**Policy on Dealing with Conflicts of Interest in the Securities Market**

*(Reference: SEBI Circular no. CIR/MIRSD/5/2013 dated August 27, 2013)*

**Scope:** The scope of this policy shall be in addition to the Guidelines prescribed for Insider trading and Client Risk Profiling.

**Definition:** A “conflict of interest” exists when a person’s private interest interferes in any way with the interests of the Company. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make it difficult to perform Company work objectively and effectively. Conflicts of interest also may arise when

1. an employee, officer or Director, or family member, receives personal benefits from third parties as a result of his or her position in the Company. For example, loans or guarantees of obligations of loans to employees and their family members may create conflicts of interest.
2. It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. Y

**Guidelines:**

Conflicts of interest are prohibited as a matter of Company policy and as a part of the guidelines set herein below, each employee, officer & Director of the Company shall

* At all times maintain high standards of integrity in the conduct of their business
* Ensure fair treatment of the clients and not discriminate amongst them
* Ensure that their personal interest does not, at any time conflict with their duty to the clients and client’s interest always takes primacy in their advice, investment decisions and transactions;
* Make appropriate disclosure to the clients of possible source or potential areas of conflict of interest which would impair their ability to render fair, objective and unbiased services
* Any information likely to have any conflict of interest from one department/ unit to another, etc shall be only through the Director
* Not deal in securities while in possession of material non published information
* Not to communicate the material non published information while dealing in securities on behalf of others;
* Not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities
* Not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest;
* Not allowed to work for a competitor as a consultant or board member.
* Any employee who wishes to perform consulting services of any kind must inform and obtain prior approval from the Directors. In no event may an employee perform consulting services for a competitor. Additionally, outside consulting is viewed as a conflict of interest for salaried employees who are expected to devote their professional efforts solely to the Company. The best policy is to avoid any direct or indirect business connection with our customers, suppliers or competitors, except on our behalf.
* Acceptance of gifts in a business relationship can also result in a conflict of interest. No gift or entertainment should ever be accepted by any Company employee, directly or indirectly through a family member or agent unless it: (1) is not a cash gift, (2) is consistent with customary business practices, (3) is not excessive in value, (4) cannot be construed as a bribe or payoff and (5) does not violate any laws or regulations. Please discuss with your supervisor any gifts or proposed gifts that you are not certain are appropriate. Any gift given or received that is valued in excess of Rs.1000 must be reported to the Compliance Officer.

Conflicts of interest may not always be clear-cut, so if you have a question, you should consult with higher levels of management. Any employee, officer or Director who becomes aware of a conflict or potential conflict should bring it to the attention of the Compliance Officer or the Director.

For **SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

**Place: Mumbai**

**Date: September 30, 2018**

**POLICY ON IDENTIFICATION OF BENEFICIAL OWNERSHIP**

*(Reference: SEBI Circular no. CIR/MIRSD/2/2013 dated January 24, 2013)*

**Definition:**

1. The beneficial owner has been defined in the circular as the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.
2. SPS Share Brokers Pvt. Ltd. shall be hereinafter referred to as “SPS”, which shall include all the employees, Directors, dealers and staff of the Company.

**Scope:** The scope of this policy shall be in addition to the Guidelines prescribed for PMLA.

**Methodology for Identification of Beneficial Ownership:**

**A. For clients other than individuals or trusts:**

1. Where the client is a person *other than an individual or trust*, viz., company, partnership or unincorporated association/body of individuals, SPS shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;

ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or

iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

b. In cases where there exists doubt under clause 4 (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

**B. For client which is a trust:**

2. Where the client is a *trust*, SPS shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

**C. Exemption in case of listed companies:**

1. Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

**D. Applicability for foreign investors:**

1. In case of foreign investors’ viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, refer SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

For **SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

**Place: Mumbai**

**Date: September 30, 2018**

**INSIDER TRADING WRITE UP**

The Company has adopted the Insider Trading Policy which prohibits trading based on material, nonpublic, price sensitive information regarding the trades of the listed companies. The Policy covers officers, directors and all other employees of the Company, as well as family members of such persons, and others, in each case where such persons have or may have access to Inside Information. The Policy (and/or a summary thereof) is to be delivered to all new employees upon the commencement of their relationships with the Company.

This Policy applies to all transactions in securities, including shares and derivatives, and any other securities which may be issued from time to time. It applies to all officers of the Company, all members of the Company's Board of Directors, and all employees of the Company and its group, who receive or have access to Material Nonpublic Information regarding such securities. This Policy also applies to any person who receives Material Nonpublic Information from any Insider.   
Any person who possesses Material Nonpublic Information regarding such securities is an Insider for so long as the information is not publicly known. Any employee can be an Insider from time to time, and would at those times be subject to this Policy.

No director, officer or employee of the Company, and no member of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of securities, including any offer to purchase or offer to sell, during any period that he or she possesses Material Non-public Information concerning the Company issuing such securities, till the date of public disclosure of that information, or at such time as such nonpublic information is no longer material.   
  
No Insider shall disclose Material Nonpublic Information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the securities of such companies.   
  
In the event any officer, director or employee of the Company receives any inquiry from outside the Company, such as a stock analyst, for information (particularly financial results and/or projections of the companies traded on the stock exchanges) that may be Material Nonpublic Information, the inquiry should be referred to the Director, who is responsible for such operations.

Insiders may be liable for improper transactions by any person to whom they have disclosed Material Nonpublic Information regarding the Companies listed on the stock exchanges or to whom they have made recommendations or expressed opinions on the basis of such information as to trading in such securities.

Employees of the Company who violate this Policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's plans or termination of employment.

The Company has determined that all employees of the Company and certain other persons identified by the Company from time to time and who have been notified that they have been so identified must refrain from trading in such securities, without the approval of the Director. Each such person should contact the Director prior to commencing any trade in such securities.

Every employee has the individual responsibility to comply with this Policy against insider trading. An Insider may, from time to time, have to forego a proposed transaction in the securities even if he or she planned to make the transaction before learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

**SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

**Place: Mumbai**

**Date: September 30, 2018**

**INTERNAL CONTROL PROCEDURES WITH RESPECT TO VARIOUS AREAS:**

1. **PROFILE:**

SPS Share Brokers Pvt. Ltd. was founded in 1945, originally as a proprietary concern in equity broking registered with Bombay Stock Exchange Ltd. under the trade name of Shri Pramod P. Shah, who is a dominant share holder of the company. The membership of Bombay Stock Exchange Ltd. got converted into a Corporate Entity in late 90’s. Since then SPS is a corporate member of Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.

Since its inception SPS has sought to provide premium broking services & information which has helped us to add not only retail investors but also Institutional Investors, Corporate & High Net worth Individuals. Powered by the presence in national distribution capabilities, more than 3500 investors are served through 89 branches & franchisees across the country.

1. **We follow the following Procedure for Client Registration, Documents maintenance**

* Persons are added as clients only after they have had a meeting with the director / sub-broker / employee 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 for his account.
* Know your client form 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, etc are collected from all the clients.
* The company has the policy of approval of all application forms by the Director / Senior Officer of the company before allowing trading to applicant
* The details are entered in the back office software by the maker of the document. Further a senior person acts like a checker to see that the details have been properly entered in the back office software to avoid any issue in future.
* Walk clients are not entertained and only clients through reference are enrolled.
* The clients only through reference are entertained. The financial capability of the client is assessed on the basis of the balance sheet, profit and loss, income tax return, wealth details, etc which shows the financial position. 2 years balance sheet is taken from corporate clients. The individual clients are not comfortable providing the financial document, and hence a declaration is considered on the basis of the comfort of the organisation vis a vis the client.
* The client registration modalities are carried out in-house and not outsourced.
* The documents are stored at the office and filed properly for easy retrival whenever required.
* With reference to updation of clients financial information, the client are requested in the register of funds statement sent on quarterly basis to provide the details. Client have also been sent draft letter for providing the feedback. The client information has been received from some of the clients.

1. **We follow the following Procedure for Sales Practices followed by us**
2. The company does not have any separate sales / marketing department. The company is very particular about the client being registered and hence clients coming through reference or financial standing are only registered.
3. The company does not have any marketing division and has not launched any promotional schemes for registration / enrollment of clients.
4. The clients are appraised about the risk disclosure document and make them aware of the contents regarding the risk associated with the securities market.
5. The company does not offer any freebies to the clients. All the services provided are charged as per the agreed terms.
6. **We follow the following Procedure for Closure of Client accounts/ Dormant accounts**
7. As a company policy, clients account once opened are not closed closed, although the client may not trade at all over a long period of time. If client gives Closer Letter it is closed.
8. With reference to accounts which have been not traded for more than twelve months, wish to trade at any future date then, the time they want input an order, an enquiry is made about their non trading in the share market. Only on receipt of a satisfactory reply, then further actions for execution of transaction are carried out.
9. The organization does not allow trading by members in the old code in case their accounts are transferred from one branch / sub-broker to another branch / sub-broker. In such a case, the old account is blocked and the client is registered under a new account code for further transactions.
10. In case of clients who have not traded for more than two years, the time they call up execution of any trade then enquiry is made about their non activeness in the share market. Additionally, their updated financial information is also enquired & called for. Only after they have given the updated financials and after the directors feel comfortable for their trading, only then further actions for execution of transaction are carried out.
11. **We follow the following Procedure for Order Receipt and Execution**
12. 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 client which helps in better control.
13. The company has restricted the access to the dealing office only to the authorized persons who are dealers and sub brokers of the company.
14. 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.
15. The orders are received over phone, through sub-brokers, personal instructions when they are in the office. The organisation does not have a telephone recording system as the orders are duly confirmed at the time of entry itself when the orders are inputted in the system.
16. 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. The orders are entered instantly as given by the client without any delay. The orders are inputted as informed by the clients and no discretionary power is used if the order meets the requirement of margin and other risk management parameters.
17. The orders are received from the clients only or through an authorised person as may be informed to the organisation.
18. Specified set Limits are set for each and every user / dealer for the orders in the Exchanges. Security-wise limit may set as per the Company’s RMS policy in this regards.
19. On execution of valid order into exchange system, dealers confirm the trade with the client so as to avoid any future dispute.
20. At the end of the trading hours, the dealer informs the clients about the execution of the orders placed by the clients.
21. 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.
22. **We follow the following Procedure for Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts to clients,**
23. The organisation sends contract notes and daily margin statements within 24 hours of execution of the trade (ie. Within 1 day) by digitally signed emails to the email id of all the clients, including branch clients, who have an email id. Clients who don’t have an email id are send the contract note and daily margin statements by courier or are hand delivered. In addition, physical contract notes are also dispatched daily to all the clients. The quarterly statements are also sent electronically to the email id of the client.
24. The activity of sending contract notes, daily margin statement and quarterly statement of accounts to clients has not been outsourced to any person.
25. The log reports are maintained for the documents sent electronically and in case of documents sent by courier the proof of dispatch (POD) is maintained and in case of hand delivery, acknowledged copies of the documents sent are maintained.
26. Duplicate copies are also kept & even log reports are maintained for the electronically sent documents.
27. In case of clients sent by electronic contract notes, the maintenance of log, client consent and copy of contract notes is maintained in non-tamperable form.
28. **We follow the following Procedure for Collection, maintenance & reporting of margins:**
29. In the cash segment, the company does not collect margin as the same is not mandatory. Thus, in the cash segment the trade done on behalf of clients are monitored properly and in case of clients who are new, the director may take a call of collecting margin / early pay in of the shares if risk is felt by the director, as may be required. The trades are monitored and executed as per the Company’s RMS policy in this regards, wherever required.
30. The company is not providing a margin trading facility.
31. In the Derivatives Segment,
    1. No transactions are executed for clients until the initial margin has been collected from them. Funds or shares are received from the clients as margin.
    2. The client shares received as margins are kept in the separate client margin demat account or with the clearing member as may be required.
    3. The cheques received from clients as margin, are deposited in the clients bank account.
    4. The exposure of the client is accessed on the basis of the margin received from them. The director at times is required to take decision on the orders of the clients on the basis of their assessment of the risk appetite of the client and the trades being done by them.
    5. The margin given and the balance lying to the credit of the client in the respective reportable segment is assessed before entering any orders on behalf of the clients.
    6. The margin report downloaded from the exchange is uploaded after checking the amount as lying in the respective reportable segment of the client. In case of clients having excess margin in the respective reportable segment, amount as required under SPAN is reported as collected. The uploading of the margin report is done by the back office staff and the status of the uploaded file is checked by end of the same day regarding the success or failure.
32. In addition to the above, the following internal procedures are adopted for collection and reporting of margins:
    1. Margins are to be collected in the form of cash, shares, mutual fund units (only approved liquid fund units)
    2. Cheques received on T-day, deposited on T+1 working day and cleared by T+5 days are considered for margin
    3. Securities as on T-day lying in our designated margin-beneficiary accounts are considered for margin with hair cut as defined in the system. Any adjustment for VAR in the value of collaterals needs to be approved by the Compliance Officer / Director. However, the hair-cut shall, in any case, not be less than the VAR of the security.
    4. Mutual Fund units are usually not be accepted except approved liquid fund units with appropriate hair-cut.
    5. Collaterals available in Clients’ Account with valid POA (after appropriate hair-cut), are also considered as margin in case of shortfalls.
    6. Any other form of margin collection (FDs, BGs, Government Securities, etc.) is usually not accepted.
33. Reporting of Margin:
    1. The reporting of margin is done on a segmental basis.
    2. At the end of each day, a report shall be prepared for margin requirements for all clients as specified by the Director and reported to him and given to the RMS head.
    3. Margin for T-day shall be reported by T+1 day, after verification of shortfalls, if any.
    4. Margin for T-day may be re-reported by T+5 days (or before the exchanges’ timeline) for giving effect of any cheque returns or mismatch in the collaterals if any.
34. Maintenance and Reports:
    1. Margin related information shall be sent to all the clients on a daily basis as prescribed by the respective exchanges.
    2. Calls shall be made to the clients directly and / or branch heads / sub-brokers / APs for any shortfall in the margin requirements.
35. Any deviations in the above procedures shall not be undertaken unless approval is taken from the Director / Compliance Officer.
36. **We follow the following Procedure for Monitoring of debit balances**
37. The monitoring of the debits of clients is done on daily basis.
38. We have a system of periodic reconciliation of client accounts and even try to nullify the account on periodic basis at the comfort of the client so as to make the balances Nil. The statement of accounts sent on quarterly basis are confirmed by some clients by email or by physical documents
39. For the recovery of old Debts we would go through the legal methods like arbitration or court of law and time request the Clients to Pay in parts.
40. We are not in the funding activity and hence we don’t charge any penal interest for long outstanding debts, and regular follow-up are made to recover the money on time from due clients.
41. In respect of clients having outstanding debit balances, the past history of trading and the financial standing is considered and depending on the risk perception additional trading would be allowed or the trading for the client may be stopped if required.
42. **We follow the following Procedure for Allotment, Surrender of trading terminals**
43. The Limit setting of the terminals is decided on the basis of the funds margin and securities value given to the member
44. In case any terminal gets surrendered then the client would be mapped to the head office for further trading and in case if the client specifies any particular location from where he want to trade then the client is mapped to that terminal.
45. The terminals are installed / activated only after complying with the regulatory requirement of informing Exchange and uploading of the details of the authorized user.
46. The members’ controls and the auditors during their visit check that only authorized trading software is used by the branch offices and sub-broker offices.
47. The visits are made by the company staff or the auditors during their visit the branches check that only authorized persons are operating the terminal. Additionally the company carries out proper due diligence before opening of the branch or sub-broker is carried out. The directors / senior management spend regular time to access the working of the branches and sub-brokers and various concerns including the volume vis a vis clients vis a vis clients profile and activity pattern are considered.
48. **Opening & Closing of branches:**

* Before allotment of a terminal to a branch, the branch documentation should be ensured to be complete in all respect and duly vetted by the compliance officer
* The branch documents should be complete in all respects as per the internal document procedures
* The branch should be allowed to trade only upon written request duly signed & authorized alongwith the user details
* In case of closure of branch, the terminal should be deactivated only on written request by the branch head
* The closure details should be sent to all the clients of that branch through email & through daily & periodic communications before one month
* The closure details should also give the alternate modes for placing orders directly at the HO or through another nearby branch, if agreed to by the closing branch.

1. **We follow the following Procedure for Payment, Receipt of funds from / to clients**
2. 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.
3. The company collects and releases funds through banking channels i.e. Account Payee Cheques & Demand Drafts only.
4. The accounts department keeps proper co-ordination with DP team regarding Pay-in of shares by clients and then releases the Pay-out cheques to the client. In case of shortage of shares, the amount is released as per the decision of director to give part money or not.
5. 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 address. In some cases cheques are directly deposited into client’s account.
6. The collections of funds from clients are also transacted in above manner, cheques are sometimes directly deposited by the clients.
7. **We follow the following Procedure for Receipt, Delivery of Securities from / to clients**
8. The company has received authority from clients to maintain shares on their behalf to avoid trouble of receiving / giving shares on daily basis. Proper record for securities received / given to the clients is maintained.
9. The company receives the deliveries of securities from the clients in the pool accounts intimated to the clients.
10. 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 / Clearing Corporation.
11. The company also reconciles its pool, principle, CISA and client beneficiary account on a daily basis.
12. The company has subscribed for easi facility to monitor online the activities of pool and other accounts.
13. Internal shortages are not entertained and the client account is either debited for the shortage or the shortage is reported to the Exchange as per the respective Exchange policy.
14. **We follow the following Procedure for Transfer of trades**
15. The organization has a policy of not considering any transfer of trades in the back office and all updates are done in the post closing or during market hours.
16. Additionally the software also generates reports which are reviewed on regular basis to check any mis-happening in the office.
17. The branches / sub-brokers are warned in case of transfer of trades for such transfer of trades and cautioned that severe actions would be taken if such errors continue.
18. **Investor Redressal Mechanism**

* The register for Investor grievance is maintained at HO
* The clients are informed the e-mail id of the redressal of grievances through KYC, contract notes, web-site & through other communications
* The grievances received, if any, are recorded in the Investor grievance register on the day of receipt on e-mail, through telephonic conversations or through letters
* The investor grievance is handled by the Customer service executive
* The compliance head personally monitors the pending investor grievances and redressal.
* The grievance, if not redressed within 48 hours, is reported to the Compliance head who redresses at the earliest
* The Compliance head is also responsible to analyse the origination & the type of grievances received with respect to the branches & to find out the lapses if any. He is to report the details of the investor grievance to the Compliance Officer on a periodic basis.
* In case the grievance is not resolved within 30 days, the same is escalated to the Board to take appropriate action in the matter.
* The customer service executive is also asked to take feedback on specific matters like that of trade confirmation, contract notes, etc.
* The customer service executive is also to report to the compliance head, the total grievances received from each location, continuous grievances, if any, received from specific branch & the details of the same

1. **Power of Attorney**

* Power of Attorney is taken from the clients who have opened a trading & depository account with the Company
* The POA should be taken only for the clients’ pay-in / pay-out and Margin obligations in the Exchange & segment in which the Company operates.
* No POA should be taken for authorizing use of the clients’ bank account in any manner whatsoever.
* The POA is to be taken only in the name of the Company and not in any other name.
* The client should be informed about the details of the POA and guided properly as to the utilization of the same.

1. **Continuity planning / Alternate 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 through separate UPS systems. 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 Company has also set up a parallel back-up site with similar infrastructure for seamless trading operations
* The clients / sub-brokers are connected via the leased lines from the Exchanges as well as through the internet leased lines with dual back-up from different ISPs.
* The backups are regularly tested to see their usability in case of any disaster.

**SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

**Place: Mumbai**

**Date: September 30, 2018**

**We follow the following procedure in case of any client code modification / transfers:**

* 1. The organization has a policy of not considering any transfer of trades in the back office and all updates are done in the post closing or during market hours.
  2. In case of transfer of trades due to genuine errors, received during trade confirmation at the end of trading hours, the dealer intimates the back office team through an internal correspondence duly authorized by him. The same is then given for approval by the Director / Compliance Officer.
  3. In case of approval by Director / Compliance Officer, the details of errors are given for upload & reporting of the same to the Exchange.
  4. A letter is obtained by the concerned dealer duly accepted by both the clients for the approval of the transfer of trades.
  5. In case such transfers are found to be excessive, the branches / sub-brokers are warned for such transfer of trades and cautioned that severe actions would be taken if such errors continue.
  6. Additionally the software also generates reports which are reviewed on regular basis to check any mishappening in the office.

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

1. The organization has a policy of reporting any news to the compliance officer directly.
2. Any unauthenticated news shall not be communicated to the clients by any of the dealers/employees without the approval/vetting by the compliance officer.
3. There shall not be any access to any chats/blogs/forums for any of the employees on their terminals.
4. 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.
5. 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.

For **SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

Place: Mumbai

Date: September 30, 2018

**Policy on pre-funded Instruments and Electronic Fund Transfer**

If the aggregate value of pre-funded instruments is Rs. 50,000/- or more from client per day per client, we may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank.

And the mode of certification may include the following either :

1. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
2. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
3. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
4. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

We also maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

For **SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

Place: Mumbai

Date: September 30, 2018

**POLICY W.R.T NISM SERIES VII-SECURITIES OPERATION & RISK MANAGEMENT (SORM)**

**Brief**

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

* 1. a. Assets or Funds of investors or clients
  2. b. Redressal of investor grievances
  3. c. Internal control or risk management
  4. d. Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within two years from the date of such notification. Simultaneously, whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his / her employment.

**Definition - Associated Person**

“Associated Person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

**Exemption**

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII – Securities Operation and Risk Management (SORM).

For this purpose, the company considers following activities as basic elementary level / clerical level:

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. no.** | **Internal Control or Risk Management.** | **Redressal of Investor Grievances** | **Activities having a being on operational risk and dealing with assets of funds of investors of clients** |
| 1 | Inwarding or collateral’s /Cheques | Inwarding of complaints | Person performing maker entries |
| 2 | Person performing market entries | Seeking documents from clients | Maker entry in the database |
| 3 | Maker entry in the database | Person performing maker entries | Preparing of MIS |
| 4 | Photocopying, printouts, scanning of documents | Maker entry in the database | Generating of reports, Files |
| 5 | Preparing of MIS | Photocopying, printouts, scanning of documents | Photocopying, printouts, scanning of documents |
| 6 | Sending of letters / reports to clients, Exchanges, SEBI | Preparing of MIS | Dispatching documents to clients |
| 7 | Attending Calls, etc. | Sending of letters / reports to clients, Exchanges, SEBI updation, data entry, uploading on SCORES | Sending of letters / reports to clients, Exchanges, SEBI |
| 8 | -- | Attending calls, etc. | Attending calls, etc. |

However, any of the work (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM – SORM Certification or such other prescribed certification at all times.

In case of any query, employees are requested to obtain clarification from the Compliance Officer of the Company.

For **SPS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

**Place: Mumbai**

**Date: September 30, 2018**

**Inter Office Memo**

From:- The Director

To:-

1. Systems
2. Accounts
3. Operations
4. Dealing
5. Compliance

**Risk Management Policy**

**Trade exposure risk:**

An integrated risk management mechanism has many constituents. The following policy deals with the trade exposure risk only.

**Policy:**

No Account shall be opened without KYC and all documents and signed for authorization. This responsibility is of Mr. Devang Parikh

Executing a trade is one of the fundamental risk origination points and the most effective tool for managing this risk is to have a strong initial margin system.

The initial margin may be in the form of margin deposits or shares transferred into our depository account. Hence initial margin deposit should be collected from every client while registration along with the Know Your Client (KYC) Form.

In case of shares as margin the value of the initial margin shall be computed at the market value of previous day closing price.

The approved persons for authorizing these standard policies are

Mr. Sandeep Shah

Or

Mr. Manish Dave

And the following maximum exposures shall be permitted based on various parameters including the past track record of the customer.

Intra - day exposure:

5 times the initial margin deposit

Gross exposure: 2 times the initial margin deposit

Mark to Market exposure: 5 time initial margin deposit

Subject to availability of adequate margins as mandated by the Exchanges

The debit balance for any given settlement should be paid by all the clients by the settlement day. If any debit balance remains outstanding at the end of settlement day, the amount outstanding shall be deducted from the initial margin deposit of that client. The responsibility for follow up and collection of debit balances of Mr. Subhash Yadav

If any client continues to have a debit balance after adjusting the initial margin deposit for a period exceeding one month, then no fresh trades shall be executed for the client except squaring off the existing positions.

No Shares should be transferred to client’s respective DP accounts unless all outstanding debits are cleared.

**Deviation Policy**

Our business managers have opined that provision must be made to accommodate clients not willing to place initial margin deposits.

A default initial margin deposit of Rs. 10,000 shall be provided to any client, which shall be authorized by

Mr. Subhash Yadav

and the following exposures shall be permitted.

Intra - day exposure:

5 times the initial margin deposit

Gross exposure:

7 times the initial margin deposit

Mark to Market exposure: 2 times initial margin deposit

If any client with default initial margin deposit has a debit balance then no fresh trades shall be executed for the client except squaring off the existing positions.

Any deviation from any of the above stated norms shall be approved jointly by

Mr. Sandeep Shah & Mr. Manish Dave

The above stated policy shall be relaxed for client having excellent track record and personally known to the Directors of the company. In all such cases the limits can be increased beyond the permissible limits at instruction of the Director-Operations

Setting of individual client limit is not possible in case where the trades are executed through BOLT/ NEAT (TWS). In such cases the limits of the client shall be monitored manually by the dealer executing the trades. Further if the client exceeds the set limit beyond the permissible limits the dealer shall be personally liable

For & on behalf of the board of

**SPS Share Brokers Pvt. Ltd**

**Sd/- Sd/-**

**Mr. Sandeep Shah Mr. Manish Dave**

**Director Director**

**September 30, 2018**

**SUMMARY**

* This note is for members of the staff dealing with the Clients and staff of the Sub-Broker.
* Our Company has authorized Mr. Pratik Shah to monitor and follow up matters concerning any risk that the Company may carry/face in dealing with any particular client or due to procedural problem.
* These guidelines are to be followed by everyone. However if situation demands concerned person has to immediately contact Mr. Pratik Shah for clarification or for exception to the guideline.
* All concerned are hereby warned to be alert and if any client’s sales/purchases are suddenly on higher side then matter is to be immediately brought to the notice of Mr. Pratik Shah or in his absence to Mr. Sandeep Shah.
* Apart from what is stated above all dealing staff is required to keep their eyes and ears open and any news /rumor/suspicion about any client –whether attended by him or somebody else should be brought to the notice of Mr. Pratik Shah
* No securities to be released to the Client who has not paid his dues without consulting Mr. Pratik Shah
* If any clients fail to deliver the securities sold by him/her any payment /security due to hem/her will be delivered after taking into account any loss that may arise due to failure of delivering the securities sold.
* Any bouncing of the cheque given by the client will be viewed seriously and after proper/satisfactory explanation any further transaction will be undertaken after consulting Mr. Sandeep Shah.
* You will also keep watch on client’s position in other segments if he/she is doing any business in those segments.
* Lastly please remember that the Clients are most important in business and you must be polite and respectful to all clients. You must extend all help as asked for by the Clients.

**SURVEILLANCE POLICY**

As per the requirement of Regulators Mr. Subhash Yadav and Mr. Hiten Doshi are in-charge of surveillance related all activities.

They shall download the surveillance alerts from the Stock Exchange system E-BOSS/CONNECT2NSE.COM on daily basis.

The process of Due Diligence & scrutinizing each alert (client-wise/scrip-wise separately) should be carried out & completed within one week.

They shall call for necessary documents of each Client, Scrutinize all documents for necessary analyses and prepare conclusion against each alert.

After reasonable analyses, they will report the conclusion against each alert to Designated Director. The same shall be reported to the Exchange within reasonable time.

After due discussion, the necessary actions shall be taken under instructions from Designated Director, if required.

In case of any suspicious / manipulative undue activities of any Client, the same will be reported to the Exchange immediately.

Proper records of each alert and documents scrutinized should be maintained.

A quarterly MIS shall be put up to the Board of Director on the number of alerts pending at the beginning of the quarter, generated during the quarter, disposed off during the quarter and pending at end of the quarter. Reasons for pendency shall be discussed and appropriate action taken. Also, the Board shall be apprised of any exception noticed during the disposition of alerts.

For S**PS Share Brokers Pvt. Ltd.**

**Sd/-**

**Compliance Officer**

Place: Mumbai

Date: August 01, 2025