



Internal control and Code of conduct Policy

SEBI Reg No: INZ000074139

MCX Trading Member ID- 55060

NSE Trading Member ID – 90175

BSE Trading Member ID –

Objective:

The objective of the policy is to set internal control for employees, departments and to define code of conduct for employees and the management.

1. Details

- Year of Establishment : 2012
- Membership in Exchanges : NSE, BSE and MCX

2. Funds:

- System of pay in and pay out of funds from / to clients :
 - ✓ Funds pay-in/pay-out done through cheques/RTGS/NEFT/ONLINE
- System & source of pay in and pay out of funds in case of Own trading
 - ✓ Own trading OR Pro trading not done.
- Procedure of Margin collection, if any from clients & maintenance of records thereof:
 - ✓ Collaterals collected if any, are entered in the system
 - ✓ Both cash and non-cash collaterals are accepted from clients
- Credit / transfer of Dividend to the clients
 - ✓ Done by passing credit note vouchers on receipt of dividend in the bank account.
- Procedure followed in case of default by client/ sub broker's client
 - ✓ In view of the strict RMS system no such instance observed.
- Brokerage sharing with Sub-brokers/Authorised Persons
 - ✓ Done on monthly basis ;
- Any third party transfer of funds? If yes , policy in this regard
 - ✓ No third party transfers are allowed

3. NOW Terminal / CTCL Terminal

- Procedure of accepting & placing of orders
 - ✓ The dealers are authorized to receive and place the orders.
- Factors determining the trading limit for clients
 - ✓ Limits would be granted based on the client track record and payment history ;

4. Contract Notes

- Procedure for issuance of CN
 - ✓ Electronic / Physical Contract Note issued as per client's choice.
- Basis of numbering
 - ✓ Financial Year beginning
- System for maintaining duplicates & acknowledgement for CNs
 - ✓ Logs maintained .

5. Securities:

- System of pay in and pay out of securities from / to clients
 - ✓ Pay-in and Pay-out of securities are received from/sent to the Designated DP a/c of the clients;
- Client wise segregation of securities maintained or not
 - ✓ The system gives us the track of the entire transaction and it is segregated client wise and scrip wise
- Whether Clients' securities maintained with Member
 - ✓ Yes, whenever there is debit balance in client ledger, such securities would be moved to the Broker's Ben or House A/c or Client's Unpaid Securities A/c
- Procedure for check on Third party security transfer/ acceptance
 - ✓ Back-office software does not allow third party securities and if any such entry is observed, system will throw a mis-match report, by which the respective client would be traced and the delivery, if any for meeting Exchange obligation would not be honoured and the resultant auction would be passed on to the client.
 - ✓ DP Id of the client and the client ID is mapped only after thorough verification of the ownership of the account

6. Introduction/Registration of clients (KYC Procedure)

- Basis of accepting as client
 - ✓ Verification of PAN card, Barred entity list, financial status and known clients.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients
 - ✓ In-person verification signature of the client is obtained at the time of meeting the client in person.
- Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.

7. Internet Trading

- ✓ Prior Approval is taken from the client

8. PMLA

- Compliance w.r.t. Principle Officer and adoption of written policy is maintained.
- Measures taken with regard to Anti money laundering Act
 - ✓ Yes
- System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.
 - ✓ Yes, but this is a little discretionary as clients hesitate in giving the financial statements citing reasons that big brokers and other brokers are not insisting on the same. But any unusual pattern noted is generally queried with.
- Any Suspicious Transaction Report (STR) sent to FIU
 - ✓ No
- Risk categorization of clients.
 - Manual (High Risk, Medium Risk, Low Risk)

9. Certification

SORM and NISM Series-VIII Derivatives Certification

1. SEBI Notification No. LAD-NRO/GN/2010-11/21/29390 published in the Gazette of India on December 10, 2010
2. NSE Circular no. NSE/INSP/16536 December 15, 2010
3. NSE Circular no. NSE/INSP/27495 September 02, 2014

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:

- a. Assets or Funds of investors or clients
- b. Redressal of investor grievances
- c. Internal control or risk management
- d. Activities having a bearing on operational risk

Shall be required to have a valid certificate of NISM Series VII – Securities Operation & Risk Management (SORM) from National Institute of Securities Market (NISM). For Derivatives, employees / dealers has to complete NISM Series – VIII..

NEED FOR POLICY

The Firm being a Trading member of National Stock Exchange of India (NSE), BSE Ltd (BSE), Multi Commodity Exchange of India Ltd (MCX) provisions of the aforesaid requirement is applicable to all its employees involved in the activities as mentioned above.

This policy shall be reviewed and approved by Board.