

INTERNAL CONTROL AND RISK MANAGEMENT

POLICY

INTRODUCTION:

This is a policy document for guiding the operations of the organization. This Document is for internal use and not for circulation.

CLIENT REGISTRATION:

This is first stage of contact with the client. It is very important to take adequate details from the clients to maintain a record of the details of the clients.

1. Company registers client by obtaining the Client Registration Form which is foremost requirement of exchange. In this form the basic details of the clients are obtained i.e.
 - a. Name of client: Which is used to identify the client.

- b. Residential Address is taken with the address proof which are the document specified by exchange i.e. Ration Card, Pass Port, Voters ID or Driving License.
- c. Also taking photo identity proof of Pass Port, Voter Ids, Driving License Copy.
- d. Photograph of client in case of Individual.
- e. For Corporate client Board Resolution, Memorandum of association & article of association of company, Share holding pattern, Details of Authorised Persons and Directors.
- f. Pan card of all Clients.

All these document form part of KYC Norms, which is, will be taken from all the clients

- g. Bank Details of the client along with the proof of the same i.e. Xerox of the bank pass book Or Cancel Cheque with sign the bank so that company can keep track of the third party payment i.e. amount paid through other persons account.
- h. DP accounts details which is to giving & taking delivery of securities. Proof of the DP Account holder name will be taken. This is also for not third party delivery of the security i.e. security of client given to other persons or taking delivery of other persons.

CLIENT BROKER AGREEMENT:

Client broker agreement is executed at the time of client registration. It is as per the format prescribed by the exchange. This will cover all the responsibilities, Rights & Liabilities of client & member.

RISK DISCLOSURE DOCUMENT:

Trading in securities market involves risks of various nature. Clients need to be educated and informed about the risks involved and the company as a policy will issue the RDD to all its clients and obtain a signature on the copy.

BANK ACCOUNTS:

Client Bank Account will be used only for the purpose of receiving and paying funds from the clients. For the payments of expenses the business account will be used. Fund Transfers between all the bank accounts will be allowed as per requirements.

RECEIPT FROM & PAYMENTS TO THE CLIENTS:

The cheques from the clients will only be accepted from the accounts for which the client has submitted the proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients. Third party cheques will only be accepted from the parties related to the clients after taking due authorisation from both the client and the person making payment.

Payments for the payouts will only be made to the clients and not to any third party.

DEMAT ACCOUNTS:

The company will maintain client's securities in a designated account called the Client Beneficiary Account. The securities of the company will be kept in a separate demat account termed as Own Beneficiary Account. The clients and own securities will not be mixed with each other.

RECEIPT AND DELIVERY OF SHARES:

The shares from the clients will only be accepted from the accounts for which the client has submitted the demat proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients. Third party delivery will only be accepted from the parties related to the clients after taking due authorisation from both the client and the person making payment.

Delivery for the payouts will only be made to the clients and not to any third party.

CONTRACT NOTES:

Company will issue contract notes to its clients on the next working day from the day of trade takes place.

STATEMENT OF ACCOUNTS:

The statement of accounts will be sent to the clients on a quarterly basis within one month of the end of the relevant quarter, as it will help avoid discrepancies in future.

EXPOSURE TO THE CLIENTS:

The company will allow exposure to the clients keeping in mind the payment capacity of the client. As all the clients are known to the dealers the dealers will decide whether to allow the exposure and if allowed then to what extent.

MARGIN COLLECTION:

In case of Capital Market segment the margin will normally not be levied under normal circumstances but the company may collect the Margins depending on the Market Scenario and Client Profile.

In case of F&O the Company will collect the SPAN margin from the clients and if need be the company may collect additional margins for the safety depending on the Market Scenario and Client Profile.

DEPARTMENTS AND FUNCTIONS:

DEALING DESK OPERATIONS:

The dealers will execute the clients trades as per the instructions of the clients promptly on the trading terminal. Abundant caution shall be exercised by the dealer while entering the trades on behalf of the clients into the trading system. There shall be a Chinese Wall with regards to dealing operations. The staff of the dealing room shall not have access to the Back Office of the company.

BACK OFFICE OPERATIONS:

The Back office department shall carry out the functions of the settlement. The major responsibility will include:

- Client Master creation and Upload thereof to the Exchanges
- Downloading files from the Exchanges and Clearing Corporation
- Processing of Trades
- Reconciliation of Obligations
- Generation of Aging Analysis of Clients for Dr Balances
- Issuance of Contract Notes and other relevant documents on a daily basis
- Bank and demat entries and reconciliation thereof

The Back Office staff shall not be allowed in the dealing room except when the situation demands the entry in the dealing room for execution of their duties.

MID OFFICE AND COMPLIANCE DEPARTMENT:

It shall be the responsibility of this department to ensure that the functioning of the Company is in Compliance with regulatory requirements. It shall ensure timely action with regards to payment of statutory dues and filing of returns thereof. It shall also be responsible for ensuring the timely issuance of the documents like statement of Accounts for Funds and Securities to the Clients. All the stationeries indented for the company shall be screened by this department before placement of the order for printing.

IT DEPARTMENT:

This department shall cater to the IT needs of the Users of the Organization in all departments. They shall act as trouble shooters and shall be allowed to interact and use the systems of all the departments for executing their duties.

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