



# **KIFS FINANCIAL SERVICES LIMITED**

## **INFORMATION TECHNOLOGY POLICY**

## 1. SCOPE OF THE FRAMEWORK

Cyber-attacks and threats attempt to compromise the Confidentiality, Integrity and Availability (CIA) of the computer systems, networks and databases (Confidentiality refers to limiting access of systems and information to authorized users, Integrity is the assurance that the information is reliable and accurate, and Availability refers to guarantee of reliable access to the systems and information by authorized users). Cyber security framework includes measures, tools and processes that are intended to prevent cyber-attacks and improve cyber resilience. Cyber Resilience is an organization's ability to prepare and respond to a cyber-attack and to continue operation during, and recover from, a cyber-attack.

With the view to strengthen and improve Cyber Security and Cyber Resilience framework, the board of directors of the company shall review this policy documents and implementation thereof at least once annually.

## 2. DESIGNATED OFFICER

The company nominates Mr. Durgesh Soni, Company Secretary as Designated Officer of the company to assess, identify, and reduce security and Cyber Security risks, respond to incidents, establish appropriate standards and controls, and direct the establishment and implementation of processes and procedures as per the Cyber Security Policy.

## 3. CONSTITUTION OF TECHNOLOGY COMMITTEE

3.1 The company constitutes a technology committee ("the committee") with following members:

Sr. No.	Name of the Committee Members	Designation of the Members
1	Mr. Durgesh Soni	Designated Officer
2	Mr. Bhavik Shah	Member
3	Mr. Raju Ringwala	Member

3.2 Such committee shall on a half yearly basis review the implementation of the Cyber Security and Cyber Resilience policy. Such review shall include but not limited upto, reviewing of current IT and Cyber Security and Cyber Resilience capabilities, setting up of goals for a target level of Cyber Resilience, and establishing plans to improve and strengthen Cyber Security and Cyber Resilience. The review shall be placed before the Board of directors for taking appropriate action(s), if required.

3.3 The Designated officer and the technology committee of the company shall periodically review instances of cyber-attacks, if any, domestically and globally, and take steps to strengthen Cyber Security and cyber resilience framework.

## 4. IDENTIFICATION, ASSESSMENT AND MANAGEMENT OF CYBER SECURITY RISK

The company shall ensure the following steps in order to identify, assess, and manage Cyber Security risk associated with processes, information, networks and systems.

## **5. IDENTIFICATION OF CRITICAL IT ASSETS AND RISKS ASSOCIATED WITH SUCH ASSETS**

The committee and designated officer shall identify the critical assets based on their sensitivity and criticality for business operations, services and data management including various servers, data processing systems, and information technology (IT) related hardware and software etc.

The IT team shall maintain up-to-date inventory of its hardware and systems and the personnel to whom these have been issued, software and information assets (internal and external), details of its network resources, connections to its network and data flows.

### **PROTECTION OF ASSETS BY DEPLOYING SUITABLE CONTROLS, TOOLS AND MEASURES**

In order to protect the cyber safety, the company shall ensure the measures which include, however not limited upto:

- Access controls
- Physical Security
- Network Security Management
- Data security
- Hardening of Hardware and Software
- Application Security in Customer Facing Applications
- Certification of off-the-shelf products
- Patch management
- Disposal of data, systems and storage devices
- Vulnerability Assessment and Penetration Testing (VAPT)

The company shall take all such steps to protect assets of the company by deploying suitable controls, tools and measures in conformity with the provisions of SEBI circular SEBI/HO/MIRSD/CIR/PB/2018/147 dated December 3, 2018 and any amendment or substitution thereof. However, the committee and designated officer of the company shall additionally deploy such measures in this respect, as may be warranted from time to time.

### **DETECTION OF INCIDENTS, ANOMALIES AND ATTACKS THROUGH APPROPRIATE MONITORING TOOLS/PROCESSES**

Necessary steps as may be required to monitor and for early detection of unauthorised or malicious activities, unauthorised changes, unauthorised access and unauthorised copying or transmission of data / information held in contractual or fiduciary capacity, by internal and external parties shall be maintained, appreciated and taken care on.

The security logs of systems, applications and network devices exposed to the internet shall also be, from to time, monitored for anomalies, if any.

The company shall ensure high resilience, high availability and timely detection of attacks on systems and networks exposed to the internet, and implement suitable mechanisms to monitor capacity utilization of its critical systems and networks that are exposed to the internet.

### **RESPONDING BACK BY TAKING IMMEDIATE STEPS AFTER IDENTIFICATION OF THE INCIDENT, ANOMALY OR ATTACK**

The alerts generated from monitoring and detection of systems in order to determine activities that are to be performed to prevent expansion of such incident of cyber attack or breach, mitigate its effect and eradicate the incident.

In case of affection of systems by incidents of cyber-attacks or breaches, the company shall ensure timely restoration of the same in order to provide uninterrupted services. The committee and designated officer shall ensure to have the same Recovery Time Objective (RTO) and Recovery Point Objective (RPO) as per regulatory requirements.

With a view to providing quick responses to such cyber-attacks, the committee shall formulate a response plan defining responsibilities and actions to be performed by its employees and support / outsourced staff in the event of cyber-attacks or breach of Cyber Security mechanism. Such plan and any modification therein shall be circulated amongst all the employees and support / outsourced staff from time to time.

#### **RECOVERY FROM INCIDENT(S) THROUGH INCIDENT MANAGEMENT AND OTHER APPROPRIATE RECOVERY MECHANISMS**

The company shall take into account the outcomes of any incident of loss or destruction of data or systems and accordingly shall take precautionary measures to strengthen the security mechanism and improve recovery planning and processes.

Periodic checks to test the adequacy and effectiveness of the aforementioned response and recovery plan shall be done.

6. The technology committee in accordance with the provisions of the said circular and formed hereinafter this framework, shall ensure that this framework considers the principles prescribed by National Critical Information Infrastructure Protection Centre (NCIIPC) of National Technical Research Organization (NTRO), Government of India (titled 'Guidelines for Protection of National Critical Information Infrastructure') and subsequent revisions, if any, from time to time.

#### **7. COMMUNICATION OF UNUSUAL ACTIVITIES AND EVENTS**

IT team of the company under guidance of the committee shall monitor unusual activities and events and shall facilitate communication of the same to designated officer for necessary actions, as may be required.

#### **8. RESPONSIBILITIES OF EMPLOYEES, MEMBERS AND PARTICIPANTS**

In addition to the followings, the employees, members and participants shall be responsible for the duties and obligations as may be entrusted and communicated by the company / committee / designated officer from time to time.

To prevent the cyber attacks, the employees, members and participants shall assist the company to mitigate cyber attacks by adhering the followings:

- To attend the cyber safety and trainings programs as conducted by the company from time to time.
- To endure installation, usage and regular update of antivirus and antispyware software on computer used by them.
- Use a firewall for your Internet connection.
- Download and install software updates for your operating systems and applications as they become available.
- Make backup copies of important business data and information.
- Control physical access to your computers and network components.
- Keep your Wi-Fi network secured and hidden.
- To adhere limited employee access to data and information and limited authority to install software.

- Regularly change passwords.
- Do not use or attach unauthorised devices.
- Do not try to open restricted domains.
- Avoid saving your personal information on computer or any financial data on any unauthentic website.
- To get your computer regularly scanned with anti-virus software.
- Do not release sensitive data of the organization.

**The company shall spread awareness and shall ensure:**

- Basic security aspects such as physical/ logical access controls and well defined password policy;
- A well-defined user role;
- A Maker-checker concept to reduce the risk of error and misuse and to ensure reliability of data/information;
- Information Security and Cyber Security;
- Requirements as regards Mobile Financial Services, Social Media and Digital Signature Certificates
- System generated reports for Top Management summarising financial position including operating and non-operating revenues and expenses, cost benefit analysis of segments/verticals, cost of funds, etc.;
- Adequacy to file regulatory returns to RBI (COSMOS Returns);
- A BCP policy duly approved by the Board ensuring regular oversight of the Board by way of periodic reports (at least once every year);
- Arrangement for backup of data with periodic testing.

**The company shall further ensure that:**

- No person by virtue of rank or position shall have any intrinsic right to access confidential data, applications, system resources or facilities.
- Any access to the systems, applications, networks, databases, etc., shall be for a defined purpose and for a defined period. The company shall grant access to IT systems, applications, databases and networks on a need-to-use basis and based on the principle of least privilege. Such access shall be for the period when the access is required and should be authorized using strong authentication mechanisms.
- An access policy which addresses strong password controls for users' access to systems, applications, networks and databases shall be implemented.
- All critical systems accessible over the internet should have two-factor security (such as VPNs, Firewall controls etc.), as far as possible.
- The company shall ensure that records of user access to critical systems, wherever possible, are uniquely identified and logged for audit and review purposes and such logs would be maintained and stored in a secure location for a time period not less than two (2) years.
- The company shall be required to deploy controls and security measures to supervise staff with elevated system access entitlements (such as admin or privileged users) to company's critical systems. Such controls and measures shall inter-alia include restricting the number of privileged users, if any, periodic review of privileged users' activities, disallow privileged users from accessing systems logs in which their activities are being captured, strong controls over remote access by privileged users, etc.
- Employees and outsourced staff such as employees of vendors or service providers, who may be given authorized access to the critical systems, networks and other computer resources, shall be subject to stringent supervision, monitoring and access restrictions.

- An Internet access policy to monitor and regulate the use of internet and internet based services such as social media sites, cloud-based internet storage sites, etc. within the company's critical IT infrastructure shall be formulated.
- User Management shall address deactivation of access of privileges of users who are leaving the organization or whose access privileges have been withdrawn.
- Physical access to the critical systems shall be restricted to minimum and only to authorized officials. Physical access of outsourced staff / visitors shall be properly supervised by ensuring at the minimum that outsourced staff / visitors are accompanied at all times by authorized employees.
- Physical access to the critical systems shall be revoked immediately if the same is no longer required.
- The company will ensure that the perimeter of the critical equipments room, if any, shall be physically secured and monitored by employing physical, human and procedural controls such as the use of security guards, CCTVs, card access systems, mantraps, bollards, etc. where appropriate.
- The company shall establish baseline standards to facilitate consistent application of security configurations to operating systems, databases, network devices and enterprise mobile devices within their IT environment. The LAN and wireless networks shall be secured within the premises with proper access controls.
- For algorithmic trading facilities, adequate measures shall be taken to isolate and secure the perimeter and connectivity to the servers running algorithmic trading applications, if any.
- The company shall install network security devices, such as firewalls, proxy servers, intrusion detection and prevention systems (IDS) to protect their IT infrastructure which is exposed to the internet, from security exposures originating from internal and external sources.
- Adequate controls shall be deployed to address virus / malware / ransomware attacks. These controls may include host / network / application based IDS systems, customized kernels for Linux, anti-virus and anti-malware software etc.
- Critical data shall be identified and encrypted in motion and at rest by using strong encryption methods. Illustrative measures in this regard are given in Annexure A and B.
- The company shall implement measures to prevent unauthorized access or copying or transmission of data / information held in contractual or fiduciary capacity. It shall ensure that confidentiality of information is not compromised during the process of exchanging and transferring information with external parties.
- This security policy also covers use of devices such as mobile phones, faxes, photocopiers, scanners, etc., within their critical IT infrastructure, that can be used for capturing and transmission of sensitive data. For instance, defining access policies for personnel, and network connectivity for such devices etc.
- The company shall allow only authorized data storage devices within their IT infrastructure through appropriate validation processes.
- The company shall only deploy hardened hardware / software, including replacing default passwords with strong passwords and disabling or removing services identified as unnecessary for the functioning of the system.
- Open ports on networks and systems which are not in use or that can be potentially used for exploitation of data shall be blocked and measures taken to secure them.
- Application security for Customer facing applications offered over the Internet such as IBTs (Internet Based Trading applications), portals containing sensitive or private information and Back office applications (repository of financial and personal information offered by Brokers to Customers) are paramount as they carry significant attack surfaces by virtue of being available publicly over the Internet for mass use. Required measures for ensuring security in such applications shall be ensured.

- The company shall ensure that off the shelf products, if any, being used for core business functionality (such as Back office applications) should bear Indian Common criteria certification of Evaluation Assurance Level 4. The Common criteria certification in India is being provided by (STQC) Standardisation Testing and Quality Certification (Ministry of Electronics and Information Technology). Custom developed / in-house software and components need not obtain the certification, but have to undergo intensive regression testing, configuration testing etc. The scope of tests shall include business logic and security controls.
- The company establish and ensure that the patch management procedures include the identification, categorization and prioritization of patches and updates. An implementation timeframe for each category of patches should be established to apply them in a timely manner.
- The company shall perform rigorous testing of security patches and updates, where possible, before deployment into the production environment so as to ensure that the application of patches do not impact other systems.
- Suitable policy for disposal of storage media and systems shall be framed as may be required. The critical data / Information on such devices and systems shall be removed by using methods such as crypto shredding / degauss / Physical destruction as applicable.
- The company shall formulate a data-disposal and data-retention policy to identify the value and lifetime of various parcels of data.
- The company shall regularly conduct vulnerability assessment to detect security vulnerabilities in their IT environments exposed to the internet, as and when required.
- The company with systems publicly available over the internet shall also carry out penetration tests, at-least once a year, in order to conduct an in-depth evaluation of the security posture of the system through simulations of actual attacks on its systems and networks that are exposed to the internet.

In addition, the company shall perform vulnerability scanning and conduct penetration testing prior to the commissioning of a new system that is accessible over the internet.

- In case of vulnerabilities discovered in off-the-shelf products (used for core business) or applications provided by exchange empanelled vendors, the company shall report them to the vendors and the exchanges in a timely manner.
- Remedial actions, if required, shall be immediately taken to address gaps that are identified during vulnerability assessment and penetration testing.
- The company shall establish appropriate security monitoring systems and processes to facilitate continuous monitoring of security events / alerts and timely detection of unauthorised or malicious activities, unauthorised changes, unauthorised access and unauthorised copying or transmission of data / information held in contractual or fiduciary capacity, by internal and external parties. The security logs of systems, applications and network devices exposed to the internet shall also be monitored for anomalies, if any.
- Further, to ensure high resilience, high availability and timely detection of attacks on systems and networks exposed to the internet, the company shall implement suitable mechanisms to monitor capacity utilization of its critical systems and networks that are exposed to the internet, for example, controls such as firewalls to monitor bandwidth usage.
- Alerts, if any, generated from monitoring and detection systems shall be suitably investigated in order to determine activities that are to be performed to prevent expansion of such incident of cyber attack or breach, mitigate its effect and eradicate the incident.
- The response and recovery plan of the company shall have plans for the timely restoration of systems affected by incidents of cyber-attacks or breaches, for instance, offering alternate services or systems to Customers. The company shall have the same Recovery Time Objective (RTO) and Recovery Point Objective (RPO) as per regulatory requirements.
- Responsibilities and actions to be performed by company's employees and support / outsourced staff in the event of cyber-attacks or breach of Cyber Security mechanism shall be defined.

- Any incident of loss or destruction of data or systems shall be thoroughly analyzed and lessons learned from such incidents shall be incorporated to strengthen the security mechanism and improve recovery planning and processes.
- Suitable periodic checks to test the adequacy and effectiveness of the aforementioned response and recovery plan shall be done.

#### **9. SUBMISSION OF QUARTERLY REPORTS**

Quarterly reports containing information on cyber-attacks and threats experienced, if any, by the company and measures taken to mitigate vulnerabilities, threats and attacks including information on bugs / vulnerabilities / threats that may be useful will be intimated to designated officer, as per statutory requirements / guidelines.

#### **10. TRAINING AND EDUCATION**

The committee and designated officer shall conduct training and educational sessions for employees to make them aware on building Cyber Security and basic system hygiene awareness, to enhance knowledge of IT / Cyber Security Policy and standards among the employees incorporating up-to-date Cyber Security threat alerts, including to outsourced staff, vendors, if any, and shall take all such steps as may be deemed appropriate by them in this respect.

#### **11. SYSTEMS MANAGED BY VENDORS**

Whenever the systems (IBT, Back office and other Customer facing applications, IT infrastructure, etc.) of the company are managed by vendors and the company may not be able to implement some of the aforementioned guidelines directly, the company shall, from time to time, instruct the vendors to adhere to the applicable guidelines in the Cyber Security and Cyber Resilience policy and obtain the necessary self-certifications from them to ensure compliance with the policy guidelines.