



# **SHRIYAM BROKING INTERMEDIARY LIMITED**

## **INTERNAL CONTROL PROCEDURES**

Version 1.20

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## **SHRIYAM BROKING INTERMEDIARY LTD**

### **INTERNAL CONTROL PROCEDURES**

#### **a) Introduction**

SHRIYAM BROKING INTERMEDIARY LIMITED (hereinafter referred to as SBIL) is a SEBI registered Stock Broker and to carry on its business as such, it is necessarily required to comply with various Acts, Rules, Regulations, Stock Exchange Bye-laws, and Circulars etc that govern SBIL's conduct of business. Accordingly, SBIL has laid down certain procedures to ensure that its various business activities are conducted not only in conformity with the various regulatory requirements but also in a professional manner. All staff shall ensure adherence to these procedures governing their respective part of SBIL's business activities while discharging their duties.

Any non-compliance with the internal control procedures described hereunder may result in disciplinary action against the staff concerned. Staff shall also ensure that if they observe any breach/possible breach of any of the procedures, they must immediately bring it to the notice of their head of department or Compliance Department.

#### **b) Internal Control Procedures Relating to SBIL's Business Activities**

The internal control procedures relating the various business areas of SBIL are given hereunder:

##### **a) Client On-boarding and Registration**

- Persons are admitted as clients only after they have a meeting with the senior management of the company.
- The application forms for opening an account are issued only when the management is satisfied with the client's financial capacity to trade in securities market and after the prospective client provides the valid reference.
- The prospective client is required to submit the 'Know Your Client' form duly filled-in in compliance with the mandatory requirements specified by the SEBI & Stock Exchanges and the same is processed further along with pre-franked Agreement / Stamp paper of requisite amount, Supporting documents, proof of bank account, DP account, etc.
- 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.
- Walk-in clients are not entertained and only clients through reference are enrolled.

- 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. Last 2 years' balance sheet is taken from corporate clients. From the individual clients, a declaration about their financial net-worth is taken on the basis of the management's level of comfort with such client. However, IT Return copy is insisted upon.
  - The client registration modalities are carried out in-house and are not outsourced.
  - With reference to updation of clients' financial information, clients are requested to send copy of their IT Returns & net-worth on a yearly basis.
  - The compliance officer of the company verifies all the applications received.
  - The company has the policy of approval of all application forms by the Management of the company before allowing opening of trading a/c of the applicant.
  - The clients are apprised about the risk disclosure document and are made aware of the contents therein regarding the risk associated with the securities market.
  - On the Basis of Risk profile of Client, which is done by Management/Sales Traders/Dealers, Client is given limit for trading.
  - All the formalities relating to client identification & verification are done in accordance with the Customer Due Diligence Process described under the SBIL Anti Money Laundering Policy & Procedures.
  - Amendment to standard form / client agreements shall be considered by Compliance and any requests for special terms must be referred to Compliance.
  - Requests from potential or existing clients for information about SBIL shall be dealt with as follows:
    - A "family tree" showing the intermediate holding companies of SBIL may be requested from Compliance and sent to a client.
    - It is not the practice of SBIL to disclose its audited report and accounts or financial statements to outside parties. Any request from a persistent client must be routed through Compliance.
  - Requests from existing or potential clients for a guarantee must be approved in writing by the CEO and Compliance.
- b) Receiving, Validating & Entering the Orders of Clients in Trading Platform**
- The Company's business model is such that all the clients are personally known to the management. Dealers are aware of the risk appetite of the each and every client which helps in better control.

- The Company has restricted the access to the dealing room to the authorized persons only who are dealers of the company. The Company has put an electronic access control system.
- The Dealers are informed about the approved clients, and they are responsible for receiving, validating and entering orders received from the clients.
- The orders are received over phone (recorded landline only), via e-mail, Bloomberg, personal instructions by clients when they are in the office.
- To give better & personalized service to the clients they are divided group-wise among the dealers so that a particular dealer can serve a particular group of clients which helps dealers to understand clients' investment strategy in a better way & serve them accordingly.
- Deal Slips are required to be time stamped when an order is received and also on execution of the order. Orders must be executed fairly and to the clients' best advantage.
- All orders must be recorded on a deal slip. Care must be taken to ensure that all relevant details are accurately and clearly recorded on the deal slip.
- All execution details must be recorded on the relevant deal slip. The deal slips (and any amendments / cancellations) must be authorized by Head of Dealing / Head of Equities. Reasons for amendments must be stated on the deal slips. Any amendments after handing over deal slips to operations must be recorded on the amendment deal slip which should be signed by Head of Dealing / Head of Equities and countersigned by Head of Operations.
- On execution of valid order into trade, dealer immediately confirms the trade to the client so as to avoid any future dispute.
- Order Allocation: When a order is to be allocated to different trading accounts of the same client, then allocation of shares must be done on a basis that gives, as far as possible, an equal price to each of different clients.
- At the end of the trading session, the dealer once again informs the client about the execution of the orders placed by the clients.
- Short sales must be reported on the exchange. On NSE, at the time of order. On BSE, net short position at the end of day.
- Long buys should be reported on NSE Capital Market Segment at the time of order.
- Any change in the status of trades marked as INST should be reported to the exchange by end of day.

- After market hours, back office team informs the client about their executed trades for the day and also about their obligation towards Pay-in & Pay-out of funds & securities for the particular day.
- SBIL, when dealing on proprietary account, must not deal in securities of a company 5 days before or 2 days after the release of SBIL's research report on that company.
- No staff shall deal in securities when in possession of information on client orders, pending transactions, pending research report or any other confidential information. This is a fundamental rule and any staff found to be acting in contravention of this rule will be liable to serious disciplinary action, including dismissal.

**c) Risk Management System & Limit Setting Procedure**

- Position Limits for each client are determined by the Risk Mgmt Department based on clients' KYC & Net-worth information. These limits are set exchange-wise and segment-wise.
- The limits are reviewed by Risk Management Department based on the above criteria in consultation with Sales/Sales Trader.
- Risk Management Department has the facility to set position limits exchange-wise, segment-wise, dealer-wise, and scrip-wise. The limits are set in NSE NEAT System through 'Corporate Manager' and in BSE BOLT System through Zero Terminal and in CTCL Systems through Admin Terminal. The client-wise limits are set through CTCL System.
- Dealer level limits are set based on allocation of clients to dealers.
- The Risk Management Department continuously monitors the various limits set by it through online risk management software Protector and Reliable Risk Software.
- Risk Management Department is also monitors the exchange-wise and segment-wise exposure limits for the Company (SBIL).
- In CTCL Terminals, clients are mapped & Sales Traders/Dealers are informed about their clients. Dealers are authorized to enter orders for only mapped clients & the Surveillance Department monitors this online.
- The Trading Terminals are installed / activated only after complying with the regulatory requirement of the SEBI and the Stock Exchanges and after uploading the details of the Authorized User with the Exchanges.
- The Company has a system in place wherein on weekly basis Risk Management Department verifies that the certificates of the Authorized Users have not expired or are not due to expire in near future. If any certificate is found to be nearing its expiry, the concerned user is informed about the same one month in advance so that he/she can appear in the specified exam for getting a new certificate.

- The Risk Management Department also monitors the activity in accounts which had been lying dormant for a long time.

**d) Collection & Release of Payments to Clients**

- Any money received or held on behalf of clients, is to be kept in a separate bank account titled “Client Account”. Funds lying in this account cannot be utilized for any purpose other than for meeting clients’ obligations.
- Some of the clients have given consent to the company to maintain their running accounts so as to avoid the trouble of receiving/paying funds on a daily basis. As decided by the Risk Management Officer, in case of some clients, no trades are done until the funds are received in advance.
- Quarterly Settlement is done as per the SEBI circular SEBI/ HO/ MIRSD/ DOP/ P/ CIR/2022/101 dated July 27, 2022, and Exchange circular NSE/INSP/53115 dated July 27, 2022, and circular NSE/INSP/49458 dated 31<sup>st</sup> Aug 2022 & NSE/INSP/53820 dated September 23, 2022 on “Settlement of Running Account of Client’s Funds lying with Trading Member (TM).
- With reference to NSE Circular no. NSE/INSP/43250 dated 16th January,2020 in running account settlement we are not investing the actual settlement amount (Monthly / Quarterly) of the clients with the consent/without consent of the client / through POA in any scheme or investment products including mutual funds, Exchange traded funds such as liquid bees etc. And we credit the settlement amount (Monthly/Quarterly) to the client bank account directly and not run any schemes to invest the actual settlement amount (Monthly / Quarterly) with the consent/without consent of the client / through POA in any scheme or investment products
- As per SEBI Circular SEBI/HO/MIRSD/DOP/P/CIR/2021/577 dated June 16, 2021, for the clients having credit balance, who have not done any transaction in the 30 calendar days since the last transaction, the credit balance will be returned to the client by SBIL, within next three working days irrespective of the date when the running account was previously settled.
- The company collects and releases funds through banking channels i.e. Account Payee Cheques & Demand Drafts and RTGS only.
  1. Proper audit trail should be maintained while receiving funds from the clients through pre-funded instruments, such as Pay Order, Demand Drafts, Banker’s Cheque etc. While accepting any Pre-funded instruments wherein the name of the Client and the Bank Account number are not mentioned, certification mode by following documents/supporting is required to be accompanied alongwith receipt voucher after proper due diligence:
    - A certificate from the issuing bank on its letterhead or on plain paper with the seal of the issuing bank
    - A certified copy of the requisition slip (a portion of which is retained by the bank) to issue the instrument

- A certified copy of the passbook/bank statement for the account debited to issue the instrument.
  - Authentication of the bank account debited and the name of the account holder by the issuing bank on the reverse of the instrument
2. In case where funds are transferred by any client through Electronic Fund Transfer, following due diligence are required to be taken while accepting the funds:

Name of the Sender or Bank Account Number is mentioned in Description column of Bank Statement in case RTGS/ NEFT/ FT transaction.

Also additional details was sought from Bank for RTGS/ NEFT credit containing Name of the sender, Bank Account Number etc which is kept for record purpose for audit trail.

- The Accounts Team coordinates with DP team regarding pay-in of securities by clients and then releases the pay-out cheques to the client. In case of any shortage, the amount is released after partly withholding the pay-out fund.
- Company releases payments of the clients either by cheque or RTGS/ NEFT and only by RTGS/ NEFT in case of Quarterly Settlement.
- In case of pay-in, the cheques are collected on or before pay-in date of particular settlement & on receipt of cheques it is verified that the cheques are from client's Account only. Bank Account Numbers are entered in the Receipt Voucher & the same is compared with Master through system. All bank receipts which are not from client's Bank Account will be marked with "Third Party" flag by the Back office Software. After identifying such receipts necessary steps are taken by the Back office Department & the same is reported to the Compliance Officer.
- In case of pay-out, after verifying that there is no short pay-in of shares, cheques are issued to clients with their Account Numbers printed on the cheques.
- In case of own trading pay-in/pay-out funds are arranged through own funds.
- Company is not doing any fund based activities such as funding to clients except where client fails to meet his pay-in obligation.

**e) Collection & Maintenance of Margins**

- The company transacts on behalf of clients in Cash segment & F&O segment. With respect to the collection of margin in cash segment, the company now mandatorily collect margin with effect from 1st January, 2020 as per circular dated 31 Dec, 2019\_BSE\_20191231-52. However, all efforts are made to see that none of the cash segment transaction leads to any loss for the organization. The Risk Management Team/Management collect upfront margin(VaR margins and Extreme loss Margin (ELM)) on T day & M2M on T+2 day before execution of the trades and Peak

margin as per NSE Circular no. NSE/INSP/46485 dated November 11, 2022 and will adhere to any further instruction & Circular issued by SEBI or exchanges.

- No transaction is executed for clients until the Initial Margin(VAR + ELM) has been collected from the clients.
- The Company daily uploads the span margin file to the exchange.
- The Upfront margin can be collected in below mention forms
- Consolidated fund balance across exchange,
- Cheques, bank credits, fixed deposit, bank guarantee, Mutual Fund Units, Government securities / T Bills and list of securities which are actively traded on National exchange, and not declare as illiquid Securities by such exchange. Securities that will be taken, haircut will be applied on the basis of VAR or as may be required by the exchange.
- Securities, which are provided as margin, but are sold in the cash market can be considered up-to T+1 day from the date of sale without any haircut.
- M2M can be collected through Cheques received / recorded in the books of Member on or before T+1 day and deposited by member by T+2 day (excluding bank holiday, if any), can be considered, provided the same is cleared within T+5 working days.
- The option of reporting the margin can be done upto T+5 days, however the back office department is authorized to do the uploading from T+1 day itself on the basis of the valuation of the total margin lying to the credit of the ledger(Across all exchange) plus the value of the other margin securities provided by the client. In case any corrections are required in the file due to dishonor of any client cheque, etc then the new file will be uploaded after due consultation and permission of the seniors and the last file uploaded will be considered to be the final file
- The margin file uploaded is checked and then only uploaded to the exchange
- In case where the margin requirements is more than necessary margins are collected in any of the following form the clients (1) Early Pay-in of Shares, (2) Collection of Cheques on T/T+1 day, (3) Collection of funds and/or securities as Margin.

With respect to collection and maintenance of margins in the F&O segment the same is as detailed below:

### **F & O Margins**

- No transaction is executed for clients until the Initial Margin has been collected from them. Funds or shares are received from the clients as Margin.
- Shares of clients are marked as Margin are marked separate 'Client Margin Pledged Demat Account'.



- The Company daily uploads the span margin file to the Exchange.
- The clients are regularly sent the collateral margin report updating them on their margin requirement and the margin given by them to the organization and the surplus/shortfall in the margin, so that effective steps can be taken by the clients on the same.
- The option of reporting the margin can be done upto T+5 days, however the back office department is authorized to do the uploading from T+1 day itself on the basis of the valuation of the total margin lying to the credit of the ledger(Across exchange) plus the value of the other margin securities provided by the client. In case any corrections are required in the file due to dishonor of any client cheque, etc then the new file will be uploaded after due consultation and permission of the seniors and the last file uploaded will be considered to be the final file.
- The margin file uploaded is checked and then only uploaded to the exchange.
- The margin can be collected in through cheques, bank credits, fixed deposit, bank guarantee, Mutual Fund Units, Government securities / T Bills and approved list of securities. With respect to the securities that will be taken, haircut will be applied on the basis of VAR or as may be required by the exchange.
- The margins are to be collected from all the clients in the F&O as well as Cash segment, "Securities kept in "Unpaid securities account" can be considered towards reporting of client's margin obligation in the derivative segment after adjusting any debit balances in such client ledger, across all segments and Exchanges as per circular dated 27th Sept,2019 NSE/INSP/42229 & BSE circular no. 20190927-39. & we has accepted securities as margin obligation from clients only by way of margin pledge/repledge in the depository system by opening a separate demat account for accepting margin pledge which shall be tagged as "Client Securities Margin Pledge account". in accordance with SEBI circular no. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2020/28 dated February 25,2020.
- The company has a system where the stocks not approved by the exchange will not be considered in collaterals calculation, however the company may retain the same for extra security
- Short margin Penalty – With reference to NSE Circular no. NSE/INSP/45191 dated July 31, 2020 & NSE/INSP/49929 dated October 12, 2021 we do not pass the penalty for short collection of upfront margin to client. and penalty passed to client only in case of short reporting of margin/margin on consolidated crystallized obligation/MTM.

**f) Square-up Policy**

- The Company has a policy to square-off trades of the clients in case of Margin shortfall.

- Further in case of negative MTM Margin, the Risk Management Team monitors client's position closely follows 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.

**g) Margin Calls**

- The margin calls are made to the clients when there is an increase in the trading position of the clients or when there is a change in the margin.
- The margin calls are made before entering the orders on behalf of the clients.
- In case any client has open position and due to volatility or change in the prices of the securities there is an additional margin requirement, then the clients are intimated about the same and the back office staff/CRM/Accounts Team follows-up with the client for the collection of the required margin.

**h) Collection & Delivery of Securities to Clients**

- Client Securities should be segregated from SBIL's own securities. Client securities are not to be appropriated to meet SBIL's own obligations.
- In case of sale of shares, deliveries are asked on T day/T+1 Day & same are automatically reconciled through Back office software Master by importing depository transaction files.
- In case of Pay-out of shares, after verifying that all the due funds are received, shares are transferred to clients on Pay-out date otherwise the same are transferred to Client's Margin Account.
- The company has received authority from clients to maintain their running account to avoid any trouble of receiving/paying securities on daily basis. As decided by the Risk Management Officer, in case of some clients no trades are done until the securities are received in advance. Proper record for securities held of clients is maintained.
- The company also reconciles its Pool A/c, Principal A/c, CUSA A/c on a daily basis.
- Proper segregation is maintained by Back office Software for own shares & clients' shares.
- The company has subscribed for Speed-e facility to monitor online the activities of pool and other accounts.
- The company has policy not to transfer shares to clients who fails to meet their pay-in obligation.
- Securities details of clients are maintained in Back Office Software and the same can not be used for other client/own purpose.

## **i) Research**

SBIL is a research driven stockbroker and places great emphasis on top quality independent research.

### **➤ Preparation of Research**

It is the responsibility of the Head of Research to ensure that SBIL research reports are prepared as per the professional standard and integrity expected of the Shriyam Group. Shriyam Group maintains a policy of independence and this should be reflected in its research. While preparing research following should be observed:

- Research material must be fair and not misleading, must be produced in a professional manner and must be consistent with the Group style.
- Material interests held by a Group Company must be disregarded by the research analysts when producing research material and recommendations in relation to the company covered.
- Research material, its disclaimers and its use must comply with the relevant laws, rules and regulations.
- Disclosure must be made where a Group company, is providing or has provided, in the previous 12 months, investment services to a company which is the subject of the research, or has acted professionally in connection with an issue of securities by the company.
- A disclosure must be made where a Group company has fiduciary duties to the company covered for research e.g. is a corporate broker to the company.
- Analysts must be, and must be seen to be, independent from companies, which they cover for research. Procedures and guidelines must be in place to ensure that analysts comply with all applicable regulations governing the handling of the privileged information. In particular, such information must not be disclosed to clients or colleagues.
- Breach of another person's copyright is strictly prohibited and data should be sourced where appropriate.
- Restrictions on publishing forecasts or expressing opinions where a Group company is connected with investment banking advisory transaction must be adhered to. An analyst who is an insider to a transaction must not communicate with clients on that company/ies.
- Employees/ staff shall not circulate rumors or unverified information from client, industry, any trade or any other sources without verification. Such information shall be forwarded to any body only after taking due approval from Compliance Officer/ senior management.
- Employees/ staff shall not have access to Blogs/ Chat forum/ Messenger sites etc without permission from senior management.

### **➤ Disclaimers & Acknowledgements**

The appropriate disclaimers should be carried on all research material which is published by SBIL. Use of charts, figures, data or other proprietary information from external sources should be acknowledged and where necessary, permission to use the data obtained.

➤ **Research E-mail**

When research is distributed through e-mail, care must be taken that appropriate disclaimers are in place. Responses to specific questions from clients, particularly on companies, also constitute “research” and must be sent out with the appropriate disclaimers.

➤ **Distribution of Research**

Research may only be distributed to clients on the mailing list. Additions to or deletions from the mailing list must be approved by the Head of Research.

**j) Compliance Function**

➤ The role of Compliance officer is to formulate compliance policy for the Company and to monitor the company’s business activities to ensure compliance.

➤ The Compliance Officer advises line management of the company about the impact of applicable regulations on their business area and also supports them in discharging their responsibilities to comply with applicable regulations.

➤ The company has also implemented compliance calendar to keep proper control over the operations and compliances.

➤ In order to achieve the above objectives, the Compliance Department undertakes following activities on a regular basis:

- Check on securities dealing conducted by SBIL;
- Check on staff dealing to ensure that it is in accordance with the Employee Trading Policy and also in conformity with Code of Conduct for Prevention of Insider Trading;
- Review of client files to ensure the documentation is complete;
- Review of ‘client account’ to ensure compliance with regulatory requirements on client funds;
- Review of research reports to ensure disclaimers are properly included;
- Identify potential conflicts of interest;
- Review of documentation, particularly in areas with regulatory responsibility;
- Review of transaction specific documents;
- Review of any complaints, penalties, fines
- Review of manuals on a semi-annual or annual basis to ensure that necessary updation is carried out.

**k) Payment of Dividend:**

➤ The company receives dividend on clients’ shares directly in the client bank account.

➤ The company pays all the dividends received on behalf of clients immediately to respective clients. The client dividend account is nullified immediately.

- On receipt of client dividend the same is credited to Dividend Payable A/c (Client) & after identifying the actual beneficial owner, the same is credited to clients on the same day.
- Own dividends are credited to Own-Dividend Account.

**l) Business Continuity Planning / Disaster Management Plan**

- 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.
- For back-office 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.
- The backups are regularly tested to see their usability in case of any disaster.

**m) Sales Practice**

- The organization does not have direct sales retail team, but gets client on the basis of direct contact of the management.
- The organization is focused on working with limited but niche clients only.
- Investment ideas are communicated to clients only after due diligence by the Research Department based on clients' risk appetite and company fundamentals.
- Records of time stamping of orders received from clients & execution of trades are maintained.
- To ensure confidentiality of clients' trades, no mobile phones are allowed in the dealing room. And, all telephone lines/conversation with clients are recorded.

**n) Account Closure Procedure / Dormant Account**

- Any client desiring to close account is required to inform in writing and the decision in this regard is taken by the management. After necessary approval from the management, the client code is deactivated. Only after scrutinizing the compliance requirements and "no pending queries" confirmation is taken, securities and funds accounts are settled. In case of closure of dormant accounts, the compliance officer checks in case trades are executed in such accounts and the account is checked for funds and securities settlement to avoid chances of errors, deliberate or otherwise.
- In case of an order received from an account which was lying dormant for a long time, an enquiry is made about their non-trading in the share market. Only on receipt of satisfactory reply, further actions for execution of transaction are carried out. Additionally, updated financial information & other details are rechecked, if required

are called for. After receiving necessary documents, details etc. and approval from the management, client is reactivated & is allowed to carry out transaction.

**o) Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts & Annual Global Statement to clients**

- The processing and issue of contract note is centralized at the registered office, Mumbai
- Auto numbering of the contract notes is done through the system and the contract note is initiated to 1 (first contract note) every year on 01st April.
- The SBIL sends contract notes and daily margin for both Cash & F&O Segment statements on on T day of execution of the trade physically/electronically to all the clients.
- The activity of sending contract notes, daily margin statement and quarterly statement of accounts to clients has not been outsourced to any person.
- **Annual Global Statement** send to the clients within 30 days after the end of the every financial year in physical/electronically.
- As per NSE Circular NSE/INSP/47227 dated February 03, 2021 SBIL send a complete '**Statement of Accounts**' for funds and securities/commodities in respect of each of its clients on weekly basis from Monday to Saturday for each week with 4 working days in the next week.
- The Quarterly Settlement/Retention are sent to clients within 5 days from the date of Settlement whether physically/electronically to all the clients.
- The documents physically sent by courier and proof of dispatch (POD) which is maintained. In case of hand delivery, acknowledged copies of the documents are maintained.
- Duplicate copies of contract notes and all the documents are properly filed and kept
- Statement of Accounts' for funds, securities/commodities in respect of each of its clients on weekly basis as per NSE circular no. NSE/INSP/47227 dates 3rd Feb, 2021 from week ending 6th March 2021 within respecting timeline.

**p) Investor Grievances Redressal Mechanism:**

- The Company maintains a Complaint Register with the Compliance Officer at its HO. All complaints received from the investors/clients are recorded in this register. Concerned department is informed about the complaint received and efforts are made to resolve the complaint within the stipulated time. All related parties to the Company's business are informed about the investor grievance contact details at the

exchange and are also provided the email-id of the Company for sending any grievances.

**q) Recording System:**

- 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 a 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 (in the prescribed form). Tapes must be listened to only by the concerned employee and Compliance.

**r) Order Confirmation / Trade confirmation system:**

- 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 Bloomberg 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 trades done on their behalf.

**s) Internal Audit:**

- Company has policy to conduct Half Yearly Internal Audit as required under the SEBI Act, 1992.

**t) Annual Return:**

- The Compliance officer and the inspection department / internal audit department are required to check the compliance with the various requirement of stock exchange and accordingly the filing of Annual Return with the exchange is required to be completed before the due date. The exchange issues circulars regarding the same and the compliance with the same has to be taken care.

**u) Annual Information Report:**

- The Compliance officer is required to submit the Annual Information Report to the stock exchange in their specified format after updating any suggestions as may be provided by the exchange vide their various circulars to see that the organization has complied with the various requirements as may have been specified by the exchange within the time limit as may have been specified by the exchange.

**v) Half yearly networth certificate:**

- The requirement of submission of networth certificate on half yearly basis for the periods ending 31<sup>st</sup> March and 30<sup>th</sup> September has to be complied as per the requirement of the stock exchange by the Compliance officer and the inspection department / internal audit department.

w) **Mandatory Insurance Cover:**

- The requirement of taking the mandatory Insurance cover and submitting the same to the stock exchange has to be taken care by the Compliance department in consultation with the operations / accounts department or with guidance from the senior management as may be required.

x) **Suspicious Transactions**

The Company has implemented a written Anti Money Laundering Policy & Procedures in the organization in accordance with the requirements 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.

y) **Miscellaneous**

- **Brokerage on Transactions:** Maximum: 2.5% of the Contract Value.
- **GST:** GST at applicable rates must be levied on brokerage.
- **STT:** STT at applicable rates must be levied on transaction value.
- **Stamp Duty:** Stamp Duty is payable under The Bombay Stamp Act, 1958 for transactions in equities and derivatives segments:
  - @ 0.01% of contract value for delivery based transactions and
  - @ 0.002% of contract value for transactions squared-off during the settlement period.

z) **Arbitration / Dispute Resolution Committee**

All arbitration proceedings in BSE and NSE as well as meetings of Dispute Resolution Committee of NSE concerning SBIL must be attended by CEO/COO.

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