

NAME OF THE STOCKBROKER

BUSINESS CONTINUITY POLICY

POLICY CONTROL

Version: 1.0

Version Date: _____ (Date of Passing Board Resolution)

Approved by: Board of Directors

Department in Charge:

Frequency of Review: Yearly or as and when any update comes change in the Relevant Regulation comes or any change in the Company's internal control or Structure whichever is earlier.

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BUSINESS CONTINUITY POLICY

I. INTRODUCTION:

[Broker Name] recognises that uninterrupted access to trading platforms, risk management systems, clearing and settlement processes, and client fund operations is essential to protect the interests of clients and maintain confidence in the securities market. This Business Continuity Policy (BCP) has been prepared in accordance with guidelines issued by the Securities and Exchange Board of India (SEBI), as well as the directives of the National Stock Exchange of India (NSE) and BSE Limited.

The policy outlines the framework for continuity of critical services in the event of disruptions such as system outages, technical failures, cyber incidents, natural disasters, or large-scale staff unavailability. It also sets out clear responsibilities, recovery objectives, and communication protocols to ensure compliance with regulatory requirements while safeguarding client interests.

II. OBJECTIVE:

The primary objectives of this BCP are:

- To ensure that critical functions such as client order placement, trade execution, risk management, and settlement activities continue with minimal interruption.
- To define recovery time and recovery point objectives for essential processes, ensuring timely restoration of systems and minimisation of data loss.
- To maintain regulatory compliance by following SEBI, NSE, and BSE circulars on business continuity and disaster recovery.
- To establish a transparent communication process with clients, regulators, and internal staff during incidents.
- To embed a culture of preparedness and resilience through regular testing, training, and review.

III. GOVERNANCE & OVERSIGHT:

A Business Continuity Owner is designated at the senior management level to ensure effective implementation, monitoring, and reporting. An Incident Response Coordinator (IRC) is appointed to manage live incidents, supported by an alternate coordinator to ensure continuity of command.

IV. BUSINESS IMPACT AND RECOVERY OBJECTIVES:

A business impact analysis has identified critical functions and assigned appropriate recovery time and recovery point objectives. Client order placement and trading connectivity are considered the most critical and must be restored within one hour, preferably within minutes. **Risk management systems should resume within two hours;** while clearing and settlement processes must be operational within four hours on the same day. Back-office and reporting functions, while important, may be restored within twenty-four to forty-eight hours.

Data integrity is paramount.

Recovery Point Objectives (RPOs) for trading and risk systems are near-zero to ensure minimal data loss, while back-office records may tolerate up to one business day of delay.

V. DISASTER RECOVERY ARRANGEMENTS:

[Broker Name] maintains primary and alternate arrangements to ensure continuity of operations. These may include a disaster recovery site, secure cloud-based backups, dual internet service providers, and remote access facilities for authorised personnel. Certain brokers that are exempt from maintaining a dedicated disaster recovery site are nevertheless required to document their alternate operating arrangements and ensure staff are trained to execute them effectively.

The firm will conduct at least one annual table-top drill to test preparedness and will also perform at least one live disaster recovery drill each year to validate actual system switchover. All drills will be documented, and results will be reviewed by management with corrective actions taken where gaps are identified.

VI. INCIDENT STANDARD OPERATING PROCEDURES:

In the event of disruption, the following standard operating procedures (SOPs) will apply:

➤ **Trading System or Connectivity Failure:**

Upon detection of an outage, the Incident Response Coordinator will validate the issue within fifteen minutes and initiate switchover to backup systems or disaster recovery arrangements. If recovery is not possible within this timeframe, the Exchange will be notified immediately, and SEBI will be informed if the outage is expected to exceed seventy-five minutes. Clients will also be informed promptly using pre-approved templates.

➤ **Office Premises Disruption:**

Should the primary office become unavailable due to fire, flood, or other events, operations will be shifted to an alternate site or enabled through secure remote

access. Clients will be informed only if such disruption affects trading or service delivery.

➤ **Cybersecurity Incident:**

In the event of a cyber-attack or data breach, affected systems will be isolated immediately. Exchange and SEBI reporting protocols will be followed, and a secure failover environment will be activated. Clients will be informed if their data has been compromised, and appropriate remedial steps will be taken.

➤ **Staff Unavailability:**

In cases such as a pandemic or large-scale staff absence, remote work arrangements and cross-trained backup staff will be activated. A list of critical staff and their alternates is maintained and reviewed periodically.

VII. COMMUNICATION PROTOCOLS:

Clear communication is critical during disruptions. Internal staff will be informed through the designated emergency communication channels such as phone trees and secure messaging groups. Clients will receive timely updates via SMS, email, and the company website. Pre-approved templates ensure that communications are accurate, timely, and regulatorily compliant.

Regulatory notifications will be made promptly. Exchanges must be informed as soon as a major outage is detected, and SEBI must be notified if downtime exceeds regulatory thresholds. All communication will be logged for future review and compliance inspections.

VIII. TESTING AND REVIEW:

Business continuity testing is an essential component of this policy. [Broker Name] will conduct at least one annual table-top exercise to simulate disruptions and evaluate staff readiness. Medium brokers will also perform one live disaster recovery test annually, in line with NSE and BSE requirements. Test results, including identified gaps and corrective measures, will be documented and retained for inspection.

The Board will review this policy annually, or more frequently if required, to incorporate changes in business, technology, or regulations. Lessons learned from actual incidents or drills will be incorporated into subsequent updates.

IX. RECORD-KEEPING AND COMPLIANCE:

All records relating to incidents, drills, communication with regulators, and corrective actions will be retained for at least three years, or longer if mandated by exchange

circulars. System logs and incident data will be maintained to enable effective root cause analysis and regulatory reporting.

X. CLARIFICATION/INFORMATION:

In case of any clarification/information required on the implementation of the Policy, please contact the Compliance Officer on Email - _____, Tel No. _____.

XI. REVIEW:

The said policy shall be reviewed by the Board of the Directors on a yearly basis or as and when any update comes change in the Relevant Regulation/Circular comes or any change in the (Name of the Broker)'s internal control or Structure.

The Compliance officer has the authority to give directions to undertake additions, changes, and modifications, etc. to this Policy, and the same shall be effective per the authority of the Compliance Officer and thereafter be ratified by the Board of the Directors at its next review.

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