POLICY ON OUTSOURING ACTIVITY POLICY

INDIRA SECURITIES PVT LTD

MEMBER OF NSE, BSE,MCX,NCDEX & DP OF CDSL

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INTRODUCTION

INDIRA SECURITIES PVT LTD, herewith refereed as ISPL, is the SEBI registered Stock Broker & Depository Participant (CDSL). Outsourcing refers to use of a third party – either within or outside the group - to perform the activities associated with providing the services to the ISPL. A third party may be used to perform one or more activities or one or more third parties may be used to perform different activities associated with the intermediation service. Such use may be for a specified period or on a continuing basis. In an extreme form, the third parties may be used to perform all the activities associated with the intermediation service. This includes use of successive third parties, where the first third party may use the second thirdparty to perform the activities and so on.

Securities market intermediaries in many jurisdictions are increasingly resorting to outsourcing with a view to reduce costs, and at times, for strategic reasons. This benefits market in terms of better access and better expertise. However, since the third parties may not be subject to the regulatory discipline and the activities and, not the accountability, can be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing Intermediaries. While it is not desirable to ban outsourcing completely for obvious reasons, the concerns need to be addressed and the outsourcing needs to be organized in an orderly manner.

RISKS ASSOCIATED WITH OUTSOURCING

ISPL knows that risks attached to outsourcing are numerous. They can be grouped into three broad categories: operational, reputational, and legal risks. The operational risks arise because the We, ISPL loses direct control over the activities and the processes, procedures, systems and people engaged in these activities. Therefore, it fails to exercise due care and diligence if the activity / service falls short of the regulatory standards. The reputational risks arise from failure by the third party to deliver as per regulatory standards which may invite regulatory actions. The legal risks emanate from the failure to enforce the contractual obligations particularly when the contractual relationship is not redefined with every change in basket ofactivities outsourced or the way these are discharged.

On being satisfied that a person has the required infrastructure and is a fit and proper person, We (ISPL) may outsource the activities to a third person. who does not have the infrastructure or may not be a fit and proper person.

I. ISPL seeking to outsource activities should have in place a comprehensive policy to guide the assessment of whether and how those activities can be appropriately outsourced. The board of directors or equivalent body representing the ISPL shall have the responsibility for the outsourcing policy and related overall responsibility for activities undertaken under that policy.

II. ISPL should establish a comprehensive outsourcing risk management programme to address the outsourced activities and the relationship with the third party.

III. ISPL should ensure that outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and regulators, nor impede effective supervision by the regulators.

IV. ISPL should conduct appropriate due diligence in selecting the third party and in monitoring of its performance.

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V. Outsourcing relationships should be governed by written contracts / agreements that clearly describe all material aspects of the outsourcing arrangement, including the rights, responsibilities and expectations of the parties to the contract, client confidentiality issues, termination procedures, etc.

VI. ISPL and its third parties should establish and maintain contingency plans, including a planfor disaster recovery and periodic testing of backup facilities.

VII. ISPL should take appropriate steps to require that third party's protect confidential information of both ISPL and its customers from intentional or inadvertent disclosure to unauthorised persons.

VIII. Regulators should take into account outsourcing activities as an integral part of their ongoing assessment of the regulated entity. Regulators should assure themselves by appropriate means that any outsourcing arrangements do not hamper the ability of ISPL to meet its regulatory requirements.

IX. Regulators should be aware of the potential risks posed where the outsourced activities of multiple intermediaries are concentrated with a limited number of third parties.

ACTIVITIES THAT CAN BE OUTSOURCED BY ISPL

- Data entry of Demat accounts
- Scanning and storage of account opening forms
- Printing and despatch of Welcome kits and dispatch of quarterly transaction statements
- Customer Services
- Dispatch of contract notes

ACTIVITIES THAT SHOULD NOT BE OUTSOURCED BY ISPL

ISPL is a SEBI registered Stock Broker & Depository Participant (CDSL) and follows the guidelines of SEBI. ISPL should not outsourced the activities, which were barred by the regulatory bodies i.e. Exchanges / SEBI etc. from time to time.

Note: ISPL has not outsourced any activity till date.

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