

## **Internal Control Procedures**

### **1. Client Registration :**

- Every new client shall be interviewed by the designated Staff member who shall also verify the supporting documents with the originals and seeks such other information which necessary to satisfy the identity/ address and financial status of the client.
- Staff Member opening the account shall do the in person verification and verify the supporting documents with the Originals.
- Client shall be asked for financial background and in case of client want to work in Commodity,F&O & CD account shall not be opened unless client submits proof of financial details.
- Details of the client shall be searched in SEBI List of debarred Entities to confirm that client does not figure therein.
- After verification of all the particulars the account will be opened and UCC will be allotted to the client
- Duly executed client registration documents shall be provided to all the clients through courier except in the case where the client is available to take the hand delivery of the documents.
- Clients Data shall be punched in Back Office Software by the designated Employee and will be subsequently verified by Senior Staff member for the accuracy of the Same.
- UCC Data shall be uploaded to the Exchange and only on the receipt of Successful report the client shall be allowed to trade.
- Clients details shall be sent to KRA for Clients KRA Registration within 7 days from the opening of the Account.
- Client Registration Documents shall be kept in a centralized store with proper number and the documents can be retrieved as an when required

### **2. Clients Data Modification :**

- Any Request for modification in Clients Data (e.g. change in Address, Email, Contact No, Addition / Modification of Bank Details, Demat Account Details, Opting for additional Segment ) shall be entertained

- only when such request is submitted in writing / via registered email along with necessary supporting documents.
- Client shall be required to submit the copy of Pan Card along with all such requests.
  - A letter intimating change shall be sent to the client through courier / registered email.
  - In case of change in registered address / Email the Intimation must be sent to both old and new addresses.

### **3. Account Closure :**

- The client shall submit the Account closure request in writing.
- The Balance confirmation for Funds and Securities shall be required to process further such requests.
- The Account shall be closed and balance Funds and securities shall be transferred to designated client`s account.
- Account Closure Intimation and final statement of accounts for funds and securities shall be sent to client by registered post.

### **4. Inactive / Dormant Accounts and Reactivation thereof :**

- Any account that remains Inactive for more than 6 months shall be treated as Inactive / Dormant Account
- Trading Limits, if any, shall be suspended and client`s account shall be de-mapped from trading platform.
- Process shall be initiated to transfer the funds and / or securities, if any lying in the client account to client`s designated bank and / or demat account and an intimation to the effect shall be sent to concerned client.
- In case client wish to reactivate the said account the client shall be required to submit the request in writing along with the copy of Pan Card and latest Financial details to re start the trading.

## **5. Contract Notes, Daily Margin Report & Statement of Account for Funds & Securities**

- All the contract notes and daily margin statement shall be dispatched to client via digitally Signed emails within 24 hours of execution of trades.
- All the Contract notes and Daily Margin Statements, Periodic Statement of Account for Funds and Securities shall be sent periodically in electronically from Centralized Back Office Software and Dispatch logs shall be maintained for the same.
- A log shall be maintained for all the bounced mails. Reasons for bounced mail shall be analyzed and client shall be asked to rectify any problem, if any, related to his mail box. Further document bounced back shall be sent to client by post or through courier with proper record of dispatch.

## **6. Policy for Internal Shortage**

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:-

- a. The short delivering client is debited by an amount equivalent to the selling rate of the security. The securities delivered short are purchased/received from the market/client on T+3 day which is the Auction Day of the Exchange and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivery seller client along with reversal entry of provisionally amount debited earlier.
- b. If Securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+3 day or Auction day on Exchange +10%. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/credits shall be as per Exchange Debits and Credits.
- c. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure/record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest

traded price from first trading day of the settlement till the auction day.

#### **7. Registration / Surrender of APs/Sub Brokers**

- Prospective AP/Sub Broker will be required to fill the Application Form for becoming the AP/Sub Broker
- Sales Person will visit the AP/Sub Broker office to assess the adequacy of infrastructure, provisions of logistics and ascertain the business potential of the area
- Prospective AP/Sub Broker will be interviewed by the Directors / VPs
- All the documents related to AP/Sub Broker Registration will be executed and forwarded to Exchange(s) for Registration
- After Getting the Registration User Ids for trading terminals / online back office will be allotted to APs/ Sub Brokers,
- Glow Sign Board / Notice Board / Sebi Registration Certificate / Account Opening Forms and other stationery will be forwarded to AP / Sub Broker
- A Periodic Audit shall be conducted as per the norms of Exchange.

#### **8. Policy for checking of Unauthenticated news circulation through various modes of communication :**

In view of SEBI Circular Cir/ ISD/1/2011, dated March 23, 2011 and Cir/ISD/2/2011 dated March 24, 2011 on the subject 'Unauthenticated news circulated by SEBI registered market intermediaries through various modes of communication the company has decided to adopt following Internal checks :

- Company permits the usage of Internet in office premises for official purposes only.
- No websites other than the websites of Company, Exchanges, Banks, SEBI, NSDL/CDSL, Income Tax etc shall allowed to be accessed in office premises.
- Social Networking sites, chats, messengers SMS messaging shall not be allowed on office computers.
- Emails Accounts created on company domain shall be used for official purpose only.

- If any employees possess any price sensitive information about any stock same shall be brought to the notice of the compliance officer and in no case same shall be passed on to any client or acted upon by the employee to take exposure in his / his relatives accounts.
- As a policy company does not give any stock specific recommendation to any of the clients of the company and all employees are expected not to give any such recommendation whether gained in company or from outside.

#### **9. Policy for Prefunded Instruments :**

In terms of Sebi Circular No. : CIR/MIRSD/03/2011 dated June 2011 regarding the acceptance of Pre Funded Instruments (Demand Draft / Pay Orders / Bankers Cheque etc. ) the company has decided to accept Demand Draft / Pay Orders / Bankers Cheque etc. only if following documents are submitted by the client namely ;

- Written Request from the client
- Documentary Evidence in support of issuance of pre funded instrument from the bank account of the client which may include ;
  - Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
  - Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
  - Certified copy of the passbook/bank statement for the account debited to issue the instrument.
  - Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

#### **10. Policy for Client Code Modifications (Error Account Policy) :**

In view of SEBI circular ref. no. CIR/DNPD/6/2011 dated July 5, 2011 and the Exchange circular ref no. NSE/INVG/2011/18484 dated July 29, 2011 & NSE/INVG/2011/670 dated NSE/INVG/2011/670 regarding

modification of client codes the company has decided to accept the requests for genuine error modifications only. Following will constitute genuine errors with regard to client code modifications:

- Error due to communication and/or punching or typing such that the original client code/name and the modified client code/name are similar to each other.
- Modification within relatives ('Relative' for this purpose would mean "Relative" as defined under the Companies Act, 1956).

Concerned dealer / Client shall report the error trades to the RMS Department as soon as the error is discovered however same must be reported to RMS at least 10 minutes before deadline time for Trade Modifications and RMS shall carry out the trade modification request only to "Error Account" and liquidate the outstanding positions in "Error Account" Only. In no case the dealers shall carry out trade modifications themselves.

**11. Policy for prevention of Insider Trading :**

- As a Policy company does not allow its employees who are directly involved in clients dealing (namely RMS, Trade Punching etc ) to trade in the Market.
- Generally the Company does not encourage the trading by its employees directly or indirectly (in the accounts of relatives) however Employees can only undertake delivery based trades subject to the prior approval from Compliance Officer.
- All the employees are required to disclose the details of their trading account or the details of their relatives trading account to the compliance officer.
- Any employee who wish to trade must obtain prior approval form the Compliance Officer and such approval shall be applicable for delivery trades only. Such approval shall stand cancelled if employee trades on intra day basis or in FO/CD segments.

**12. Investor Grievance Redressal Mechanism :**

- The company maintains Investor Grievance Register to register all the complaints in head office as well as in branch offices.
- Any complaint received in branch office shall be first entered in Branch Investor Grievance Register and forwarded either on same day or the next working day to HO for further action.
- We have also designated an Investor Grievance Email ID for receiving online complaints through email.
- Any Complaint / Grievance, whether received by post, mail or in person shall be entered into the Investor Grievance Register.
- Compliance officer shall inquire into the matter by taking the feedbacks from the concerned clients and staff members and gather required information for the resolution of the same.
- On the basis of inputs & information gathered, the Compliance Officer shall address the issues and take suitable actions to resolve the complaint and a written reply shall be sent to the complainant within 7 days of receiving the complaint.
- In case the complaint is not resolved as aforesaid the matter shall be reported to the Management for further action.