



POLICY ON OUTSOURCING OF ACTIVITIES

MEANING

Outsourcing may be defined as the use of one or more than one third party – either within or outside the group - by a registered intermediary to perform the activities associated with services which the intermediary offers. It has been observed that often the intermediaries resort to outsourcing with a view to reduce costs, and at times, for strategic reasons.

PRINCIPLES FOR OUTSOURCING FOR INTERMEDIARIES

- **Comprehensive outsourcing risk management program** – If an intermediary seeking to outsource activities shall have in place a comprehensive policy to guide the assessment of whether and how those activities can be appropriately outsourced.
- **Due – diligence-** The intermediary shall conduct appropriate due diligence in selecting the third party and in monitoring of its performance.
- **Outlining Outsourcing relationship-** Outsourcing relationships shall be governed by written contracts / agreements / terms and conditions as deemed appropriate.
- **Confidentiality of the information outsourced** - The intermediary shall take appropriate steps to require that third parties protect confidential information of both the intermediary and its customers from intentional or inadvertent disclosure to unauthorized persons.
- ***Concentration of outsourced services in the hands of a select few third parties.***

RISKS INVOLVED IN OUTSOURCING OF ACTIVITIES

- Operational risk
- Reputational risk
- Legal risk
- Country Risk
- Strategic Risk
- Exit- Strategic Risk
- Counter Party Risk
- Concentration and Systematic Risk

PRECAUTIONS TO BE TAKEN IN CASE ANY ACTIVITY IS OUTSOURCED

The intermediaries desirous of outsourcing their activities shall not, however, outsource their core business activities and compliance functions. As for instance in case of a share broker execution of orders and monitoring of trading of activities of clients, dematerialization of securities in case of depository participants are the core business activities.

Regarding Know Your Client (KYC) requirements, the intermediaries shall comply with the provisions of SEBI {KYC (Know Your Client) Registration Agency} Regulations, 2011 and Guidelines issued thereunder from time to time.

The intermediary shall ensure that outsourcing arrangements neither diminish its ability to fulfill its obligations to customers and regulators, nor impede effective supervision by the regulators.

The intermediary and its third parties shall establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities.

Applicability & Conclusion

The company at the moment does not outsource any core/ operational activities. Hence guidelines as discussed by the board are not applicable at the moment.

Approval Authority and Review policy:

This policy is approved by the Board of **V Mathran & Co Private Limited**.

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs. And will place the changes in policy before the Board.

Policy communication:

A copy of this policy shall be made available to all the relevant staff/persons such as: compliance officer / department in-charge /authorized persons.

By order of the Board of Directors

V Mathran & Co Private Limited