

POLICY FOR INTERNAL REVIEW AND OPERATIONS

INTERNAL CONTROL, RISK MANAGEMENT AND OTHER POLICIES

(This is a policy document for guiding the operations of the organization. This Document is for internal use and not for circulation.)

I. CLIENTREGISTRATION

- A client is registered only after he had a meeting with the director / Sub broker / Authorized Person/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 & introducer for his account.
- Know your client form is duly accepted in compliance with the mandatory requirements specified by the SEBI & Exchange and processed further along with supporting documents with necessary proofs duly verified with original.
- In person verification is done by the Employee/Sub-Broker/Authorised Person of the company.
- The company has the policy of approval of all application forms by the Authorised persons of the company before allowing trading to applicant.
- Company has also advised its Associates to exercise proper diligence with respect to the client before introducing him to the organization and the final authority to approve client also vests with the Managing Committee of the company.
- All the KYC documents are finally stored at record centre which can be retrieved within 2-3 working days.

II. ORDER RECEIPT AND EXECUTION

- **Order Receipt:**Most of the times the client is entertained by the dealer who regularly deals with the client. The trades of clients are carried out in the respective client code only. The dealers take utmost care while executing the trades of the clients regarding the accuracy of Client Code, Quantity and Price etc. The orders from the client's are promptly executed by the dealers and the oral confirmation of the placement of the orders is immediately provided to the clients. Moreover, only registered clients are allowed to enter the dealing room for placing the orders
- **Mechanism for order management and execution:** The clients are divided into groups among the dealers and sub brokers at head office level, so that particular dealer can serve a particular group of clients which helps dealer to understand the client investment strategy in a better way & serve them accordingly. The orders are entered instantly by the dealer on the instruction given by the client. On execution of valid order into trade, dealers confirm the trade with the client so as to avoid any future dispute. At the end of the trading hours, the dealer informs the clients about the execution of the orders placed by the clients. Also a trade confirmation SMS message covering details of all the trades executed is forwarded to client after completion of trading hours on registered Mobile No. of the client.

III. **SENDING CONTRACT NOTES, DAILY MARGIN STATEMENT, QUARTERLY STATEMENT OF ACCOUNTS TO CLIENTS**

- Printing of Contract notes is centralized and is done at Head Office. The same are dispatched within 24 Hrs of execution of trades.
- Company issues Physical as well as Electronic Contract notes (ECN) to its clients. The digitally signed ECN are emailed to respective clients on the same day of execution of trades on their email address which were provided by them at the time of opening an account with the company. The company maintains the dispatch log of the ECN.
- Client margin details are sent to all clients electronically on daily basis as digitally signed document. The dispatch log of the same is preserved.
- Statement of accounts of fund and securities is sent to all the clients in physical form & also as electronically signed digital document on quarterly basis within the time limit prescribed by the exchange. The proof/Logs of delivery are preserved.
- In case if the client wants to change his email address which was earlier provided by him at the time of opening an account with the company the same should be done by filling up the modification form mentioning the old as well as new email id.

IV. **RISK MANAGEMENT**

- **Collection of Pay-in, Margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level:**
 - **Collection of Pay-in:** The Company takes standing instructions from most of its clients for maintaining running accounts for funds and also securities. The company has policy for transferring funds or securities to clients on periodic intervals or as and when client needs it. The client is expected to make payments for purchases and clear all debits before pay-in. PUNE E STOCK BROKING is authorized not to release securities purchased by the client unless the funds obligations have paid in full. In case PUNE E STOCK BROKING does not receive funds before due date (i.e. pay-in date) PUNE E STOCK BROKING will have all rights to sell the securities without any further intimation to client / associate.
 - **Margin collection:** The Company collects margin from the client in the form of money / securities or other property, which may be required to open and / or maintain his account so long as the client desires to avail of the services provided by PUNE E STOCK BROKING. The client's funds / shares lying in the margin account may be used by PUNE E STOCK BROKING for the purpose of placing same as margin with the exchange and / or Clearing Member, in any form PUNE E STOCK BROKING may deem fit. The amount of security margin deposited with PUNE STOCK BROKING is interest free and PUNE E STOCK BROKING shall have the right to adjust the same against any outstanding dues in client's account with PUNE E STOCK BROKING. In the event of closure of account with PUNE E STOCK BROKING, the balance of securities, deposit amounts (if any) shall be refunded only after all the transactions in client's accounts across segments are fully settled and / or intimation of closure in writing, whichever is later.
- **Limits setting for exposures & turnover for clients, terminals, branches & sub-broker level:** The PUNE E STOCK BROKING RMS system automatically sets individual client wise trading limits on the basis of client's available credit balance in ledger/ Margin account maintained with PUNE E STOCK BROKING & available Collaterals. These automatically set limits are subject to alteration by RMS team on the basis of past trading history & credentials of the client.
- **Monitoring of Debit Balances:** 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 sub-broker's deposits or are secured against collaterals. The company has a policy not to transfer the securities of the client till the payment in respect thereof is received. The client is not allowed to do further trading unless the old dues are cleared.
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- **Payment, Receipt of funds from / to clients:**
 - The company takes standing instructions from its clients for maintaining running accounts for funds and also securities. The Company has 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.
 - The client is expected to make payments for purchases and clear all debits before pay-in. PUNE E STOCK BROKING is authorized not to release securities purchased by the client unless the funds obligations have been paid in full. In case PUNE E STOCK BROKING 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.
 - The cheque from / to the clients are accepted / issued only from / to 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.

V. **INVESTOR REDRESSAL MECHANISM**

- The register of complaints is centrally maintained. The Company has a dedicated Customer Relation Team to monitor & redress complaints lodged with branches / sub-brokers. The Complaints received from clients through mail, letter at branches and sub-broker 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 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.
- Complaints registered against the company and received through exchanges are redressed by Compliance Department and are recorded in the Register of Complaints.
- 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.

VI. **ALLOTMENT/SURRENDER OF TRADING TERMINALS, OPENING & CLOSING OF BRANCHES**

- **Allotment / Surrender of Trading Terminals:** The trading terminals are provided to the dealer/s that is/are appointed by the Company or to the registered sub-brokers and 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.
- **Opening & Closing of Branches:** 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 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.
- **Closing of Branches:** Branch closing either initiated at branch level if the branch manager shows his interest to discontinue or initiated by Head office if the performance 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 physical form regarding closure of particular branch is sent to all the clients of that centre. 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.

VII. BRANCH /AP, AUDITS

- The Company has a dedicated Compliance team which carry out periodic Branch / Sub - Brokers audit as prescribed by SEBI & Exchanges. The team verifies the areas such as:
 - No Cash dealings with clients are carried out.
 - No Contract note / confirmation has been issued to clients other than the ones sent by PUNE E STOCK BROKING PVT LTD.
 - No Commission, brokerage or fees has been accepted from any client by associate.
 - 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
 - No personal trades of the associate have been executed in client's account under any circumstances etc.