

INTERNAL CONTROL POLICIES WITH RESPECT TO VARIOUS AREAS:

1. Registration of Clients:

- Persons are added as clients only after they have had a meeting with the senior manager / director of the company.
- The Application forms for opening an account are issued only when the management is satisfied with the clients financial capacity to trade in stock market and after the prospective client provides the valid reference & introducer for his account.
- Know your client form is duly complying with the mandatory requirements specified by the SEBI & Exchange are processed further along with pre-franked Agreement / Stamp paper of requisite amount, Supporting documents, proof of bank account, DP account, etc.
- The compliance officer of the company verifies all the applications received.
- The company has the policy of approval of all application forms by the Managing Director \ Senior Officer of the company before allowing trading to applicant.
- Company has also advised its sub-brokers to make proper diligence about the client before introducing him to the organization and the final authority to approve sub-brokers client also vests with the Director / Compliance Officer of the company.

2. Receiving, validating & entering the orders of clients in trading platform:

- The Organization setup is small and all the client are personally known to management/sub broker, their financial position is known and the dealer is aware of the risk appetite of the each and every client which helps in better control.
- The company has restricted the access to the dealing office only to the authorized persons who are dealers and sub brokers of the company. The company has put an electronic access control system.
- The approved clients are informed of the dealers / sub-broker who would be responsible for receiving, validating and entering the orders on behalf of them.
- The orders are received over phone, through sub-brokers, personal instructions when they are in the office.
- To give better & personal service to the clients they are divided group wise among the dealers so that particular dealer can serve a particular group of clients which helps dealer to understand client investment strategy in a better way & serve them accordingly. The concerned dealers have access of back office system in which the clients balance positions are updated daily and on the basis of the same the exposure is determined by the dealer. In cases exceeding the normal trading pattern, the dealer contacts the front office head to decide on the trade. In case of sub-broker having TWS at their office, an overall exposure is fixed on the

TWS, thus restricting over trading. The orders are entered instantly as given by the client without any delay.

- On execution of valid order into trade, dealers confirm the trade with the client so as to avoid any future dispute.
- At the end of the trading hours, the dealer informs the clients about the execution of the orders placed by the clients.
- After market hours, back office team informs the client about their executed trades for the day and also about their obligation towards Pay-in & Pay-out of funds & securities for the particular day.

3. Collection & release of payments to client:

- Some of the clients have given consent to the company to maintain running accounts on their behalf to avoid trouble of receiving / paying funds on daily basis. As decided by Risk Management Officer in case of some clients no trades are done until the funds are received in advance.
- The company collects and releases funds through banking channels i.e. Account Payee Cheques & Demand Drafts only.
- The account team keeps proper co-ordination with DP team regarding Pay-in of securities by clients and then releases the Pay-out cheques to the client. In case of shortage the amount is released as per the decision of managing director to give part money or not.
- Company releases payments of the clients either by hand delivery to the authorized persons intimated by the clients or by courier to the client's correspondence address as informed by the clients. In some cases cheques are directly deposited into client's account.
- The collections of funds from clients are also transacted in above manner, cheques are sometimes directly deposited by the clients.

4. Collection & delivery of securities to client:

- The company has received authority from clients to maintain running accounts on their behalf to avoid trouble of receiving / paying securities on daily basis. As decided by RMO in case of some clients no trades are done until the securities are received in advance. Proper record for securities held of clients is maintained.
- The company receives the deliveries of securities from the clients in the pool accounts intimated to the clients.
- For delivery of securities company has activated auto payout facility in clients demat account, for which daily report is been sent to the Clearing House.
- The company also reconciles its pool, principle, CISA and client beneficiary account on a daily basis.

- The company has subscribed for Speed-e facility to monitor online the activities of pool and other accounts.

5. Monitoring of Sub broker & DP operations:

- A person is considered for sub broker only after assessing the financial position, business capacity, experience, past operations etc. A sub broker is personally interviewed by managing director and only if found proper, further action for making a sub broker by SEBI / Exchange application is considered.
- Sub brokers usually operate from the registered office of the company and there all activities are under the observations of the organization. The records of sub brokers are periodically verified by company officials to verify that all statutory and other dues are being paid on timely basis by the sub brokers.
- In case of sub broker operating from the premise other than registered office of the company for which company officials takes surprise visits of such locations periodically to assure their activities are in compliance with the regulations.
- The organization has proper demarcation of work and responsibility within the organization. The company has the dedicated personnel for DP operations who are responsible for the all activities of the department thus person in charge of trading is not allowed access to DP operations of the company. They intimate the client for their payin obligations on a daily basis at the same time they confirm the payouts to the clients on a daily basis. They also reconcile all their records on daily as well as weekly basis.

6. Operations & Compliance requirements:

- The role of Compliance officer is to monitor the operations and compliance requirements of the organization.
- The company has the system of getting its accounts monthly audited and to see all compliances are been done on a timely basis.
- The company has also implemented compliance calendar to keep proper control over the operations and compliances.

7. Payment of Dividend:

- The company receives dividend on the client shares directly in the client bank account.
- The company pays all the dividends received on behalf of clients with in 30 days of receiving the same. The client dividend account is nullified every month to see that client dividend is credited to respective client account.

8. Continuity planning / Alternet plan in case of disaster etc.:

- For Front office operations the company has provided with the power backup to all dealing terminals so as to compensate for power supply interruption. The front office has connectivity to exchange via two leased lines.
- For Back office operations company takes daily backup into hard disk of server & tape drives. Apart from internal backup company also takes weekly external backup on tape drives and keeps copy of it in a remote place / lock for safety custody.
- The backups are regularly tested to see their usability in case of any disaster.

9. We follow the following procedure for news circulation through different modes of communication:

- The organization has a policy of reporting any news to the compliance officer directly.
- Any unauthenticated news shall not be communicated to the clients by any of the dealers/employees without the approval/vetting by the compliance officer.
- There shall not be any access to any chats/blogs/forums for any of the employees on their terminals.
- Any mails received, personal or official, on any market related news, should be forwarded only after the same has been approved by the Compliance Officer.
- The employee/dealer shall be solely responsible for any act of negligence/miscommunication on this behalf & proper action shall be initiated by the Compliance Officer & reported to the Director for any violation thereof.