



## Northeast Broking Services Limited

### **Outsourcing of Activities Policy**

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 of the Company. Such use may be for a specific purpose, specified period or on a continuing basis and includes use of successive third parties, where the first third party may use the second third party to perform the activities and so on.

Since the third parties may not be subject to the regulatory discipline and accountability cannot be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing intermediaries. The Company has framed a Policy for the same, Outsourcing relationships shall 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. Third parties should establish and maintain contingency plans, including a plan for disaster recovery and periodic testing of backup facilities. They should take appropriate steps to ensure that the third party protects confidential information of both the Company and its customers from intentional or inadvertent disclosure to unauthorized persons.

#### **Activities that can be Outsourced**

- Data entry, opening of trading accounts, scanning and storage of account opening forms
- Printing and dispatch of welcome kits and dispatch of quarterly transaction statements
- Dispatch of contract notes
- Any such non-critical activity which in the view of the Management needs to be outsourced

#### **Activities that can't be outsourced**

Core and critical activities will not be outsourced. An activity shall not be outsourced if it would impair the supervisory authority's right to assess, or its ability to supervise the business of the intermediary. An illustrative list of activities that cannot be outsourced:

- Maintenance and safekeeping of critical data.
- Execution of settlement and other incidental activities for pay-in/payout
- Monitoring and redressal of investor grievances.
- Surveillance Functions.

- Compliance Functions.

## **Due Diligence**

The Company shall conduct appropriate due diligence in selecting the third party to whom any activity is proposed to be outsourced. It shall be ensured that outsourced activities are further outsourced downstream only with the prior consent and with appropriate safeguards including proper legal documentation/ agreement.

## **Monitoring**

An effective monitoring of the entities selected for outsourcing shall be done to ensure that there is check on the activities of outsourced entity. The Company shall be fully liable and accountable for the activities that are being outsourced to the same extent as if the service were provided in-house.

## **Approval/Review**

This policy shall be approved by the Board and reviewed by the Managing Director 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.