



MANGAL KESHAV
NURTURING WEALTH, SINCE 1939

POLICY FOR VOLUNTARY FREEZING/ BLOCKING OF TRADING ACCOUNTS BY CLIENTS

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Policy for Voluntary Freezing/Blocking of Trading Accounts by Clients

1. Introduction

This policy outlines the framework for facilitating voluntary account freezing/blocking requests initiated by clients of **Mangal Keshav Financial Services LLP** (hereinafter referred to as the “**Firm**”) through a single sign-on (SSO) menu in the trading application and trading console. It adheres to the guidelines set forth in SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4 dated January 12, 2024, BSE Notice No 20240112-30 dated January 12, 2024, subsequent BSE Notice No 20240408-12 dated April 08, 2024 and NSE Circular NSE/INSP/60277 dated January 16, 2024.

Moreover, for the purpose of this policy, it should be noted that the firm will only block the client’s account based on the request of the client. Freezing of accounts will be done by the firm based on the directive of regulatory authorities including SEBI, NSE, BSE, etc. Hence, while the option visible to the client will be Freezing/ Blocking (in keeping with the SEBI circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4, the account will only be blocked by the firm.

2. Client Eligibility

This facility is available to all existing clients of the firm with active trading accounts.

3. Methods for account freeze/ block request

Clients can submit voluntary account freeze/ block requests through the following methods:

- **Trading Application:** A designated option within the SSO menu of our mobile trading application will allow clients to initiate the request.
- **Trading Console:** A similar option will be available within the SSO menu of the IBT based trading exe.

4. Process Flow

- When a client selects the "Freeze/ Block Account" option within the SSO menu, they will be directed to a secure webpage hosted on the firm’s website i.e. www.mangalkeshav.com.
- This webpage will clearly explain the implications of freezing/ blocking a trading account, including restrictions on placing orders, modifying existing orders, and purging of all pending orders from the trading system.
- Clients will be required to:
 - i. Log in using their existing trading account credentials (ensuring strong two-factor authentication).
 - ii. Select the action (Freeze/ Block).
 - iii. Provide a reason for their request (optional, but highly recommended).
 - iv. Review and confirm the request details.
- Upon confirmation, the system will:

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- i. Send an email notification to the client acknowledging the account freeze/ block and outlining the process for reactivation (refer to section 6).
- ii. Send an alert to the firm's back-office teams i.e. KYC team, DP team, RMS team, and Compliance team via the designated email addresses of the respective departments notifying them of the client's request and the account status.
- iii. The KYC team will immediately mark the client as "Inactive" in the front office and back office applications.
- iv. The RMS team will immediately purge all pending orders of the client from the trading system.
- v. The DP team will block all DP transactions of the client.
- vi. The Compliance team will observe the reason mentioned by the client for requesting the freeze/ block of trading account and will follow the steps as mentioned in Annexure II of this circular.

5. Record Keeping

- A detailed log of all account freeze/block requests will be maintained electronically, including:
 - i. Date and time of the request.
 - ii. Client identification details.
 - iii. Selected action (Freeze or Block).
 - iv. Reason provided by the client (if any).
- This log will be retained for a minimum period of three years as mandated by SEBI regulations.

6. Account Reactivation

- Clients can reactivate their frozen/blocked accounts by contacting customer support team through designated channels (phone or email).
- To reactivate the account, clients will need to:
 - i. Provide valid identification and account verification details.
 - ii. If the account was blocked due to suspected suspicious activity, they might be required to provide additional information or clarifications.
- Upon successful verification and addressing any concerns, the customer support team will process the reactivation request and notify the client. The account status will be updated in the system, and the client will receive a confirmation email.

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7. Communication

- The firm should prominently display information about the voluntary account freeze/block facility on our website, within the trading application, and the trading console.
- The firm should educate clients through various channels (website FAQs, knowledge base articles, and customer support interactions) about:
 - i. The purpose and implications of freezing / blocking a trading account.
 - ii. The process for initiating and reactivating a frozen/blocked account.
 - iii. The importance of maintaining strong passwords and practicing safe online trading habits.

8. Review and Update

This policy will be reviewed and updated periodically to reflect any changes in SEBI regulations, exchange guidelines, or best practices for client protection.

9. Compliance

This policy is designed to ensure compliance with SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2024/4, BSE Notice No 20240112-30 dated January 12, 2024, subsequent BSE Notice No 20240408-12 dated April 08, 2024 and NSE Circular NSE/INSP/60277 dated January 16, 2024 regarding voluntary account.

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ANNEXURE I

Implications of Freezing/ Blocking of Trading Account

On the webpage wherein the client proceeds to freeze/ block the trading account, the below message should be prominently displayed through a popup or otherwise. Moreover, the client needs to agree to the terms and conditions mentioned in the notice before the client can complete process of freezing/ blocking of trading account.

Important Information Regarding Freezing/Blocking Your Trading Account

Before proceeding, please carefully review the following information regarding the implications of freezing or blocking your trading account:

- **Impact on Trading Activity:**
 - i. Freezing or blocking your account will immediately restrict you from placing any new orders (buy or sell) for securities.
 - ii. You will also be unable to modify any existing orders that are currently open.
 - iii. Moreover, all pending orders in the trading system will be purged once the freeze/ block request is received by our RMS team.
- **Impact on Depository Activity:**
 - i. Freezing or blocking your account will have an immediate impact on your DP activities.
 - ii. Other than any pending shares pay-in or pay-out due to transactions made prior to the freeze/ block request, all future online/ offline shares transfers (including offline requests) will be kept on hold till the duration of the freeze.
 - iii. You can still view your account balance and transaction history.
- **Duration of Freeze/Block:**
 - i. A frozen account can be reactivated at any time by contacting the customer support team either via phone +91 22 6190 7985/86 or via email crm@mangalkeshav.com.
 - ii. The reactivation process might involve additional verification steps depending on the reason for freezing.
 - iii. The duration of a blocked account may vary depending on the reason for blocking and any ongoing investigations. The customer support team will inform you of the expected timeframe for reactivation.
- **Impact on Market Conditions:**

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- i. Freezing or blocking your account could result in missed trading opportunities, especially during volatile market conditions.
- ii. If you have open positions, they may be subject to market fluctuations while your account is frozen/blocked.
- **Additional Considerations:**
 - i. It is highly recommended to provide a reason for freezing/ blocking your account. This information will help us understand your situation and assist you better during the reactivation process.
 - ii. We recommend you settle any outstanding margin calls or delivery obligations before freezing/ blocking your account to avoid potential penalties.
 - iii. For further information or clarification, please contact our customer support team via phone +91 22 6190 7985/86 or via email crm@mangalkeshav.com.

By understanding these implications, you can make an informed decision about whether freezing or blocking your trading account is the right course of action for your current situation.

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ANNEXURE II

Additional Information to be collected from clients

It is imperative to collect the reason for freezing/ blocking of trading account by the client. This will assist in understanding the severity of the request and the steps to be followed by the firm. The various options that can be provided could be:

- **Suspected Unauthorized Activity** - This option allows clients to report potential security concerns and prevent further misuse.
- **Transferring Account to Another Broker** - This option is for clients who plan to move their account to a different broker.
- **Financial Difficulty/Debt Management** - This option caters to clients who need to restrict access due to financial reasons.
- **Others** - This option when selected will provide for a free flow text of upto 200 characters wherein the client can type the reason for freezing/ blocking the trading account.

When the email alert is sent to the various departments, the reason selected by the client for the freezing/ blocking of the account should be mentioned. If the client chooses the first option i.e. Suspected Unauthorized Activity, then, in this case, the Compliance team of the firm will request the client to provide additional information in accordance with SEBI guidelines and best practices:

- **Client Information:**
 - i. **Recent login history:** This includes details like IP addresses, locations, timestamps, and device types used for login attempts. This can help identify unauthorized access or unusual login patterns.
 - ii. **Confirmation of recent trades:** If there were unrecognized trades placed on the account, requesting confirmation from the client can help determine if they were legitimate or fraudulent.
 - iii. **Changes to account details:** This includes recent modifications to passwords, linked email addresses, or other account security settings. This can indicate potential attempts to gain unauthorized control.
- **Suspicious Activity Details:**
 - i. **Description of the suspicious activity:** Encourage the client to provide a detailed description of the events that triggered their concern or led to the account being blocked. This could include unauthorized login

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- attempts, unrecognized trades, unusual account activity, or any phishing attempts they might have encountered.
- ii. **Screenshots or recordings (if available):** If the client has any screenshots or recordings of suspicious activity (e.g., phishing emails, login attempts from unrecognized devices), these can provide valuable evidence for investigation.
- **Account Verification:**
 - i. **Two-factor authentication:** Requesting the client to re-verify their identity through a strong two-factor authentication process can be an additional security measure.
 - ii. **Security questions:** Depending on your security protocols, using pre-defined security questions during the reactivation process can be another layer of verification.
 - **Important Considerations:**
 - i. **Data Privacy:** The Compliance team must ensure that they comply with data privacy regulations when collecting this information. Clearly explain why the information is needed and how it will be used.
 - ii. **Client Communication:** Maintain clear communication with the client throughout the process. Explain the steps being taken to investigate the suspicious activity and the timeframe for potential account reactivation.
 - iii. **Reporting Obligations:** Depending on the nature and severity of the suspicious activity, the Compliance team might have reporting obligations to SEBI or other regulatory bodies.

Once all checks are cleared by the Compliance team, the team will inform the KYC team in order to complete the reactivation process (if the client has requested for reactivation).