

PROCEDURE, POLICIES AND INTERNAL CONTROLS

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I CLIENT REGISTRATION

Generally we do not entertain walk in clients. However, in exceptions cross references are verified and additional income/asset statement is insisted to provide.

The company has maintained proper records of all the clients in the orderly manner and therefore easy to retrieve the client registration documents as and when required.

In RDD, we ensure the client go-through & acknowledge the risk disclosure document and would understand the basic risk involved in trading equities and derivative products.

A copy of duly executed client registration documents is sent by post along with a welcome letter.

Generally, clients are requested to come to head office/branch office along with original pan card & address proof to open their trading/depository account. In case where a difficulty/problem is explained and as a matter of exception our staff visits the client also. The employee/branch head/sub broker does the necessary in-person verification along with the checking of documents with original.

A letter is being sent periodically to active client's to effect any change in address /bank detail/depository detail along with a request to update financial status.

We insist for annual return/ bank statement/ depository holding statement for assessing financial capability of the client especially if a client is interested in doing trading in F&O segment.

Yes we have a policy of rechecking the entered data in order to minimise the typographical errors.

All the client's data is updated in back office after checking with the SEBI debarred entities. The data then uploaded to UCI interface of the exchange and success status is verified.

No, we do not out source client registration modalities.

If no securities transaction is undertaken for consecutive six months, such account will be classified as temporarily inactive. An Account can be reactivated on receipt of a declaration that no change has taken place in the information provided in KYC form or alternatively inform the change in KYC form, along with a copy of latest financial statements.

II ORDER RECEIPT AND EXECUTION

Unique clients codes are verified from the clients. If operator is still not satisfied, the PAN no from the client is verified from the database. Client's codes and PAN nos are mapped to each terminal. There is quantity and value limits are also setup to avoid punching errors

Yes, we are having telephone recording system for receipt of orders. We are maintaining record for last six months.

We never use any discretionary powers to execute clients order.

Yes, we have a Trade Confirmation mechanism under which necessary feedback/Confirmation is provided through SMS where scrip wise information is provided on average rate basis to all clients whose trades have been executed. Additionally, at the end of day telephonic confirmation is also provided to the clients. Moreover, we provide an online facility, under which, the clients can view their executed trade along with other details.

III SENDING CONTRACT NOTES, MARGIN STATEMENT, QUARTERLY STATEMENT OF ACCOUNTS TO CLIENTS

No, we have not outsourced sending contract notes to clients.

Digital Contract Notes are being mailed to clients where email ids are provided. A dispatch log and bounced mail log is maintained. Physical contract notes are dispatched where email ids are not provided or the mails are bounced.

Generally, the contract notes are sent on the trading day itself or within the stipulated time.

We have maintained the logbook of all the emails, which is generated by the system.

Physical contract notes are dispatched where email ids are not provided or the mails are bounced. A dispatch register in case of physical delivery of documents and a dispatch log in case of digital documents are maintained.

IV RISK MANAGEMENT

The limit of the clients/terminals/branches is fixed which are subject to initial margin deposited and the free funds and securities available in the respective accounts. The limit is allowed on a multiplier basis to the available capital or actual VAR margin basis or a specified margin depending on the market condition. The said limit parameter is a dynamic process.

Every day a Payment Control report is generated. On that basis we take necessary follow-ups with the clients who have debit balances. If the debit balance persists for long and the collaterals are not enough to cover the debit balance, corrective measures are taken including escalation and disablement.

We have a system to dispatch physical / electronic quarterly statement of accounts to all our clients.

Cheques/Funds are received from the respective accounts of the client only. No third party cheques are to accept. In no case cash is accepted from the clients.

Payout is by only account payee cheque issued in the name of client or by EFT to the client's bank account on the Pay out day or on demand in case where running account is being maintained at the request of client.

Even after regular reminders, if client fails to make payment of the margin/pay in obligation, we square up his positions or liquidate the securities lying with us.

V LIQUIDATION OF CLIENT POSITION

We inform our clients and also obtain a written consent about squaring up position in case of default at the time of execution of client's agreement.

Even after regular reminders, if client fails to make the payment of the margin or pay-in, then we would squared off client position and before taking such action in this direction, we telephonically explain all the details to the client about our proposed action in this regard.

Principally, company follow the practice of giving reasonable opportunity of being heard and give a verbal show cause notice to such type of clients, thereafter, if company thinks it is just and reasonable to square off their position, then action will be taken in that direction. However, in exceptional cases, like in case of those clients with whom company think it has long term bonding with them and they will make the payment in due course of time, in those circumstances, company extend the time for carrying their position.

We have a practice to send daily margin statement, additionally a status of margin is also informed through SMS. For those clients who have insufficient margin against

their open position in derivative segment; such clients are informed telephonically for compensating their margin shortage.

VI TRANSFER OF TRADES

Due to efficient full proof Internal Control System is in place, such type of activities are duly monitored by the authorized persons which restrained the occurrence of any such incident.

Sometimes there is human error by the dealer in punching the right code of the client, which results in transferring of trade as per the defined policy.

We emphasize our dealers to actively participate in the mock trading sessions organized by the Exchange from time to time in order to reduce such instances.

VII INVESTOR REDRESSAL MECHANISM

The register of complaint is centrally maintained.

At the time of opening of account, we inform our clients about the email where they can send their grievances and the email id is provided at our account opening form, welcome letter as well as on our website.

Complaints received, if any, by way of letter, telephonic call, personal representation, email, etc are recorded in the Register of Complaints.

Compliance Officer monitors all investor complaints and their redressal.

There are no complaints to come to any conclusion for analysis.

We have maintained a system, under which, we instruct all our Branch Managers and Authorized persons to send an email for the payment received from clients with necessary details like amount, client code, etc. along with a scanned copy of the instrument to our HO where cheques are directly deposited by our branches / subbrokers itself.

VIII OPENING & CLOSING OF BRANCHES /AUTHORISED PERSON

At the time of entering into agreement with the Branch and sub-broker, we obtain necessary undertaking and declaration in the relevant annexure from them with regard to the usage of terminals at their locations. Further, we regularly make a comparative statement for all the Branches with regard to their viability i.e. whether it will be beneficial to run those branches or not

IX ALLOTMENT/SURRENDER OF TRADING TERMINALS, OPENING & CLOSING OF BRANCHES

The limit of the clients are fixed subject to Initial Margin deposited or the funds given by the client, Branch or Sub-broker, as the case may be/.

In case of surrender of terminal, we provide facility to the clients for carrying out trade at other terminal by mapping the same at the earliest.

X PMLA

The policy for PMLA is reviewed by the directors on a periodic basis and, as and when new circular is issued by the regulator's/exchange in this regard.

In addition to In-person verification process, documents for KYC compliance such as PAN, Identity proof and address proof is also collected for ascertaining no account is opened in fictitious/benami account.

The relevant extract relating to documentation requirement is reproduced. “

7.2.2. Documents to be obtained as part of customer identification procedure for new clients:

a. In case of individuals, one copy of the following documents have to be obtained :

- As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. [Please put “verified with original” stamp as proof of verification]
- Other proofs for identity are Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card or any other document prescribed by the regulatory authorities.
- Address proof in the form of Voter's Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.

b. In case of corporates, one certified copy of the following documents must be obtained:

- Copy of the Registration/Incorporation Certificate
- Copy of the Memorandum & Articles of the Association
- Copy of the PAN card and the Director Index No. (DIN)
- Copy of the latest audited Annual Statements of the corporate client
- Latest Net worth Certificate
- Latest Income Tax return filed.
- Board Resolution for appointment of the Authorized Person who will operate the account.
- Proof of address and identity of Authorized Person

c. In case of partnership firm one certified copy of the following must be obtained:

- Registration certificate
- Partnership Deed
- PAN card of partners
- Authorization letter for the person authorized to open and operate the account
- Proof of identity and address of the authorized person.

- Annual statement/returns of the partnership firm

d. In case of a Trust, one certified copy of the following must be obtained:

- Registration certificate
- Trust Deed
- PAN card
- Authorization letter for the entity authorized to act on their behalf
- Officially valid documents like PAN card, voters ID, passport, etc of person(s) authorized to transact on behalf of the Trust.

e. In case of unincorporated association or a body of individuals, one certified copy of the following must be obtained:

- Resolution of the managing body of such association or body of individuals
- PoA in favour of person authorized to transact
- Officially valid documents like PAN card, voters ID, passport, etc of the person(s) authorized to transact
- Any document required by MLBCPL to establish the legal existence of such an association or body of individuals.

f. In case of an NRI account - Repatriable/non - repatriable, the following documents are required:

- Copy of the PIS permission issued by the bank
- Copy of the passport
- Copy of PAN card
- Proof of overseas address and Indian address
- Copy of the bank statement
- Copy of the demat statement
- If the account is handled through a mandate holder, copy of the valid PoA/mandate

All the accounts are checked from SEBI debarred entities database before opening and generally accounts are opened of a known person or by an introduction from a known person.

We have a system of risk profiling of clients on the basis of client category, type, income range, historical payment background, transaction pattern and other dynamic factors.

At the fortnightly intervals, we have a system in place of generating alerts directly from the system itself. All transaction related to money received and paid to clients / any delivery transaction of shares of more than 10 lacs are scrutinized as a alert.

These alerts are scrutinized by the Principal Officer whereby the motive of the transaction is analysed in respect to the value of transaction visavis to the client's credentials.

These alerts if found to be suspicious are reported to FIU by the Principal Officer.

Policy relating to PMLA is been discussed with the staff members in the office meetings and separate training sessions are also conducted where clarity is required by the staff.

XI BRANCH/ AUTHORISED PERSONS, INSPECTIONS

Yes, we undertake inspection of our branches/sub-broker offices at regular interval covering all the areas mentioned in the circular.

We have maintained the relevant books of accounts, records and documents for all the segments in order to fulfill the Internal Audit requirement.

The Internal Audit Report is placed before the Board of Directors to discuss the irregularities/recommendations/suggestions, if any, raised by the Internal Auditor.

The Board of Directors take necessary steps in order to implement the recommendations and suggestions raised by the Internal Auditor..