

# BugleRock

**BugleRock Capital Private Limited**

## **Internal Control Policy and Procedures**

## INTERNAL CONTROL POLICY & PROCEDURE

BugleRock Capital Private Limited is a SEBI registered Stock Broker and Depository Participant inter alia providing Stock Broking services on the Equity and Futures & Options segment of BSE Ltd. and National Stock Exchange Ltd and also registered with CDSL for providing depository services. BugleRock Capital Private Limited is also registered with SEBI and provides Portfolio Management Services to its clients and it is also registered with AMFI for distributing 3rd Party Financial Products.

BugleRock Capital Private Limited is a one-stop financial services firm which offers a range of services from equity, debt and depository services. These services are offered to clients ranging from Retail, High Net Worth Individuals, Corporate and Institutions.

| POLICIES & PROCEDURE                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
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| <b>Client Registration, Documents &amp; Maintenance</b> | <p>Client is accepted after all the due diligence is carried out. It is ensured that all the proof are obtained and verified. Client is also verified on various sites - watch out investors / SEBI debarred list / UN Sanctions list.</p> <p>2. The Application forms for opening an account are issued only when the management is satisfied with the client's financial capacity to trade in stock market and after the prospective client provides the valid reference for his account.</p> <p>3. The accounts are opened only after proper verification is done of the existence of the client and accordingly the employees of the organization (including the head office employees or branch employees are authorised to carryout In-person verification of clients). The person carrying out the in-person verification is required to maintenance a proof of in-person verification by affixing his signature along with the in-person verified stamp on the proof of identity or on the Client Registration form. In respect of outstation clients or sub-broker clients the branch employee or head office employee will carry out the in-person verification and only then the account will be opened in the back office and only after allotment of the UCC any trading can be started by the client.</p> <p>4. The Client Registration Documents (CRD) are sent to the new clients along with the welcome letter and with respect to existing clients the same will be provided to them on demand. The welcome letter will include the details of the UCC &amp; email ID communicated by the client to the broker at the time of opening of the account.</p> <p>5. Know your client form duly complying with the</p> |

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|                                    | <p>mandatory requirements specified by the SEBI &amp; 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.</p> <p>6. 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.</p> <p>7. Walk clients are not entertained and only clients through reference are enrolled. The clients only through reference are entertained.</p> <p>8. 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.</p> <p>9. The client registration modalities are carried out in-house and not outsourced.</p> <p>10. The documents are stored at the office and filed properly for easy retrieval whenever required.</p> <p>11. With reference to updation of client's financial information, the clients are requested in the register of funds statement sent on quarterly basis to provide the details. Clients have also been sent draft letter for providing the feedback. The client information has been received from some of the clients.</p> |
| <b>Brokerage Charged</b>           | <p>Brokerage charge shall be applicable as per the KYC form and tariff sheet signed by the Client while opening trading account.</p> <p>At the time of account opening the scheme of tariff, charges shall be explained in elaborate manner to the Client.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Order Receipt and Execution</b> | <p>1. The Organization setup is small and all the client are personally known to Management/ Authorised Person, their financial position is known and the dealer is aware of the risk appetite of the client which helps in better control.</p> <p>2. All Orders routed through BOLT/NEAT/CTCL/IBT</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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|  | <p>are monitored by our risk department and after their confirmation about client's financial and margin status order get executed.</p> <p>3. The company has restricted access to the dealing office only to the employees who are dealers and authorized persons of the company.</p> <p>4. The approved clients are informed of the dealers / authorized persons who would be responsible for receiving, validating and entering the orders on their behalf.</p> <p>5. To give better &amp; 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 &amp; serve them accordingly. The concerned dealers have access to a 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.</p> <p>6. The orders are received from the clients only or through an authorised person as may be informed to the organization.</p> <p>7. On execution of valid order into exchange system, dealers confirm the trade with the client so as to avoid any future dispute.</p> <p>8. At the end of the trading hours, the dealer informs the clients about the execution of the orders placed by the clients.</p> <p>9. The orders are received over the phone, through authorized persons, personal instructions when they are in the office. Telephonic recording system for receipt of order and maintained the said records in machine and increased hard disk capacity to store increase data and also transfer the same record in tape and maintained the said tape in safe custody forever.</p> <p>10. After market hours, back-office team informs the client</p> |
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|                                                                                                               | about their executed trades for the day and also about their obligation towards Pay-in & Pay-out of funds & securities for the particular day by sending digital Contract notes / Bills and sms for Ledger Balance every day.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b><i>Sending Contract Notes, Daily Margin Statement, and Quarterly Statement of Accounts to clients.</i></b> | <ol style="list-style-type: none"> <li>1. The organization 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. The quarterly statements are also sent electronically to the registered email id of the client.</li> <li>2. The activity of sending contract notes, daily margin statement and quarterly statement of accounts to clients has not been outsourced to any person.</li> <li>3. The log reports are maintained for the documents sent electronically and in the case of documents sent by courier the proof of dispatch (POD) is maintained and in the case of hand delivery, acknowledged copies of the documents sent are maintained.</li> <li>4. Duplicate copies are not required as log reports are maintained for the electronically sent documents.</li> <li>5. In the 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.</li> <li>6. Any changes in respect of Mobile number / email ID shall be recorded/updated in the system on duly signed consent letter for the changes is obtained in physical from the Clients.</li> </ol> |
| <b><i>Limits setting for exposures &amp; turnover for clients</i></b>                                         | <ol style="list-style-type: none"> <li>1. RMS system automatically sets individual client-wise trading limits on the basis of client's available credit balance in ledger/Margin account maintained with company &amp; available Collaterals. These automatically set limits are subject to alteration by the RMS team on the basis of past trading history &amp; credentials of the client. In case of direct exchange terminals (NEAT/BOLT) the overall trading limit is set from the admin terminal located in H.O. on the basis of availability of net credit of all the clients under the branch &amp; branch margin.</li> <li>2. The front-end trading application which has a facility to block the client as well as restrict overexposure. The</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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|                                                           | <p>company has a dedicated Risk monitoring team, who monitor the exposure, limit, etc. Limit Setting for exposures &amp; turnover for clients, terminals, branches &amp; Authorised Person level.</p> <p>3. Limits shall be monitored on a daily basis, taking following criteria's: Turnover, Exposure, past trends, Location, Deposit/Collateral.</p> <p>4. Trading in illiquid scrip shall not be permitted. On detection of such trading, the risk manager shall use his discretion to suspend the terminal after intimating respective branch manager and Authorised Person.</p> <p>5. In some cases, client's family running balances, collateral, running balances are considered for setting the limit for exposure.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Collection, maintenance &amp; reporting of margins</b> | <p>1. As per RMS policy, Margin in Cash segment will be on the basis of volume of client however same will be discretionary to collect the margin from clients. Thus, in the cash segment the trade done on behalf of clients are monitored properly and in case of clients who are new, the Management may take a call of collecting margin / early pay in of the shares if risk is felt by the Management, as may be required.</p> <p>2. The company is not providing a margin trading facility.</p> <p>3. In the Derivatives Segment,</p> <p>3.1. No transactions are executed for clients until the initial margin has been collected from them. Funds or approved securities or any other form as prescribed by the Exchanges are received from the clients as a margin.</p> <p>3.2. Liquid securities, in dematerialized form, actively traded on the National Exchanges, which are specifically not declared as illiquid securities by any Exchanges and are received from the respective client, are considered while reporting margins to the Exchange.</p> <p>3.3. In Equity Derivatives Segment initial margin, net buy premium, delivery margin &amp; exposure margin are collected on an upfront basis. M-To-M (losses) is to be collected on T+1 day.</p> <p>3.4. In Currency Derivatives Segment initial margin, net buy premium and extreme loss margins are collected on upfront basis. M-To-M (losses) is to be collected on T+1 day.</p> |

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|                                                                | <p>3.5. The client's securities received as margin is kept in the separate client beneficiary / margin collateral demat account or with the clearing member as may be required.</p> <p>3.6. For the purpose of client Margin collection and reporting, the value shall compute of such securities as per the closing rate on T-1 day as reduced by the appropriate haircut at a rate not less than the VAR margin rate of the security on that day i.e. T- 1 day.</p> <p>3.7. The cheques received from clients as margin are deposited in the client's bank account. Cheques received / recorded in the books on or before T Day and deposited by T+1 day (excluding bank holiday, if any), are considered for Margin, provided the same is cleared within T+5 working days.</p> <p>3.8. The exposure of the client is accessed on the basis of the margin received from them. The Management at times is required to take decisions 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.</p> <p>3.9. The margin given and the balance lying to the credit of the client is assessed before entering any orders on behalf of the clients.</p> <p>3.10. The margin report downloaded from the exchange is uploaded after checking the amount as lying with the organization. In the case of clients having an excess/adequate margin the amount as required under SPAN is reported as collected.</p> <p>3.11. Collection and reporting of MTM Margin in Derivatives Segment will be done as per Exchange reporting requirements. The uploading of the margin report is done by the back-office staff and the status of the uploaded file is checked subsequently.</p> |
| <b><i>Closure of Client accounts/<br/>Dormant accounts</i></b> | <p>In closure of account, we do insist client to give letter for the same. In case one client wants to shift from one place to another we facilitate the same.</p> <p>All dormant accounts (inactive for six months and more) are made inactive in our system. Hence it is not possible to execute a transaction in dormant accounts. However, a client can re-activate his/her/its dormant account by giving us in writing in prescribed format to activate the account and also stating the reason for keeping the account dormant.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

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|                                                       | <p>1. In case of dormant account (six month) and In case of very old dormant account (1 year old), If any account is dormant for more than 1 year and suddenly client wants to trade then we ask client to provide all documents as per updated KYC or exchange Circulars and also the reason for non-trading, after verifications of all his documents and replies, if found genuine then only we allow clients to trade. We received a letter from client for deactivation of accounts and intimate the same to client after deactivation.</p> <p>2. As a company policy, clients' accounts once opened are not closed, although the client may not trade at all over a long period of time. If a client gives a Closer Letter it is closed.</p> <p>3. With reference to accounts which have been not traded for more than Six Months, wish to trade at any future date then, the time they want input an order, an enquiry is made about their nontrading in the share market. Only on receipt of a satisfactory reply, then further actions for execution of transaction are carried out.</p> <p>4. The organization does not allow trading by members in the old code in case their accounts are transferred from one branch / subbroker 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.</p> <p>5. In the 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 &amp; called for. Only after they have given updated financials and after the directors feel comfortable with their trading, only then further actions for execution of transaction are carried out.</p> <p>6. Branch send request letter received from client to transfer his/her account from one branch to another branch to HO and in HO after confirmation with the same client we allow to transfer client from one branch to another branch.</p> |
| <b>Segregation of funds and securities of clients</b> | <p>1. System of pay in and pay out of funds from / to clients:</p> <p>- Pay in and Pay out of the clients funds are made as per the rules &amp; regulations of the exchange however some of</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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|  | <p>the cases we retain pay out funds due to instruction of the clients to keep credit to enable buy the security.</p> <p>2. Separate Client Bank account is maintained, Settlement Bank account, Separate Client Beneficiary, Exchange dues account and own account; wherein the client funds and securities are deposited in the respective client accounts only.</p> <p>3. Separate Own Beneficiary Account are maintained</p> <p>4. Not to undertake system of funding facility to the clients.</p> <p>5. At the time of client pay-out on the settlement day, the creditors are being paid as per the settlement cycle and until Creditors instruct to hold the amount or adjust the same for margin obligation or for some buying opportunity. In the case if the client has a debit balance then the shares are transferred to the Beneficiary account.</p> <p>6 In case of proprietary transaction; separate own account is maintained which is distinguish from the client bank and client beneficiary account. In terms of Securities and Funds pay-in and pay-out the required securities and funds are being transferred from Own to pool account and Client Bank account respectively.</p> <p>7. In no circumstances, the Securities of one client is used for meeting the other clients Pay-in or Margin obligation. We have maintained a separate Client Margin account, wherein the client transfers the shares towards the margin obligation or for an additional position in Derivatives segment. The client's funds/collaterals shall not to be used for any other purpose than meeting the respective client's margin requirements/pay-ins.</p> <p>8. If the margin amount collected from clients than same shall be credited to the respective clients ledger. Client collateral is not used for any purposes other than meeting the client's margin requirements / pay-ins. Records to ensure proper audit trial of use of client collateral is maintain.</p> <p>9. Funds of Client having credit balance shall not be used for funding of the Client having debit balance and Client having funds/collaterals shall not be used as margin for proprietary trade.</p> |
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| <b><i>Monitoring of debit balances</i></b>              | <ol style="list-style-type: none"> <li>1. The monitoring of the debits of clients is done on a daily basis. The client is not allowed to do further trading unless the old dues are cleared.</li> <li>2. The Company 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 to the clients on quarterly basis by email.</li> <li>3. 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.</li> <li>4. The Company has a team to monitor all receivables and to do regular follow-ups with the clients. The debits in client's account are either secured against Authorized Person's deposits or are secured against collaterals/margin. The company has a policy not to transfer the securities of the client till the payment in respect thereof is received</li> <li>5. 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.</li> </ol> |
| <b><i>Payment, Receipt of funds from/to clients</i></b> | <ol style="list-style-type: none"> <li>1. The company takes standing instructions from its clients for maintaining running accounts for funds and securities. The Company has a policy for transferring funds to clients on periodic intervals or as and when client needs it. However, the company settles the funds at least once in a month or quarter as per the preference of the client.</li> <li>2. The client is expected to make payments for purchases and clear all debits before pay-in. The company is authorized not to release securities purchased by the client unless the funds obligations have been paid in full. In case company does not receive funds before due date (i.e. pay-in date) they will have all rights to sell the securities without any further intimation to client / associate.</li> <li>3. The cheques from the clients are accepted only from the account for which the client has submitted the proof to the company. In case of any receipt from the accounts for which the proof is not available the same is demanded from the clients.</li> </ol>                                                                                                                                                                                                            |

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|  | <p>4. Some of the clients have given consent to the company to maintain running accounts on their behalf to avoid trouble receiving / paying funds on daily basis.</p> <p>5. All payments shall be received / made by the company from / to the clients strictly by account payee crossed cheques / demand drafts or by way of direct credit into the bank account through electronic fund transfer, or any other mode permitted by the Reserve Bank of India. The company shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions. The company shall not accept cash from the clients either directly or by way of cash deposit to the bank account of the company.</p> <p>6. The accounts department keeps proper co-ordination with DP team regarding Pay-in of shares by clients and then releases the Pay-out Fund to the client. In case of shortage of shares, the amount is released as per the decision of Management to give part money or not.</p> <p>7. The collection of funds from clients directly deposited by the clients in our designated Client Bank account. In some cases, cheques are sometimes by hand delivery to the authorized persons intimated by the clients or by courier to the branch/HO address.</p> <p>8. The organization has clear policy of not using the client funds for unauthorized purposes and even not to misutilise the client funds in any manner.</p> <p>9. The company will use its own funds for the various positions that they would take in the proprietor account and accordingly the required funds for pay in will be inputted from the own account. Additionally, the pay out of funds towards the own trade would be transferred to the own account after adjusting for the requirement of client funds that may be required to be given for the clients from whom the money is yet to be collected.</p> <p>10. The company has a policy of not accepting or issuing cheques towards the fund from the client's bank account only. However, in case due to any reason in case of exceptional circumstances if any funds are to be accepted from a third party, then a letter signed by the remitter and by the client is taken in support of the payment being received by the member.</p> |
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| <b><i>Receipt, Delivery of Securities from / to clients</i></b> | <ol style="list-style-type: none"><li>1. The company has received authority from clients to maintain shares on their behalf to avoid the trouble of receiving / giving shares on a daily basis. Proper records for securities received / given to the clients is maintained.</li><li>2. The company receives the deliveries of securities from the clients in the pool accounts intimated to the clients.</li><li>3. The company also reconciles its pool, principle and client beneficiary account on a daily basis.</li><li>4. All the shares laying in the Client Margin account are segregated segment-wise &amp; Client-wise through Backoffice Software &amp; record of the same is maintained in Backoffice Software.</li><li>5. Proper segregation is maintained by back office software for own shares &amp; clients</li><li>6. The company has subscribed for easi facility to monitor online the activities of pool and other accounts.</li><li>7. The company has a policy not to transfer shares to clients who fail to meet their pay-in obligation.</li><li>8. The information of the pool account from the NSDL and CDSL is imported directly in the system. Additionally, the direct payout details by the exchange are also imported in the back-office software. The person in-charge of securities transaction and who tracks the pay-in and pay-out of the securities goes on running the updated statements taken from the depository.</li><li>9. The system has features, where the securities received from an account which is different than the account as specified in the master, and then a report gets generated. Follow-up is made with the client to incorporate the new account in their master if proper proof for the same is provided. If the receipt is from the client's another demat account, then proof for the same is called from and the client master data updated with the new demat account. In case if the client is not able to provide such a letter/proof than the shares are marked as not delivered and auctioned. In case if the same is received from a third party, then the same is returned back to the same DP Id.</li><li>10. The organization has a policy of maintaining all client shares in a separate Demat account exclusively held from Client beneficiary / client margin shares. The person in charge of securities has proper control and checks that the</li></ol> |
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|                                                                                           | <p>client shares are used only for the client to whom it belongs. Additionally daily reconciliation of the shares lying in the demat account and the client-wise details as per the back-office report is done on a regular basis.</p> <p>11. Securities details of clients are maintained in Back-office software and the same cannot be used for other clients/own purpose. The Company has system where control to check that client's securities are not mis-utilized for own purpose or for any other client is done. At any point of time, the sum of total of the script-wise total for all the clients will tally with the stock held in the client margin / client demat account.</p>                                                                                                                                                                                 |
| <b><i>Procedure for Transfer of trades</i></b>                                            | <p>1. The company has a policy of not considering any transfer of trades in the back-office system and all updates are done in the post-closing or during market hours.</p> <p>2. Additionally the software also generates reports which are reviewed on a regular basis to check any mis-happening in the back-office.</p> <p>3. The branches / Authorised Persons 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.</p> <p>4. A facility has been used provided by the Exchange to modify client code (CLD) on an online basis through screen as well as through file upload in NCMS application for the orders executed. To prevent the order modifications resulting into self-trade. The same shall be verified to ensure modification is not resulting into self-trade.</p> |
| <b><i>Square off positions / Liquidation of securities without consent of clients</i></b> | <p>1. The company has a policy to square off trades of the clients in case Margin Shortfall. In case of negative MTM Margin, Risk Management Team monitors Client's positions closely follow-up with the client for additional Margin and also informing them that in case of non-furnishing of the required margin the positions will have to be squared off.</p> <p>2. The organization tries to have extra margin so that client positions are not forced to be squared off. Clients are informed about the margin requirement and as the clients normally give the margin or square off their position on their own. Clients are warned / informed that their position may be squared off in case of shortfall of margin</p>                                                                                                                                               |

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|                                                                                | <p>/ pay-in default for the shares bought in the cash market. The clients are contacted and informed about the margin requirement over phone by the company staff or by the authorized person.</p> <p>3. In case of shortfall, the clients are informed to deposit the cheques in the bank account or securities are told to be transferred to the client margin account. The client is given sufficient time to act on the margin shortfall.</p> <p>4. Margin calls being made on phone, sms and other means of communication.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Policy for internal shortages</b>                                           | Policy is as per the exchange.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Opening &amp; Closing of branches, Authorised Person/sub-broker offices</b> | <p>Before opening any branch, proper due diligence would be carried out for the same to avoid any future problems and clear understanding and demarcation of responsibility between the branches in-charge and the head office would be made. Further the document of responsibilities will also be made detailing the duties and rights of the branch in-charge and Authorised Person.</p> <p><b>Opening of Branches:</b> While opening a branch, survey is conducted by the marketing team as per evaluation sheet of the company which includes net worth and educational qualification along with experience in the Securities market of the person, infra-structure and location of the office, Assessment of Prospective clientele, expected Brokerage earned, access the profitability of the location AND expected income etc. Data gathered by the marketing team helps management to determine the credit worthiness of the person for opening a branch/ registering as associate. After the mutual agreement for terms and conditions between the new associate and the company branch is opened.</p> <p>After finalization of location, ensure necessary arrangements for uploading of necessary information with Exchange(s), wherever required. Ensure to display of Notice Board and Name of the company as per the Exchange(s) norms, SEBI Certificates, Investors Rights and Obligations &amp; Do's &amp; Don'ts for Investors on the office.</p> <p><b>Closing of Branches:</b> Branch closing either initiated at branch level if the branch manager shows his interest to discontinue or initiated by Head office if the performance</p> |

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|                                                         | <p>of the branch is not acceptable to the company. While closing the branch, branch and clients are informed about the closure of branch. Intimation in electronic form regarding closure of particular branch is sent to all the clients of that centre in advance. Then as per clients' instructions either they are shifted to nearest branch / HO or their accounts are closed. When the procedure is completed for all the clients the branch is closed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b><i>Allotment, Surrender of Trading terminals</i></b> | <p>The trading terminals are provided to the dealer/s that is/are appointed by the Company or to the registered authorized persons only. The Exchange compliance requirements regarding allotment of terminals is strictly adhered to while allotment of terminals. In case of any closure of Branch or Sub-broker, the entire user IDs allotted to that location are surrendered.</p> <ol style="list-style-type: none"> <li>1. The limit with respect to the allotment of new terminals is done on the basis of the deposit given by the clients of the branch or on the basis of the risk call taken by the management vis-à-vis the branch manager or the branch in charge.</li> <li>2. The mapping of clients is done to the branch from where he has been introduced or where the client intends to trade. In case of surrender of any terminal at any of the branch location the client is provided an alternative option of trading at the head office or at a nearby branch for the same</li> <li>3. 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.</li> <li>4. The terminals are installed / activated / deactivated only after complying with the regulatory requirement of informing Exchange and uploading of the details of the authorized user.</li> <li>5. The Management has controls and the auditors during their visit check that only authorized trading software is used by the branch offices and Authorised Persons offices.</li> </ol> <p>The visits are made by the company staff or the auditors during their visit the branches check that only authorized persons/users are operating the terminal. Additionally</p> |

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|                                                       | the company carries out proper due diligence before opening of the branch or Authorized Person office is carried out. The directors / senior management spend regular time to access the working of the branches and Authorized Person and various concerns including the volume vis a vis clients vis a vis clients profile and activity pattern are considered.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Recording System</b>                               | Orders that are received over phone (recorded Landline only) are recorded daily and the recorded conversation between the clients and the dealers are stored daily for easy retrieval and checking in future. The organization is using Voice Recording System and has policy of taking back-up and storing the backup in house as well as outside the office. All dealing telephone lines are voice recorded and any request to listen to a tape must be made to Compliance & IT Department (in the prescribed form of email). Tapes must be listened to only by the concerned employee and Compliance.                                                                                                                                                                                                                                                |
| <b>Order Confirmation / Trade Confirmation system</b> | The orders received over phone are directly entered in the front office system and the same is confirmed to the clients at the same time. In case of orders, received over mobile or via email, clients are confirmed when the orders get executed. Additionally, the dealers also correspond with the clients to update the clients on the status of their orders. At the end of the day, contract notes are sent to clients confirming about the trade done on their behalf.                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Investor Redressal Mechanism</b>                   | <p>1. The register of complaints is centrally maintained. The Company has a dedicated Customer Relation Team to monitor &amp; redress complaints lodged with branches / sub-brokers. The Complaints received from clients through mail, letter at branches and subbroker is forwarded to Head office through email, telephone or post to respective Customer Relation Manager where they are redressed on online basis. If the complaint is not resolved at this level, then it is forwarded to the Compliance Department. The pending investor complaints and redressal at this level is monitored by the compliance officer. The analysis of such complaints is done by the management and preventive measures are taken and implemented.</p> <p>2. Complaints registered against the company and received through exchanges are redressed by the</p> |

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|                                                               | <p>Compliance Department and are recorded in the Register of Complaints.</p> <p>3. The Company has designated an exclusive e-mail ID to enable the investors to register their complaints and such ID has been displayed on the company's website and printed on KYC Form, Quarterly confirmation statement of funds and securities, Welcome kit etc.</p>                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b><i>PMLA &amp; Suspicious Transactions</i></b>              | <p>The company has implemented a written Anti Money Laundering Policy &amp; Procedures in the organization in accordance with the requirement under the PMLA and has also designated a Principal Officer for preventing and controlling money laundering activities and for combating financing of terrorism. The said policy, inter-alia, provides for Customer Due Diligence Process to be observed for new as well as existing clients, policy for acceptance of clients, maintenance of records, identification and reporting of suspicious transactions to authorities, AML training to staff for effective implementation of the AML policy. Also company analysis, monitor &amp; report transactional alerts provided by the exchange from time to time.</p>                   |
| <b><i>Branch / Authorised Person / Sub-brokers Audits</i></b> | <p>The Company has a dedicated Compliance team which carries out periodic Branch / Authorized Persons audit as prescribed by SEBI &amp; Exchanges.</p> <p>The team verifies the areas such as:</p> <ol style="list-style-type: none"> <li>No Cash dealings with clients are carried out.</li> <li>No Contract note / confirmation has been issued to clients other than the ones sent by the Company.</li> <li>No Commission, brokerage or fees has been accepted from any client by associate.</li> <li>No funds have been transferred from client's account to the account of associate or from account of one client to the account of another client.</li> <li>No personal trades of the associate have been executed in client's account under any circumstances etc.</li> </ol> |
| <b><i>Sales Practices followed by the Trading Member</i></b>  | <p>1. The company does not have any separate sales / marketing department. Company have dedicated Sales Personnel who look after the Marketing and sales process. The company is very particular about the client being registered and hence clients coming through reference or financial standing are only registered.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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|                                           | <p>2. The company does not have any marketing division and has not launched any promotional schemes for registration / enrollment of clients.</p> <p>3. The clients are apprised about the risk disclosure document and make them aware of the contents regarding the risk associated with the securities market.</p> <p>4. The company does not offer any freebies to the clients. All the services provided are charged as per the agreed terms.</p>                                                                                                                                                                                                                                     |
| <b><i>Monitoring of DP Operations</i></b> | <p>The organization has proper demarcation of work and responsibility among its staff for its broking and depository participant (DP) activities. The company has dedicated personnel for DP operations who are responsible for all the activities of the department. The DP operation department intimates clients for their pay-in obligations and also confirms pay-outs on a daily basis. They also reconcile all their records on daily basis.</p>                                                                                                                                                                                                                                    |
| <b><i>Power of Attorney</i></b>           | <p>1. The trading member has taken restricted POA from clients for meeting there transaction related pay-in of Securities.</p> <p>2. The POA provides only restricted right and does not provide total control to the broker on the Depository account or Bank account of the client.</p> <p>3. Only few employees of the company are authorised to operate the POA. The persons authorised are either directors or employees of the company with long standing and confidence. Thus the chance of misutilisation of the POA is very bleak.</p> <p>4. The POA is taken in the name of member only and persons authorised by the board are only further registered with the depository.</p> |
| <b><i>Compliance functions</i></b>        | <p>The role of Compliance department is to formulate compliance policy for the company and to monitor the company's business activities to ensure compliance. Compliance Dept. ensures that Books, records and registers are kept and maintained per prescribed rules and regulations.</p> <p>The Compliance Dept. advises line management of the company about the impact of applicable regulations on their business area and also supports them in discharging</p>                                                                                                                                                                                                                      |

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|                                                                     | <p>their responsibilities to comply with applicable regulations.</p> <p>The company has also implemented compliance calendar to keep proper control over the operations and compliances.</p> <p>The compliance department is also responsible for updating of the policies in line with various circulars being issued by the exchange and is also responsible for implementing the various exchange / SEBI requirement.</p> <p>The compliance department also carried out Investor Education, as required and employee training within the organization to keep the employees updated on the latest requirements of various regulators.</p> <p>The compliance department is also responsible for providing all the submissions as required to the regulators before the due date. In case of any delay, they should inform/update the senior management regarding the delay in submissions.</p> <p>All activities regarding monitoring and redressal of the grievances of the investors and compliance of rules, regulations, notifications and guidelines etc. are controlled and monitored by designated Compliance Officer and is periodically reported to the Board.</p> |
| <p><b>Business Continuity planning/Disaster Management Plan</b></p> | <p>We have power backup in place in case of power failure. Routines / Specific back-up for the records and registers are kept and maintained by designated department and is retrieved at regular intervals for crosschecking its authenticity, etc. Back-up of records is also kept at alternate site.</p> <p>For front office operations, the company has provided power backup to all dealing terminals so as to mitigate the risk of power supply interruption. The front office has connectivity to exchanges via leased lines.</p> <p>For backoffice operations, the company takes daily backup of the records into hard disk of server. Apart from internal backup, the company also takes weekly backup on DVDs and keeps copy of it externally in a remote place for safe custody.</p> <p>The backups are regularly tested to see their usability in case of any disaster.</p>                                                                                                                                                                                                                                                                                       |