

## **Technical Glitch Policy**

### **1. Introduction**

1.1 Rapid technological developments have increased the ease of electronic trading in securities markets. However, technology-related interruptions and glitches, also known as technical glitches, pose a significant risk to investors' ability to trade. To address this issue, this Technical Glitch Policy is designed to provide a framework for stock brokers to manage and mitigate technical glitches occurring in their electronic trading systems.

### **2. Definition of Technical Glitch**

2.1 A technical glitch shall mean any malfunction in the systems of a stock broker, including malfunctions in hardware, software, networks, processes, or any products or services provided by the stock broker in electronic form. Such malfunctions may be due to inadequate infrastructure/systems, cyber-attacks/incidents, procedural errors and omissions, process failures, or any other reasons that cause a stoppage, slowing down, or variance in the normal functions/operations/services of the stock broker's systems for a contiguous period of five minutes or more.

### **3. Reporting Requirements**

3.1 Stock brokers shall promptly inform the relevant stock exchanges about any technical glitch, immediately but not later than one hour from the time of its occurrence.

3.2 Stock brokers shall submit a Preliminary Incident Report to the Exchange within one trading day (T+1) of the incident. This report should include the date and time of the incident, details of the incident, its effect, and the immediate actions taken to rectify the problem.

3.3 Stock brokers shall submit a Root Cause Analysis (RCA) Report (as per Annexure I) to the stock exchange within 14 days from the date of the incident. The RCA report should include the time of the incident, the cause of the technical glitch (including root cause from vendors, if applicable), duration, chronology of events, impact analysis, details of corrective/preventive measures taken or to be taken, restoration of operations, and any other relevant information.

3.4 The RCA report submitted by stock brokers shall be comprehensive and address all relevant aspects of the technical glitch. It should be submitted to the stock exchange via email at [infotechglitch@nse.co.in](mailto:infotechglitch@nse.co.in), which serves as a common email address for reporting across all stock exchanges.

3.5 All technical glitches reported by stock brokers, as well as those independently monitored by stock exchanges, shall be collectively examined by the stock





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exchanges along with the report/RCA submitted. Appropriate action shall be taken based on the findings.

## 4. Capacity Planning

4.1 Stock brokers must engage in adequate capacity planning to ensure continuity of services to their clients, considering the increasing number of investors.

4.2 Stock brokers shall conduct capacity planning for their entire trading infrastructure, including server capacities, network availability, and the serving capacity of trading applications.

4.3 Stock brokers shall monitor peak load in their trading applications, servers, and network architecture. The peak load should be determined based on the highest observed load during a calendar quarter. The installed capacity should be at least 1.5 times (1.5x) of the observed peak load.

4.4 Stock brokers shall deploy adequate monitoring mechanisms within their networks and systems to receive timely alerts when the current utilization of capacity exceeds 70% of the installed capacity.

4.5 Stock exchanges shall issue detailed guidelines regarding the frequency of capacity planning reviews, peak load analysis, and new capacity requirements to handle future system loads.

## 5. Software Testing and Change Management

5.1 Stock brokers shall ensure rigorous testing of all software changes before deploying them in production systems. Inadequate testing of software changes can impact the functioning of the software.

5.2 Stock brokers shall create test-driven environments for all types of software developed by them or their vendors. Regression testing, security testing, and unit testing should be included in the software development lifecycle.

5.3 Stock brokers shall adopt automated testing environments wherever feasible, which can enhance the efficiency and accuracy of testing processes.

5.4 Stock brokers shall implement a robust change management process to govern the deployment of software changes. This process should include proper documentation, approvals, testing, and rollback procedures.

## 6. Training and Awareness

6.1 Stock brokers shall provide training and awareness programs to their employees, highlighting the importance of identifying and reporting technical glitches promptly.





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6.2 Stock brokers shall conduct regular drills and exercises to test the effectiveness of their incident response procedures and ensure that employees are familiar with their roles and responsibilities during technical glitches.

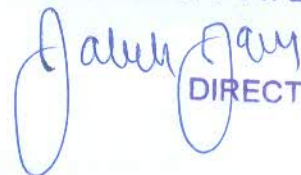
### 7. Compliance and Review

7.1 Stock brokers shall establish an internal compliance mechanism to monitor adherence to this Technical Glitch Policy.

7.2 Stock exchanges may conduct periodic audits or assessments to ensure compliance with this policy.

7.3 This policy shall be subject to review and update by stock brokers based on regulatory changes, emerging risks, and industry best practices.

For NEON VINIMAY PVT. LTD.

  
DIRECTOR

