Internal Control Policy

1. **Details**
   - Date of starting of business –
   - Background of company : Founded by experienced traders having over a decade of successful track record in the Indian equity derivatives market, << Company Name >>aims to become one of the best trading firms in the country.

2. **Client Code Modification Policy**

   - Reasons for the modification of client codes

   We as a practice do not allow modification of trades in any matter whatsoever. Further in the rarest of case where there is a modification of trade then the same is carried out online after the approval of the top level management including the compliance officer.

   - Ratio of modification of client codes done at Head office vis-à-vis other offices

   The modification if any are carried out from HO only and not from any other place.

   - Details of authorized representatives for approval of client code modification w.r.t. error trades.
     The approval of top level management including the compliance officer.
   - Measures taken to reduce the modification of client codes.
     We as a practice do not allow modification of trades in any matter whatsoever.
   - Whether the trades have been modified only for the objective criteria allowed by the Exchange? Yes
   - Whether securities taken into ERROR A/c are liquidated in the same A/c? Yes

3. **PMLA**

4. **Introduction/Registration of clients**

   - Basis of accepting as client
     Client should be introduced by any existing client or employee of the company or any other person personally known to the top management. Clients are registered only after receiving all the client registration documents and relevant supporting as required by the SEBI / Exchange rules and regulations.

   - Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients

A Client account is opened only after the person is introduced by any Sub broker / existing client. The client is interviewed by our company official and all Xerox copies of relevant documents are verified with their originals and in person verification stamp are affixed. All Pan Cards received are verified from the Income Tax / NSDL website before the account is opened.

- Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.
  Yes we do send CRD to new clients and existing clients on demand. Further, we also send a welcome letter to our clients giving details about the allotted UCC and client email ID registered with us.

- Do you outsource client registration modalities?
  No, we do not outsource client registration modalities.

- Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client.
  No, we do not entertain walk in clients.

- Process of record keeping and retrieval of client registration document.
  We keep client registration document at our office.

5. Funds:

- System of pay in and pay out of funds from / to clients
  Customers have given written authority to us for maintaining running account of funds. Payout of funds is released as and when customer requests for the same. The said credit of the funds is even adjusted towards Margin requirement in Derivatives segment of respective client, if required. Cheque against purchase should receive from Client's Bank A/c and no third party cheques are accepted. Further, as required by the SEBI circular, we settle client funds and securities every quarter / month as per the preference of the client.

- System & source of pay in and pay out of funds in case of Own trading
  We use own funds for obligation arising for OWN trading.

- Procedure of Margin collection, if any from clients & maintenance of records thereof
  Margin from client may be collected in the form of cash or security. For securities exchange prescribed haircut is applied. In such cases our risk management team decides about the extent of the margin to be collected from client. Further, the Exchange requirements for client's margin are also followed. All the customers are allowed to trade in derivatives segment only after receiving sufficient margin by way of cheque / securities from them.

- Credit / transfer of Dividend to the clients / own dividend
  Dividend is credited in client A/c to which shares belongs. Dividend is credited to clients A/c as soon as it comes to the knowledge of the company. Knowledge

could be either through advice received from the company or amount received in bank or by way of Bank Reconciliation.

- Procedure followed in case of default by client/ sub broker's client
  Company follows very conservative RMS policy and exposure is given only to client whose collaterals are lying with us. In case of any debit in clients account, regular reminders are sent to the client for payment of dues. In case client fails to respond to our calls or fails to make payment then his/her/its securities are liquidated up to the extent of amount recoverable by us. RMS team takes care that debit receivable from any client is not outstanding for longer time period.

- Payment to sub brokers / remisiers
  Sub broker / remisiers are paid only through cheque. Due care is taken before paying to sub broker / remisiers to ensure that only the amount which is due to the sub brokers / remisiers is paid.

- Any third party transfer of funds? If yes , policy in this regard
  We do not accept / pay third party transfer of funds.

6. BOLT Terminal

- Procedure of accepting & placing of orders
  Company routes customer's orders through CTCL, client are first mapped in on particular terminals and orders can be punched in through such empanelled terminals only. Thus due care is taken that orders are not punched on anywhere / anyone basis. Access to CTCL database is allowed only to authorize user and system has a password mechanism which restricts access to authenticate users. Only orders that are within the parameters specified by the Risk Management Systems are allowed to be placed. The client places the orders through phone to their respective RM. The client identity is verified before accepting the order.

- System in place to check certification of approved users has not expired
  Our IT staff regularly checks whether certification of approved users has expired or not.

7. Contract Notes (CN)

- Whether printing of contract note is centralized? If not, Place from which CN are printed.
  Yes, printing of Contract Note is centralized.

- Procedure for printing CN in case of outstation clients / sub broker clients
  Contracts are issued to clients within 24 hours of Trade Day. Contract Notes are issued electronically to all the clients. Incase of bounced mails contracts are physically delivered to all the customers..

- Basis of numbering

Numbering is system base. The numbering is renewed every year.

- System for maintaining duplicates & acknowledgement for CNs
  We do maintain ECN logs or POD for CNs.

- Whether consent for change in e-mail id is obtained through physical letter from the clients?
  Yes

8. Securities:

- System of pay in and pay out of securities from / to clients
  Security should be received from client's demat A/c only for margin as well as for pay-in obligation. Security should be given to client in his/her Demat A/c only. Security should not be delivered to third party on behalf of clients. Security to client should be released only after receiving the funds / dues, except in certain cases where management does not feel any risk.

- Separate Own Beneficiary Account maintained or not
  Yes, we do have separate Own beneficiary account.

- Separate Client beneficiary account maintained or not
  Yes, we do have separate Client beneficiary account.

- Client wise segregation of securities maintained or not
  Yes, we do have client wise segregation of securities.

- Procedure for check on Third party security transfer/ acceptance
  Yes we do check. The client master is updated in the back office system with the client's demat account details. Thus, our software helps us to ensure that securities are received from the respective client demat account only.

- Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.
- We have a strong RMS system and do ensure that client's securities are not mis-utilised for own purposes or for any other client. Further, the respective client securities are used only for that respective client. All the securities of the clients are kept in the client beneficiary account only. We have client wise scrip wise and scrip wise client wise breakup of all the securities lying with us which help us to ensure that a client's securities are not utilized for any other client purposes.

9. Statements of Accounts

- Whether statement of accounts for funds and securities are issued on monthly or quarterly basis. – Quarterly Basis.
- Whether statement of accounts is issued from the branches/sub-broker's office/authorized persons office. If yes, the procedure followed for issuance and the maintenance of the duplicates and proof of delivery.
  No, the statement of accounts is issued electronically from a centralized location only.
- Whether statement of accounts are issued physically or digitally? Digitally and Physically

10. Execution of POA (Power of attorney) (if applicable) -

- Please specify in whose name POA has been taken (trading member, its employees or representatives or sub-brokers) - Trading Member

- Process adopted for execution of POA.
  Company is also acting as Depository Participant with CSDL. Most of the clients who have trading account with us also open Demat account. To facilitate payin and margin obligations on regularly basis Clients have given POA and such POA is used only for payin and margin purpose and no off market instruction is allowed without a proper Delivery instruction slip.
  Company has obtained POA in the name of the company. Such POA can be revoked by client any time by just giving us intimation in writing. DP audits are conducted on regular basis and company ensures that client's securities are not misused and operation are followed and complied with depository regulations.

11. Opening & closing of branches

- Procedure adopted for opening & closing of branches
  We intimate/take a prior permission from the Exchange before opening any branch after all the required documents are sent to the Exchange. We follow Exchange specified regulations and provisions.
- In case of closure of branches, how and when do you communicate existing clients?
  There are no branches closed. Additionally we inform the client as per the Exchange specified regulations and provisions only.

12. Closure of client accounts / dormat account

- What type of documentation (both inward and outward) undertake for closure of account.
  If any client wishes to close his trading account with us then he has to inform us in writing. His account is checked thoroughly and all the dues, owing to him / us are settled. Any margins lying with us by way of securities / cheques are returned

to respective clients. His exposure is blocked and unique client code is mapped out of the terminal.

- In case of dormant account (six month), what extra caution taken before execution of trade in such account
  If no trade is executed in trading account for a minimum period of six months then that particular account is blocked for any further trades. If client intends to restart trading in the account then he / she has to submit a request letter for restarting the account along with self attested identity proof or any other document as required by us.

- Procedure adopted in case of very old dormant account (2 years old)
  If no trade is executed in trading account for a minimum period of 2 years then that particular account is blocked for any further trades. If client intends to restart trading in the account then he / she has to personally visit our office along with the request letter for restarting the account along with self attested identity proof or any other document as required by us.

13. Receiving and Execution of Orders

- Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices
  Company routes customer's orders through CTCL, client are first mapped in on particular terminals and orders can be punched in through such empanelled terminals only. Thus due care is taken that orders are not punched on anywhere / anyone basis. Access to CTCL database is allowed only to authorize user and system has a password mechanism which restricts access to authenticate users. Only orders that are within the parameters specified by the Risk Management Systems are allowed to be placed. The client places the orders through phone to their respective RM. The client identity is verified before accepting the order.

- System for identifying authenticity of caller when the order is placed through telephone.
  Operators are allotted clients terminal wise. Operators know their clients as they are in touch with them on daily basis. If any unknown call is received to operators then they do confirm the client details (like PAN, date of birth, address, etc.) before placing orders.

- Mechanism put in place to limit the cumulative value of unexecuted orders from the terminals?
  As per Exchange prescribed regulations and provisions

14. Portfolio Manager

- Whether Trading Member acting as a portfolio manager? No, hence not applicable
- Procedure for client registration, order execution, contract notes issuance and settlement mechanism followed for the same.NA
- Whether any of the client of the TM is acting as a portfolio manager? No, hence not applicable

15. Brokerage Charged

- Brokerage schemes provided to the clients? No
- Elaborate on the schemes provided? There are no schemes as such. Additionally the brokerage is mutually decided between the client and us and a tariff sheet w.r.t that is maintained for each client separately.

16. Client Margin Information

- Client margin collected in what forms? In form of funds and securities
- Client margin when collected? Upfront Basis
- Client margin collection and reporting process.
  Collection and reporting is as per Exchange prescribed circular.
- Whether client margin information is sent to the clients? Yes
- Whether it contains all the required information as prescribed in the circular? Yes
- What is the mode of informing to clients? Electronically
- Whether proof of delivery/dispatch is maintained for the above purpose? Yes