

SHRI KRISHNA SHARE BROKERS PVT LTD

Members: NSE Stock Exchange and BSE Stock Exchange

Voluntary Freezing and Unfreezing Policy

A **Voluntary Freezing and Unfreezing Policy** allows clients to temporarily freeze or suspend activity in their trading accounts, preventing unauthorized access or transactions, and then unfreeze them when needed. This policy enhances client control and security while maintaining regulatory compliance.

1. Objective of the Policy

- **Client Security:** Allow clients to voluntarily freeze their trading accounts to prevent unauthorized or fraudulent transactions.
 - **Operational Flexibility:** Provide a structured process for freezing and unfreezing accounts, ensuring smooth and secure transitions.
 - **Regulatory Compliance:** Adhere to SEBI and stock exchange guidelines regarding voluntary account freezing.
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2. Scope of the Policy

This policy applies to all clients of the brokerage firm who wish to voluntarily freeze or unfreeze their trading accounts. It covers:

- **Freezing:** The temporary suspension of trading, fund withdrawals, or account activities by the client.
 - **Unfreezing:** The process of reactivating the account for normal trading and financial transactions.
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3. Freezing of Accounts

3.1 Voluntary Freezing Process

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Clients can voluntarily request to freeze their trading accounts in the following situations:

- **Security Reasons:** The client suspects unauthorized access to their account.
- **Personal Reasons:** The client does not intend to trade for an extended period and wishes to secure their account.
- **Inactive Period:** Clients who foresee periods of inactivity may choose to freeze their account for safety.

Procedure:

- The client must submit a formal request to freeze their account, either online through a secure portal or by filling out a physical form.
- The brokerage firm should verify the identity of the client by requiring additional authentication measures, such as:
 - **One-Time Password (OTP)** verification sent to the registered mobile number or email.
 - **Security questions** or **password confirmation**.
- Upon successful verification, the account will be marked as **frozen**, and the client will be notified via email or SMS.

3.2 Restrictions During Freezing

- **Trading Suspension:** All trading activities, including the placement of buy/sell orders, will be halted.
- **Fund/Asset Withdrawal Block:** Withdrawal of funds or securities will be restricted until the account is unfrozen.
- **No New Orders:** No new orders can be placed until the account is reactivated.
- **Account Monitoring:** Frozen accounts will be closely monitored to ensure no unauthorized activities occur during the frozen period.

3.3 Duration of Freezing

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- Clients can freeze their account for a **specific period** (e.g., 1 month, 6 months), or choose an **indefinite freezing period** until they request to unfreeze the account.
- The brokerage firm may set a **maximum freezing period** (e.g., 2 years) after which the account will need to be unfrozen or reviewed.

3.4 Client Notification

- Clients will receive a confirmation of the freezing of their account, including details of the freezing period, restrictions, and the process for unfreezing.
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4. Unfreezing of Accounts

4.1 Unfreezing Process

Clients can request to unfreeze their account whenever they wish to resume trading or withdraw funds. The process includes:

- **Client Request:** The client must formally request the unfreezing of their account through the broker's secure platform or by submitting a physical form.
- **Authentication:** For security purposes, the client must undergo additional verification to prevent unauthorized access:
 - **OTP-based verification** to the registered mobile number/email.
 - **Verification of personal information** such as PAN, address, or date of birth.
 - **Password confirmation** or answering security questions.

4.2 Activation of Trading and Withdrawals

- Once the verification is successfully completed, the account will be **reactivated**.

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- Trading, fund withdrawals, and other account activities will be restored to normal, and the client will be notified via email or SMS.

4.3 Timeframe for Unfreezing

- The account unfreezing process should be completed **within a stipulated timeframe**, typically **24-48 hours**, after the verification is successfully completed.
- In case of any delays or issues, the client must be promptly informed.

4.4 Reactivation Confirmation

- After unfreezing, a confirmation message will be sent to the client, indicating that the account is active and ready for trading or withdrawals.

5. Special Circumstances for Freezing

5.1 Involuntary Freezing (Broker Initiated)

- In certain cases, the brokerage firm may freeze an account **without a client request**, such as:
 - **Regulatory Requirements:** Freezing accounts due to regulatory directives or investigation.
 - **Suspicion of Fraud or Misuse:** If the firm suspects unauthorized access or fraudulent activity.
 - **Non-Compliance with KYC:** Accounts that fail to comply with KYC norms may be temporarily frozen until compliance is met.

5.2 Regulatory and Compliance Freezing

- If regulatory bodies such as SEBI or stock exchanges mandate account freezing, the brokerage firm must comply and notify the client.
- Once the regulatory issue is resolved, the account can be unfrozen through the usual procedures.

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6. Safeguards and Security Measures

6.1 Additional Security for Freezing/Unfreezing Requests

- Implement multi-layered security protocols to verify the identity of clients who request account freezing or unfreezing:
 - **Two-factor authentication (2FA).**
 - **PIN or password** confirmation.
 - **Biometric authentication** (if available).
- These measures reduce the risk of unauthorized account freezing or unfreezing.

6.2 Fraud Detection

- Monitor accounts closely for **suspicious activities** or patterns before freezing or unfreezing.
 - Flag unusual behavior, such as repeated unfreezing attempts from different locations or IP addresses, for further investigation.
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7. Client Communication and Education

7.1 Freezing and Unfreezing Instructions

- Provide clients with clear instructions on how to freeze and unfreeze their accounts. This includes guidelines on the platform or forms to use and the required steps.
- **Helpdesk Support:** Ensure that clients can reach out to customer support for assistance with the freezing or unfreezing process.

7.2 Regular Notifications

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- Send regular **reminders** to clients about the availability of the voluntary freezing option, especially during periods of inactivity.
 - **Periodic Account Status Updates:** Clients with frozen accounts should receive status updates, including instructions for unfreezing their account.
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8. Compliance and Record Keeping

8.1 Regulatory Guidelines

- Ensure that the voluntary freezing and unfreezing policy complies with SEBI, stock exchange, and other regulatory guidelines.
- Any regulatory changes that affect account freezing or unfreezing procedures should be promptly incorporated into the policy.

8.2 Record Keeping

- Maintain **accurate records** of all freezing and unfreezing requests, including:
 - Client requests for freezing/unfreezing.
 - Details of verification steps taken.
 - Timeframes for freezing/unfreezing and notifications sent.
 - These records should be available for regulatory audits or internal reviews.
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9. Review and Updates to the Policy

- The policy should be reviewed **periodically** to ensure it remains aligned with regulatory changes and technological advancements.
- Any updates to the freezing or unfreezing procedures must be communicated to clients.