency of reporting as per sections 8.2.1 and 8.2.2.
6	8.2.7.	QSBs shall employ adequate tools to automate process of risk management, reporting and compliance.	QSBs shall automate the risk management and compliance processes like margin computation, exposure provided to clients vis-à-vis their collaterals with them/ CCs, periodic submissions etc. QSBs shall have no manual interventions w.r.t. aforesaid functions. Further, all	Frequency of Compliance as per sections 8.2.1 and 8.2.2.	Enhanced reporting requirement as per sections 8.2.1 and 8.2.2.	Frequency of reporting as per sections 8.2.1 and 8.2.2.



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			<p>reporting's to the Stock Exchange and Clearing Corporation shall be automated and without manual intervention.</p> <p>Audit trail shall be maintained for any manual activity and controls shall be put in place to monitor such manual activity, if any</p> <p>An update to be provided to the Risk Management Committee on the automation undertaken during the half-year and observations of the Committee to be recorded in the Minutes of such meeting.</p>			
7	8.2.8.	The risk management policy shall be reviewed on half yearly basis by the QSB and a report in this regard shall be submitted by the risk management Committee of the QSB to the stock exchange.	Enhanced obligation on QSB as per sections 8.2.1 and 8.2.2.	Frequency of Compliance as per sections 8.2.1 and 8.2.2.	Enhanced reporting requirement as per sections 8.2.1 and 8.2.2.	Frequency of reporting as per sections 8.2.1 and 8.2.2.
8	8.2.9	The BoD/senior management shall view any recurrence of a particular incident seriously and take prompt and appropriate action including fixation of accountability.	Enhanced obligation on QSB as per section 8.1.1.	Frequency of Compliance as per section 8.1.1.	Enhanced reporting requirement as per section 8.1.1.	Frequency of reporting as per section 8.1.1.
<b>E</b>	<b>8.3. Scalable infrastructure and appropriate technical capacity:</b>					
9	8.3.1.	The QSBs shall put in place a policy framework, approved by its IT Committee, for upgradation of infrastructure and technology from time to time to ensure smooth functioning and scalability for delivering services to investors at all	QSBs to devise a comprehensive Information Technology Policy Framework to include: a. Standard procedures for capacity monitoring and planning to ensure regular upgradation of infrastructure and technology.	One-time formulation of Information Technology Policy and Standard Operating Procedures and half-yearly review of such policies and procedures.	QSB to submit updated Information Technology Policy on half-yearly basis to the Stock Exchange along with Minutes of Meeting of the Information Technology Committee.	Updated Information Technology Policy and minutes of Information Technology Committee Meetings to be submitted to the Exchange within 45 days from the end of half-year.

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		times. Such framework should be reviewed on half-yearly basis.	b. Clearly defined roles, designations, and responsibilities across the Information Technology Team. c. Standard change management /incident management procedures d. Information Technology Infrastructure Library framework (ITIL) for effectively managing IT services. e. Robust process with scale on-demand capability f. Provision for distribution of services across multiple vendors to reduce dependency on single or few vendors.			
10	8.3.2.	QSBs shall, at all times, maintain adequate technical capacity to process 2 times the peak transaction load encountered during the preceding half year and shall also fulfill all other requirements as specified by SEBI/MIs from time to time, in this regard.	QSBs shall monitor peak load in their 'Critical Systems' including the trading applications, servers, and network architecture. 'Critical Systems' shall include all operated in-house or through a Vendor/Application service provider (ASP).  The peak load shall be calculated for the next quarter based on the per second peak load trend for the past 180 days.  The installed capacity shall be at least 2 times (2x) of the observed peak load. In case of shared servers peak load to be calculated based on utilization of server + RAM.	Ongoing monitoring as per the defined TOR of peak load on critical systems and generation of appropriate alerts, to monitor capacity utilization on a real-time basis.	CTO/CIO of QSBs to submit declaration / certification to the Exchange on Quarterly basis.	Declaration / certification to be submitted within 45 days from the end of the Quarter.

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			<p>QSBs shall implement suitable mechanisms, including generation of appropriate alerts, to monitor capacity utilisation on a real-time basis and shall proactively address issues pertaining to their capacity needs.</p> <p>Members shall deploy adequate monitoring mechanisms within their networks and systems to get timely alerts on the current utilization of capacity going beyond the permissible limit of 70% of its installed capacity. In case the actual capacity utilization nears 70% of the installed capacity, immediate action shall be taken to avoid a breach of capacity.</p> <p>QSBs shall be able to add capacity while maintaining accessibility and availability quickly and seamlessly.</p> <p>QSBs to also participate in Exchange mocks for testing capacity and submit a report on such mocks to the Exchange within defined timelines.</p> <p>Adequate capacity planning and its review shall be part of the annual system audit of the Members.</p>			
<b>F</b>	<b>Framework for orderly winding down:</b>					
11	8.4.1 to 8.4.2	QSB shall put in place, a framework for orderly wind down of its business to ensure continuity of services to its clients in case of end of business by the QSB due to its inability to provide	QSBs to have a policy framework and SOP for orderly and wilful winding down of their operations and services.	Winding down framework to be reviewed on an annual basis.	QSBs to submit the Board approved Winding Down Policy and SOP (including changes made to the Policy or SOP during	Winding down Policy and SOP to be submitted to the Exchange within 30 days of the end of the financial year.

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		<p>services to its clients or meet the prescribed regulatory requirements or any other reason. Such wind-down framework shall encompass the following:</p> <p>a) Seamless portability of its clients to other SEBI registered stockbrokers while protecting the funds and securities of such clients.</p> <p>b) Providing all necessary support to the clients to ensure a smooth and secure transfer process.</p> <p>c) Providing adequate notice to the clients before winding down of the operations after taking approval of the stock exchanges; and</p> <p>d) Preventing any significant impact on the market and inconvenience to the investors.</p> <p>In case of wind down which may happen due to regulatory action, erosion of networth of the QSB etc., such wind down of operations of the QSB will be implemented under the supervision of the stock exchange.</p>	<p>QSB to give notice to all its clients regarding voluntary winding down of its operations within 7 days of receipt of approval from SEBI/Exchanges.</p> <p>QSBs to provide an option to its clients to either transfer their account and collateral and KYC records to transferee TM or settle the account as per express consent of the client.</p> <p>The TM to provide a monthly report to the Exchange on the status of winding down, beginning from the date of commencement of winding down procedures.</p> <p>The transfer of clients to transferee TM/settlement of client accounts of all clients to be completed within 180 days of notice to clients regarding winding down of operations.</p> <p>On completion of winding down member to provide a "Winding down completion certificate" to the Exchange confirming compliance with all regulatory guidelines and provisions and closure of client accounts on due completion of transfer/settlement.</p>		the financial year) to the Exchange.	
<b>G</b>	<b>8.5. Robust cyber security framework and processes:</b>					
12	8.5.1 to 8.5.3.	Digitalization and online platforms have given rise to the need for effective mitigation of information and cyber risks. SEBI has specified	QSBs to implement cyber security framework including additional features commensurate with the amount of data handled by them.	QSBs to review the Cybersecurity Framework and place such updated	QSB to submit updated cybersecurity framework on half-yearly basis to the Stock Exchange along with minutes of	Updated cybersecurity Policy Framework and Minutes of Cybersecurity / Technology Committee

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		<p>the framework on cybersecurity and cyber resilience to be followed by all stockbrokers.</p> <p>QSBs handle sensitive data of a large number of the investors in the securities market and any cyber-attack on the systems of a QSB can compromise the confidentiality and integrity of such data.</p> <p>QSBs shall have additional features in their cyber security framework which would be commensurate with the amount of data handled by them. The cyber security Committee of the QSB shall review the framework on a half-yearly basis and review the instances of cyber-attacks, if any, and take steps to strengthen the cyber security framework of the QSB.</p>	<p>The cyber security framework and instances of cyber-attacks shall be placed before the Cybersecurity / Technology Committee for their review on a half-yearly basis.</p> <p>The inputs of the Cybersecurity / Technology Committee on framework/cyberattacks shall be incorporated/implemented and a report in this regard along with the updated framework/remedial measures taken to be placed before the Committee in the subsequent meeting and be incorporated in the minutes.</p>	Framework before the Cybersecurity / Technology Committee on a half-yearly basis	meeting of the Cybersecurity / Technology Committee in which the Cybersecurity Framework was approved and adopted and an update on the implementation of the Cybersecurity Framework during the previous half-year was provided to the Committee.	Meetings to be submitted to the Exchange within 45 days from the end of half year.
13	8.5.4 to 8.5.7	<p>The QSBs shall have a dedicated team of security analysts, which may include domain experts in the field of cyber security and resilience, network security and data security which shall carry out the following activities:</p> <p>a) Prevention of cyber security incidents through continuous threat analysis, network and host scanning for vulnerabilities and breaches, deploying adequate and appropriate technology to prevent attacks originating from external</p>	QSB shall maintain Policies, Procedures and Guidelines based on SEBI Cyber Security and Cyber Resilience Framework, and as prescribed in SEBI Circular SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/24 on Enhanced obligations and responsibilities on Qualified Stock Brokers (QSBs). The Cybersecurity framework to have clear roles, responsibilities, and accountabilities.	<p>Cybersecurity Policies, Procedures and Guidelines to be reviewed on a half-yearly basis.</p> <p>Monitoring of security events/ alerts to be undertaken on an ongoing basis.</p> <p>Cyber-attack drills to be undertaken on a half-yearly basis and report in this regard to be</p>	<p>QSBs to submit name, designation, qualification, past experience and expertise of person appointed as CISO for the purpose of monitoring Cyber Security Risks and count of security analysts deployed.</p> <p>A signed and dated copy of Minutes of Board and Cybersecurity / Technology Committee Meetings to be provided to the Exchange.</p>	<p>QSBs to submit details of CISO and Team of Security Analysts to the Exchange within 30 days of end of financial year.</p> <p>QSBs to submit to the Exchange, details and observations of Cybersecurity drills and awareness trainings conducted for its employees (i.e., point no. d and e), on a quarterly</p>

A	B	C	D	E	F	G
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		<p>environment and internal controls to manage insider threats etc.</p> <p>b) Monitoring, detection, and analysis of potential intrusions/security incidents in real time and through historical trending on security-relevant data sources.</p> <p>c) Operating network defence technologies such as Intrusion Detection Systems (IDSes) and data collection/analysis systems.</p> <p>d) Conducting cyber-attack simulation on quarterly basis to aid in developing cyber resiliency measures and test the adequacy and effectiveness of the framework adopted.</p> <p>e) Conducting awareness and training programs for its employees with regard to cyber security and situational awareness on quarterly basis.</p> <p>f) Prevention of attacks similar to those already faced.</p> <p>Such dedicated team shall submit a quarterly report to the BOD of QSB, on above mentioned activities carried out by them along with details of cybersecurity incidents which occurred and details of</p>	<p>CISO of the QSB shall assess, identify, and reduce security and Cyber Security risks, respond to incidents, establish appropriate standards and controls, and direct the establishment and implementation of processes and procedures as per the Cyber Security Framework. CISO to head the team of security analysts and report to MD &amp; CEO of the QSB</p> <p>QSBs shall establish SOC setup, SIEM tool for appropriate security monitoring systems and processes to facilitate continuous monitoring of security events/ alerts and timely detection of unauthorised or malicious activities, unauthorised changes, unauthorised access and unauthorised copying or transmission of data /information held in contractual or fiduciary capacity, by internal and external parties.</p> <p>Further, QSBs to deploy WAF for protection against web-based attacks network defence technologies and Intrusion Detection Systems (IDSes) to ensure high resilience, high availability, and timely detection of attacks on systems and networks exposed to the internet. QSBs shall also conduct suitable periodic drills to test the adequacy</p>	<p>placed before the Cybersecurity / Technology Committee.</p> <p>QSBs to conduct trainings to enhance knowledge of IT/Cyber Security for all employees at least on a half-yearly basis.</p> <p>The dedicated team of security analysts shall submit a quarterly report to the BOD and Cybersecurity / Technology Committee of QSB on measures taken on strengthening the cyber security framework along with details of cybersecurity incidents which occurred and details of incidents which were prevented from occurring.</p>	<p>Minutes of meetings of the Cybersecurity / Technology Committee to include the following details:</p> <p>a) Cybersecurity framework, b) Details of Cybersecurity drills c) Trainings programs w.r.t cybersecurity conducted during the half-year.</p>	<p>basis, within 45 days of end of quarter.</p> <p>Minutes of Board and Cybersecurity / Technology Committee Meetings on compliance status of 8.5.4 to 8.5.7 to be submitted to the Exchange within 45 days from the end of half-year</p>

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		<p>incidents which were prevented from occurring.</p> <p>The dedicated team of security analysts shall report to Chief Information Security Officer (CISO) of the QSB and such CISO shall be designated as a Key Managerial Personnel (KMP) and shall directly report to the MD &amp; CEO of the QSB</p> <p>The QSB should have well-defined and documented processes for monitoring of its systems and networks, analysis of cyber security threats and potential intrusions / security incidents, usage of appropriate technology tools, classification of threats and attacks, escalation hierarchy of incidents, response to threats and breaches, and reporting of the incidents.</p>	<p>and effectiveness of cyber resiliency measures.</p> <p>QSB's shall work on building Cyber Security and basic system hygiene awareness of employees.</p> <p>QSB shall also conduct periodic training programs to enhance knowledge of IT/Cyber Security Policy and Standards among the Employees incorporating up-to-date Cyber Security threat alerts.</p>			
<b>H Vulnerability Assessment and Penetration Testing (VAPT):</b>						
14	8.5.8 and 8.5.9	<p>QSBs shall carry out continuous assessment of the threat landscape faced by them and on half yearly basis, conduct vulnerability assessment to detect security vulnerabilities in their IT environments exposed to internet.</p> <p>QSB shall also carry out penetration tests on half-yearly basis, in order to conduct an in-depth evaluation of the security posture of the system through simulations of actual attacks</p>	<p>QSB shall conduct vulnerability assessment and penetration testing to detect security vulnerabilities on a half-yearly basis.</p> <p>In addition, QSB shall perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system that is accessible over the internet.</p>	<p>Vulnerability scanning and penetration testing to be performed on a half-yearly basis. A report on the observations of VAPT to be submitted to the Exchange within one month of completion of VAPT activity. The report to be submitted post approval from the</p>	<p>QSBs shall submit to the Exchange the VAPT report along with comments/approval of the Technology Committee on a half-yearly basis.</p>	<p>VAPT report to be submitted to the Exchange on a half-yearly basis within 30 days of completion of assessment. The VAPT to be conducted for the period 1<sup>st</sup> April to 30<sup>th</sup> September by 30<sup>th</sup> November and the Report post approval from Technology Committee of QSB, to be</p>

A	B	C	D	E	F	G
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		on its systems and networks that are exposed to the internet.		Technology Committee of the QSB.		submitted to Exchange not later than 31 <sup>st</sup> December.  Further, the VAPT to be conducted for the period 1 <sup>st</sup> October to 31 <sup>st</sup> March by 31 <sup>st</sup> May and the Report to be submitted to Exchange not later than 30 <sup>th</sup> June.  Any gaps identified in VAPT should be remedied on immediate basis and status of closure of findings should be submitted to Exchange within 3 months of submission of VAPT report.
<b>I</b>	<b>Business Continuity Plan:</b>					
15	8.5.10, to 8.5.13	QSB shall put in place a comprehensive Business Continuity Plan (BCP) and such policy shall be reviewed on half-yearly basis to minimize the incidents affecting the business continuity. QSB shall develop and document mechanisms and standard operating procedures to recover from the cyber-attacks within the stipulated Recovery Time Objective (RTO) of the QSB, various scenarios and standard operating procedures for resuming operations	QSB shall conduct DR drills/live trading from the DR site on quarterly basis.  Member shall have alternate means of communication including channel of communication with clients in case of any disruption. Such communication shall be completed within 60 minutes from the time of disruption.  QSBs to ensure smooth fallback to Primary Site after the disaster and	QSBs to review the BCP Policy and SOP on a half-yearly basis.  QSBs shall conduct DR drills/live trading from the DR site on quarterly basis. DR drills/ live trading shall include running all operations from DRS for at least 1 full trading day and such drills shall not coincide with drills	QSB to submit the BCP Policy and SOP to the Exchange on a half-yearly basis.  A signed and dated copy of Minutes of Meeting in which the implementation of BCP-DR policy was placed before the Board to be submitted to the Exchange.	BCP Policy and SOP to be submitted to the Exchange within 45 days of the end of the half year.  QSBs to submit to the Exchange, details, and observations of BCP drills on a quarterly basis, within 30 days of end of quarter.



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		<p>from Disaster Recovery (DR) site of QSB.</p> <p>The CISO of the QSB shall review the implementation of the BCP and SOP on DR on monthly basis and submit a report to the board of QSBs.</p> <p>All the provisions applicable to specified stockbrokers (as stated in SEBI circular SEBI/HO/MIRSD/TPD-1/P/CIR/2022/160 dated November 25, 2022, regarding Framework to address the 'technical glitches' in Stockbrokers' Electronic Trading Systems) shall also be applicable to the QSBs.</p>	<p>ensure all associated issues are resolved and business operations are back to source.</p> <p>Comments, if any by the Board on report of CISO on DR Policy and SOP to be included in the Minutes of Meeting of the Board.</p>	<p>conducted by Exchange.</p> <p>The CISO of the QSB shall review the implementation of the BCP and SOP on DR on monthly basis and submit a report to the Board of QSBs.</p>		<p>Minutes of Board Meeting to be submitted to the Exchange within 45 days from the end of quarter.</p>
<b>J</b>	<b>Periodic Audit:</b>					
16	8.5.14	QSBs shall arrange to have their systems audited on half-yearly basis by a CERT-IN empanelled auditor to check compliance with the above-mentioned requirements related to cyber security and other circulars of SEBI on cybersecurity and technical glitches, to the extent they are relevant to them and shall submit the report to stock exchanges along with the comments of the Cybersecurity Committee within one month of completion of the half year.	Cyber Security & Cyber Resilience Audit Report to be placed before the Cybersecurity / Technology Committee and observations identified, corrective action taken, and measures taken to prevent recurrence of such observations along any other comments of the Cybersecurity / Technology Committee to be recorded in the Minutes of Meeting.	Cyber Security & Cyber Resilience Audit to be conducted by QSBs on a half-yearly basis.	QSBs to submit Cyber Security & Cyber Resilience Audit Report to the Exchange on a half-yearly basis.	<p>Cyber Security &amp; Cyber Resilience Preliminary Audit Report to be submitted within one month of completion of half year.</p> <p>Action Taken Report (ATR) to be submitted within two months of the due date of submission of Preliminary Audit Report</p> <p>Follow-on Audit Report, if applicable to be</p>

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						submitted within two months of due date of submission of Preliminary Audit Report.
<b>K</b>	<b>8.6 Investor Services including online complaint redressal mechanism:</b>					
17	8.6.1 to 8.6.3	<p>QSBs must have investor service centres in all cities where they have branches.</p> <p>QSBs shall have online capabilities for engaging with clients, responding to investor queries and seamless facility for filing complaints by investors and clearly defined escalation procedures.</p> <p>The complaints redressal mechanism should be investor friendly and convenient. The same should have capabilities of being retrieved easily by the complainant online through complaint reference number, e-mail id, mobile no. etc.</p>	<p>QSBs to monitor the investor grievances received across centres on an ongoing basis.</p> <p>QSBs to have investor service centre in all cities where they have branches.</p> <p>QSBs to have online facilities along with seamless facility for filing complaints by investors with escalation matrix for engaging with clients in these centres.</p> <p>QSBs to ensure details of all direct complaints received are disclosed to the Exchange.</p>	All direct complaints received to be disclosed to the Exchange on a monthly basis within seven days of the subsequent month.	<p>QSBs to provide details of investor service centres set-up across cities at each of the centres.</p> <p>QSBs to upload the details of all direct complaints received on monthly basis along with category of complaint and status of complaint in format prescribed in circular NSE/ISC/56274 dated April 05, 2023</p>	<p>Details of investor service centres to be provided to the Exchange on monthly basis within 7 days of the subsequent month.</p> <p>Monthly reporting of all direct complaints along with its status to be submitted to the Exchange within seven days of the subsequent month.</p>
<b>L</b>	<b>9. Enhanced Monitoring of QSBs:</b>					
18	9.1	QSBs shall be subjected to enhanced monitoring and surveillance including additional submissions to be made to MIIs/SEBI, as and when sought.	The QSBs to furnish information and /or explanation for the purpose of enhanced monitoring to the Exchange in the format and timelines as prescribed by the Exchange.	Quarterly within 60 days of end of quarter	<p>QSBs shall submit the following additional details to the Stock Exchange to comply with enhanced monitoring and surveillance obligations on a quarterly basis:</p> <p>a) Net worth Certificate as per Computation prescribed by</p>	Quarterly within 60 days of end of quarter

A	B	C	D	E	F	G
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					Dr. L.C. Gupta Committee Report. b) General Trial Balance with Balance Sheet wise grouping and notes to accounts schedule wise sub-grouping. c) Details of contingent liabilities	
				Monthly within 15 days of end of month	QSBs shall submit the following additional details to the Stock Exchange to comply with enhanced monitoring and surveillance obligations on a monthly basis: a) Client ledgers of Top 20 clientele debtors and creditors in prescribed format b) Client ledgers of Top 20 clientele with highest (peak/EOD) margins in prescribed format c) List of associates/related entities d) Ledgers of all associates/related entities having client codes in the prescribed format. e) Details of borrowings/loans taken from banks/financial institutions. f) Details of loans & advances taken/given to/from all parties including between group / Associate companies g) Details of total investment	Monthly within 15 days of end of month

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
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			QSBs to furnish declarations of compliance to regulatory requirements prescribed through various circulars issued by the Exchange.	Quarterly within 30 days of end of quarter	QSBs to furnish declarations w.r.t compliance with the following circulars: a) Display of Brokerage, Statutory & Regulatory Levies (NSE/INSP/53939) b) Code of Advertisement (NSE/COMP/43373 and NSE/COMP/49888) c) Supervision of Authorised Persons (APs) & Branches by Members (NSE/INSP/42448) d) Compliance with Exchange guidelines requiring members to refrain from unauthorized market practices (NSE/INSP/51770) e) Undertaking on 'Penalty for short collection / non-collection of client margins (NSE/INSP/ 52711)	Quarterly within 30 days of end of quarter