

WRITE-UP FOR INTERNAL CONTROLS

Internal Controls: Internal controls are in place at all levels in the organization. The activity wise details are as under:

A. Registration of clients:

We have a separate department for client registration which maintains client registration kit and other documents related to clients. In our registration kit separate documents of checklist has been prescribed for

1. Individuals
2. Partnership firm
3. Proprietorship firm
4. HUF
5. Corporate

Based on the above checklist, we send our executive to verify the client's status. A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is allowed to the clients only after successful upload of "Unique Client Code".

As a policy we don't entertain walk- in clients.

To assess financial position for an individual, we specifically check the bank statement and in case of company or others we do collect Balance Sheet.

We have made a proper filing system to maintain client's documentations in a systematic manner. We are also update clients financial details on regular intervals.

Client registration kit contains Risk Disclosure Document; declarations for pro trading, margin collection procedure etc.

Receiving, validating and entering orders of the clients in the trading platform: orders are received on the phone. The orders are placed in the trading platform and confirmed immediately on the phone itself. Some preferred clients are also informed as and when their order gets executed.

B. Closure of Client accounts/Dormant accounts:

We haven't closed any clients account so far. In case if the any entity failed to provide PAN, bank details, DP Details etc we don't open that account. We close account on written request of clients. Further we reserve right to close any account if clients failed to follow any policies for exchange / SEBI etc.

The account of a client who do not trade and remain inactive for six consecutive Calendar month reckoned from the end of the calendar month in which the client has traded shall be declared “inactive account” and will become inactive.

The members reserves the right to ask for any documents in support of current address, bank account, demat account, financial status, etc before reactivating such inactive accounts.

C.Order Receipt and Execution:

We maintain order confirmation, modification and cancellation in soft form and can be printed as and when required i.e. orders log file which is given by exchange end of the trade date. We have clients who place their orders over the telephone and expected immediate reply; hence it is not practical to maintain the order book before placing the orders. Orders received from clients through telephone are punched into the system immediately and many times orders get matched and converted into a trade which is also confirmed over the telephone to the client who is kept waiting for confirmation of the trade. The order is immediately confirmed to the client as and when executed over the telephone or if possibly in person.

D. Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts to clients,

We send Contract Notes, Daily Margin statement and quarterly statement to our clients through hand delivery or courier. We deliver the contract note within 24 hours from trade executed by the client with daily margin statement. We maintain the duplicate copy of contract note and the daily margin statement. We also verify with our client randomly about the contract note had been delivered or not.

E. Risk Management

Collection of pay in, limits setting for exposures and turnover for clients, terminals level:

We had a practice to inform the client and keep him informed about his pay-in obligation as per schedule notified by the Exchange from time to time.

As per circular reference no. NSE/INSP/10367 dated 28th february 2008, in Future and Option Segment, we collect the necessary initial margin, withholding margins, special margins and other margins as considered necessary from all our constituents and also report them on a daily basis of the details in respect of such margin due and collected.

At the time of entering into agreement with the clients, we make them agrees to abide by the exposure limits set by us from time to time subject to the availability of funds in their accounts.

Collection and Maintenance of Margins: we adhere to strict compliance in maintenance and collection of margins. Our RMS department keeps track of margin requirement of every client on continuous basis. Everyday the margin requirement as per MG13 and MG02 is matched with margin available in cash as well as collateral received from clients and in case of shortfall duly collected from the respective clients in time and reported accordingly.

Monitoring of branches/Sub-brokers/DP operations etc: Branches and sub brokers are kept under continuous surveillance through our RMS and Coordination Department. Regular branch visits and internal reviews are carried out to ensure smooth functioning and proper management of the branches. As regards operations at branch level, all the back office related activities have been centralized at the corporate office of the company. The operations at the branch level are restricted to trading and collection of payments only. All other activities are controlled from corporate office only.

Monitoring of debit balances: everyday we generate a Payment Control Report (PCR) from our back office package and on that basis we took necessary follow ups with the clients and branches that have debit balances as on date. Follow-ups on phone, personal visits, family accounts (if any), etc.

We don't allow any further trading to those clients who are having outstanding debit balances for long.

F. Liquidation of client position

Even after regular reminders, if client will fail to make the payment of the margin or pay-in, then we will squared off his/her 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. Though, such instances have never been occurred till date.

We had opted practice to send daily margin statement through hard copy and for those clients who gave insufficient margin against their open position in F&O segment; such clients will be informed telephonically for compensating their margin.

G. Policy for internal shortages

If there are shortages due to internal netting of clients' positions, the position of both the clients would be squared off by taking exchange auction price for those participant securities for that particular settlement, and if the same is not available, then previous day closing price considered for the settlement.

H. Transfers of trades

Due to efficient fool 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 due to human error wrong client codes may be punched in trading system. We have a well documented client code modification policy which is line with the exchange / SEBI rules & Regulation.

We educate our dealers in the mock trading sessions organized by the Exchange to time to time in order to reduce such instances.

I. Investor Redressal Mechanism

- the register complaints is maintained centrally.
- At the time of opening of account, we informed to our clients about the email where they can send their grievances and the email id is provided at our account opening form.
- we maintained an Investor complaint register in the prescribed format as per the requirement of the exchange.
- Complaints received, if any, by way of letter, telephonic call, personal representation, e-mail, etc are recorded in the Register of Complaints.
- Compliance Officer take care all complaints.
- We have maintained a system, under which, we instruct our executive to update clients position over phone regarding the payment made/received to/from clients with necessary details like amount, client code, etc.

J. Allotment, Surrender of trading terminals:

Before any allotment or surrender of any trading terminal, details are updated on exchange platform through Member Portal.

K. Opening and Closing of branches/sub-brokers offices;

Procedure for the opening any new branch for our company:

- our executive visits the proposed branch and verifies the formal norms of the company.
- after getting the satisfactory report, our management approves for opening the new branch office.
- after the approval for the new branch our management appoints the branch manager for the same location accordingly.

We have not closed any branch offices so far.

Below is the check list for Opening of new branch:

- branch location and business prospects and infrastructure
- communication from Head Office to clients
- client database in such location
- standard of living in such location
- interest of people in share trading in such location as per survey

No business done with sub-broker till now

L. Branch/Sub-Broker,Audit:

We have covered inspection of some of our branches during the every 2nd or 3rd month of financial year, the inspection covered regarding the location of the trading terminal, approved users of the branches etc.

All the pay-in and pay-out of funds and securities are maintained from HO

All the Statement of Accounts sent directly from HO

All the cheques payments and receipts are done from HO to branch accordingly

Contract notes are issued from the main office

All the uploading the CTCL terminals and shifting of NEAT terminals are done from HO directly.

Notice board & SEBI registration certificate has been properly displayed.

M.PMLA

All the important provisions of PMLA Act are included and implemented

We have separate PMLA Policy which is available on our website.