

CORPORATE POLICIES AND PROCEDURES

RR Global Capital

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Stock Exchange Membership & SEBI Registration Details

SEBI Reg. Nos.: NSE Future & Option - INZ000213626,

NSE Member Code – 90153

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CORPORATE PROFILE-

RR Global Capital promoted by **Shri Rajendra Maheshwari**, a Business Pioneer & **Shri Rajesh Chitlangia** having vast experience in managing large corporate financial matters, was incorporated in the year 2018.

With efficient management of its business, the company established itself into the market very soon and earned the goodwill of its clients.

The company uses most modern technology to provide most efficient service to its clients and branches. With a view to provide services to the investors nearest to the place of their stay, the company has established trading terminals in different parts of the country.

Internet based Online trading facilities are being provided on NSE – F&O Segment (Alpha Category) and in-house clients are also provided facility to view their accounts and other back office reports relating to their trading activities online.

The present policy and procedures have been formulated keeping in view the statutory requirements of various stock / Commodity Exchanges and regulatory authorities and other legal bodies such as Financial Intelligence Unit under Prevention of Money Laundering Act., etc.

The present policy and procedures are to be strictly complied with by all staff members dealing with their respective departments and no deviations are permitted except with the specific authorization from the top management consisting of the whole time Partners .The policy will be reviewed on annual basis.

**CLIENT ACCEPTANCE POLICY AND PROCEDURE FOR NEW CLIENT
REGISTRATION AND MAINTENANCE OF CLIENT ACCOUNTS**

1. The company shall follow a policy of accepting clients through references from known persons and avoid walk in customers.
2. Before accepting a client, credentials of the clients shall be verified so as to ensure that he is not involved in drug trafficking, terrorist activities and other organized and serious crimes and that he is not a conduit for the flow of illegal money.
3. Special care shall be taken and proper prudence shall be exercised while opening accounts of Clients of Special Category which include NRIs, HNIs, Trusts, NGOs Companies having close family share holdings,
4. As a general policy the company shall not entertain as client, the Politically Exposed Persons (PEP) and persons having relation with Politically Exposed persons, Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. Company should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Staff member should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. Such accounts should be subjected to enhanced monitoring on an ongoing basis. The above norms should also be applied to the accounts of the family members and close relatives of PEPs. The accounts of Politically Exposed Persons shall be opened only after obtaining the approval of Business Head. Further, in the event of an existing customer or the beneficial owner of an account subsequently becoming PEP, Business head approval would be required to continue the business relationship and such accounts would be subjected to Customer Due Diligence measures as applicable to the customers of PEP category including enhanced monitoring on an on going basis.
5. As a general policy the company shall deal only with clients in Low and Medium risk categories. High Risk clients shall be allowed to trade only under authority from 2 whole time Partners and after carrying out due diligence.
6. Before allowing trading, the prospective client shall get himself registered with the company for the Exchange and market segment in which he wants to trade.
7. For this purpose he shall fill up and submit the prescribed Client Registration Form / KYC form along with self attested copies of the required documents. The format of the KYC form shall be as prescribed by SEBI and the Stock Exchanges and shall contain all mandatory documents and forms. A few non mandatory documents may also be included.
8. As a policy the company shall send contract notes and all other reports to clients electronically via e-mails and access to online back office data through website, unless otherwise specifically requested by the client. The client shall be required to provide designated e-mail id on which all contract notes and other reports/ financial statements shall be sent.

9. A copy of the complete set of KYC form and documents executed by the client and the UCC allotted to him shall be provided to the client against acknowledgement
10. Identification of the client and strict compliance with KYC norms is of paramount importance while opening accounts of new clients. Apart from this updation of client database on regular basis and review of the information furnished by him is most essential.
11. Accept client whom we are able to meet personally.
12. Either the client should visit the office or staff member of the company may visit the client at his residence / office address to get the necessary documents filled in and signed
13. As far as possible, ensure that the new client is introduced by an existing client. Apart from documentary evidence, identity and genuineness of the client has to be established through references / introducer in compliance of PMLA requirements
14. In person verification of the identity of the account holder is done by a staff member of the company.
15. All the copies of the documents submitted by the clients are verified from the originals by the staff member doing In Person Verification.
16. Submission of PAN Card copy is mandatory and the name on the PAN card should be identical with the name of the prospective client in whose name the account is being opened. The particulars in the PAN card submitted by the client are verified from the web site of the Income Tax department.

When the Form is found to be complete in all respects, permission of any of the Partners or Compliance Officer shall be obtained for opening the account and the account will be opened in the data base under the supervision of Accounts Deptt., Head and then uploaded in the database / system of the respective Exchanges. After successful upload of the data, trading shall be permitted.

Policy for Account opening (UCI & KRA)

Role of Maker

1. All Client Account Opening Forms Kits from the branches and clients are received in the Head Office.
2. Forms incomplete in any respect are rejected and are registered only after ensuring that the same are complete in all respect.
3. In person verification is done by employee of the company for every client.
4. The client's names are compared with the list of persons barred by SEBI and UN Security Council.

Note:

- If client name is found in the list of persons barred by SEBI and UN Security Council, account should not be opened
- Inform to Client specifying the reason for rejection of account opening request.

5. The AML compliance with regards to identification of the client to be done and low and medium risk client will be accepted. Accounts of foreigners are not opened.
6. Process the Client Account Opening Forms Kits where no discrepancies found.
7. Account get opened in DP first by punching the details in DP back office by the maker

Note:

- All discrepancies should be inform to the manager by the maker and communication to Client .

Role of checker and Manager

8. Details punched by the maker to open the account should be checked by the checker and do the correction if required and release the data for account opening after getting the approval from manager.
9. Tariff / cost structure of DP should be recheck and approve by the Manager
10. Take the printout of master copy, attached the same in CRF kit and forward it to the trading account opening department.
11. In case account is open for trading without opening of DP account
12. All required details should be rechecked by the Maker of account opening department in respect of trading account's requirement.
13. Client code is allotted to the client and data should be punched by the maker in back office system including brokerage
14. Details punched by the maker to open the account should be checked by the checker of trading account opening department and do the correction if required and release the data for account opening.
15. The UCC is uploaded to the Exchanges including the mobile no & e mail id to receive trade confirmation by the maker.
16. The uploaded UCC should be verify by the Checker
17. A copy of the KYC docket containing the KYC Form, right & obligations, Dos &Do'nts, RDD along with the other documents and Depository master copy with DIS book sent to the client with the welcome letter and the login ID and password. The client is instructed to verify the details like the Name, Address, Bank and Demat account details, PAN etc. and report in case of any discrepancy.

Process Related to KRA

18. Maker should check the registration details of client on KRA
19. If client is already registered with KRA, there is no need to register again. Maker should check the detail of clients and if any changes is observed then it should be modified with latest details else no need to send KYC to KRA
20. The details is uploaded to the KRA by the Maker with data exported through back office
21. Upload scanned copy of all documents of KYC on KRA
22. Check the status of client registration details with KRA. If it get successful then intimate accounts and DP department.
23. If any discrepancies is pointed out by the KRA then it should be rectified as per requirement
24. If client wish to get change any details it should be accepted with all necessary supporting document.
New details of client must get updated on KRA.

Certain Policies and Procedures for client account maintenance

While maintaining accounts of the clients and dealing with them the following policies and procedures shall be followed:

1. Refusal of order for Penny stocks:

Company shall have the absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid “options”, far month “options”, writing of “options”, stocks in S, Z and B2 category and any other contracts which as per the perception of company are extremely volatile or subject to Market manipulation.

Company may permit restrictive acceptance of orders in such scrips/contracts in controlled environments like orders received from clients being forwarded by branches to a centralized desk at HO instead of allowing trading in such scrips/Contracts at branch level or through Online trading platform. Company shall not be responsible for delay in execution of such orders and consequential opportunity loss or financial loss to the client.

Company may cancel orders in such scrips received from clients before execution or after partial execution without assigning any reasons thereof. Company may take appropriate declarations from the clients before accepting such orders.

Company shall have the prerogative to place such restrictions, notwithstanding the fact that the client has adequate credit balance or margin available in his account and/or the client had previously purchased or sold such securities / contracts through company itself.

2. Setting up client's Exposure limits:

Purchase Limit : Company may provide a exposure limit for intraday and delivery based purchases by a client which would be a multiple (varying between one to four times) of the clear ledger balance in the account of the client plus value of paid up collaterals computed after appropriate haircut. The value of the “multiple” and the “haircut” shall be decided by Company based on Market Volatility and quality of collaterals.

Sell Limit : Company may provide a sell limit to the client equivalent to the value of securities held by the client in his POA enabled Demat account plus the collateral held by Company on behalf of the client in its Beneficiary and Margin Pool account after making appropriate adjustments for the unsettled delivery positions of the client.

Exposure for F&O : Company may provide exposure for F&O based on availability of initial margin (SPAN + Exposure) in the form of cash and approved securities (with appropriate hair cut).

Client-wise differential Limits : Company shall have the prerogative to allow differential purchase limits and sell limits varying from client to client, depending upon credit worthiness, integrity and past conduct of each client.

3. Applicable Brokerage Rates:

(a) Company charges brokerage to its clients at rates not exceeding the maximum chargeable as prescribed by exchanges/SEBI, which is at present 2.5% of the value of the transaction. The actual brokerage rates chargeable to a client will be as per the terms agreed with the client in the KYC at the time of client registration. Company may charge brokerage on option contracts expiring worthless and option contracts exercised/assigned. In case of low value securities, Company may prescribe minimum brokerage per share which may exceed 2.5% of the value of the transaction subject to a maximum of Rs. 0.25 per share.

(b) The brokerage will be exclusive of the following except in cases where it is agreed otherwise:

- Service Tax and Education Cess
- SEBI/exchange/Clearing member charges
- Stamp duty
- Statutory charges payable to Exchange/SEBI/ Govt. Authorities etc.
- Any another charges towards customized/ specialized service

4. Imposition of Penalty / delayed payment charges by either party, specifying the rate and the period:

The Exchange/ Clearing Corporation / SEBI levies penalties on the broker for irregularities observed by them during the course of business. Company shall recover such imposed penalties/levies, if any, by the Exchange/Regulatory, from such clients on account of whose dealings such penalties/levies have been imposed. Few of the examples of violations for which penalties may be levied are as under:

- (a) Auction of securities pursuant to short deliveries by the client.
- (b) Non adherence to client level exposure limits in cash, F&O and currency segments.
- (c) Short margin reporting in any segment as may be stipulated by the respective Exchange.
- (d) Any other reason which may be specified by the Exchanges/ Clearing Corporation/SEBI from time to time. Such recovery would be by way of debit in the ledger of the client and amounts would be adjusted in the ledger of the client and amounts would be adjusted in client ledger account.

(A) By Company on its clients:

- (1) Company may levy penalty/delayed payment charges from clients who have delayed payment against settlement obligation or margin obligation at the rate of 18% per annum. Company may waive these charges for such clients if it is satisfied that the respective client has not willfully delayed payment.
- (2) Levy of such charges and payment thereof by client does not amount to Company agreeing to fund the settlement obligations or margin obligations of the client. The penalty/delayed payment charges are being imposed to ensure that the clients pay money towards their obligations on time.
- (3) The client shall have an obligation to make payment of such penalty/ delayed payment charges upon Company debiting the amount in the respective client's ledger account by journal entry and by communication of the same to the client by way of sending statement of account either in hard copy or by email.

(B) BY clients on the Company:

- (1) In respect of clients who have instructed Company to maintain running account: Such clients shall be entitled to claim interest/delayed payment charges from Company upon satisfaction of the following conditions:

(a) The client has submitted written request for pay out of his funds subject to the same being equal to or less than his clear unencumbered credit balance in his client account for respective segment.

(b) Such interest shall be payable to client upon the client raising his claim for the same with evidence of submission of request and computation of claim. Such interest shall be payable at the rate of 18% per annum.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues

Company shall have right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay/ failure of the client to meet the pay-in obligations and / or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

- a. Unpaid Securities in Capital Market :

- i. In case of unpaid obligation on T+3, Company may sell the unpaid/ partially paid securities. In addition Company may sell the collaterals deposited by the client towards margins and/ or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and/ where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.
 - ii. Company may follow the LIFO method for liquidation of securities but it shall not be binding on it to follow this method in all cases.
- b. The margin shortfall in F&O:
- i. Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis.
 - ii. While computing margin shortfall, value of unapproved securities shall not be considered.
 - iii. As per the current Exchange requirements, the Member Broker is required to maintain a 50:50 ratio between cash and collaterals margin deposited with the Exchange. Company shall therefore have the prerogative to insist for at least 50% of margin in cash and may not consider the value of securities over and above the cash component for the purpose of calculating margins shortfall and close out the F&O position wherever it finds the deviation. However, sales made in capital market segment shall not be considered while closing F&O positions on T+1 basis due to margin shortfall.
- c. Intra-day Positions :
- Company shall have right to close out any intra-day positions taken by the client after a defined "Cut-off" time (Presently 20 minutes before close of market).
- d. General :
- i. While selling the securities/ closing the clients positions, Company may take into account the sales made by the client, positions closed by the client or collections received from the client till a cut-off time (presently 02.15pm).
 - ii. While selling the securities/ closing the clients positions, Company may not take into consideration Cheques/Bank drafts/Pay orders deposited by the client with Company until clear proceeds of such instruments are received by Company in its bank account.
 - iii. Company shall have the right to sell client's securities or close out client's open positions but it shall not be under any obligations to undertake this exercise compulsorily. Company shall therefore not be under any obligation to compensate/ or provide reasons of any delay or omission on its part to sell client's securities or close open positions of the client.

6. Shortages in obligations arising out of internal netting of trades:

The transaction, which remains unsettled due to Internal Shortages of Securities, shall be closed out and settled amongst the buyer and seller as under:

(a) The internal shortage quantity of shares will be deemed to have been squared off amongst the short deliverer and the purchaser at the auction rate of that scrip available from exchange trading system of the 'relevant day' ('relevant day' defined as the day on which the scrip would have been auctioned, had the obligation been against the exchange and not netted off within office of Company).

(b) In the event of there being no auction of that particular scrip on the 'relevant day' or auction rate not being available for any reason whatsoever, the internal shortage quantity of shares will be deemed to have been squared off amongst the short deliverer and the purchaser at the highest of the following:

(i) Highest price on any day from the date of trade till the 'relevant day'.

7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client :

Company may not allow client to take further positions or may close out existing positions of client under following circumstances:

- (a) If the client has failed to meet his margin or settlement obligation.
- (b) In the event of Company taking a view that there is likely to be huge volatility in the market and Company may have prescribed that client wishing to trade further must deposit required amount of additional margin upfront, in the event of the client not fulfilling such conditions, Company may refuse to accept further orders from the client.
- (c) If Company believes that the order placed by the client is not on account of genuine trading or investment objective, Company may refuse to allow the client to take further positions.
- (d) If the client fails to furnish documents /informations as may be called for by Company from time to time as per regulatory requirements and/ or as per its internal policy.
- (e) Any ban imposed on the client by any regulatory authority.
- (f) Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/EXCHANGES, where the information available for such debarred entity resembles with the information pertaining to the client and it is not possible to arrive at a view that the client and the debarred entity bearing the same name and other details are two different entities.
- (g) Depending on the market circumstances, if Company is of the view that the positions of the client are at risk, Company may close the existing position of the clients without waiting for the pay in schedule of the Exchanges. Company may take actions under this policy with or without giving any notice or intimation to the client. Company will not be responsible for any opportunity loss or actual loss to the client in the event of any action taken by it pursuant to this policy.

8. Temporarily suspending or closing a client's account at the client's request:

If a client does not want to trade either for a limited period or for indefinite period, he may inform Company in writing of his intentions not to trade for a limited period or for indefinite time, as the case may be. Upon receipt of such request, Company, after making such verification as it may find necessary, shall suspend the client's trading account for such limited period or for indefinite time, as requested by the client.

If a client whose trading account has been temporarily suspended wishes to reactivate the same, the client will have to forward written request for reactivation to the registered office of Company.

If a client has not executed any trade in any segment for which he is registered since last 12 months, he shall be considered as an inactive client. Orders for such client shall be accepted and executed only after due verification about genuineness of the order and that the order has, in fact, placed by such client.

9. Deregistering a client :

Without prejudice to Company's rights and remedies available under the Agreement, Company may forthwith, at its sole and absolute discretion, deregister the client with/without prior notice/intimation in the following circumstances:

- (a) If the client makes request for deregistration in writing.
- (b) If Company is satisfied and believes that the client is not interested in executing transactions through Company.
- (c) If the client is not maintaining his account as per the requirements and Company wishes to sever the relationship with the client after giving such due notice.

- (d) Where the client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/ options/contracts, self trades, trading in securities at prices significantly away from market prices, etc.
- (e) Any enquiry/investigation initiated by the Exchanges/regulators against the client;
- (f) Any regulatory action taken/initiated against the client by the Exchange/regulators including but not limited to debarring the client from accessing the capital market;
- (g) Where name of the client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available);
- (h) Name of the client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc.;
- (i) The client having suspicious back ground or link with suspicious organization;
- (j) Where the client is non –traceable, has pending disputes with Company, possibility of a default by the client;
- (k) Any other circumstances leading to a breach of confidence in the client for reasons like return of undelivered couriers citing reason of 'No such person/ Addressee left/ Refusal to accept mails, etc. continues cheque bouncing, or not furnishing the financial and other details as may be called for by Company from time to time, etc;
- (l) Upon receipt of written information about the death of the client;

GENERAL:

Company shall have the right at its sole and absolute discretion to amend/change/revise any of the above said policies and procedure at time in future and the same shall be binding on the client forthwith.

Any action taken by Company in accordance with the policies and procedures mentioned herein above cannot be challenged by the client, and Company shall not be liable to the client for any loss or damage (actual/notional) which may be caused to the client as a result.

I have read and understood the policies and procedures described in this above schedule and agree to be bound by the same

INSTRUCTIONS/ CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:

1. Self attested copy of PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time Partners and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.

8. For foreign entities, CIN is optional; and in the absence of DIN no. for the Partners, their passport copy should be given.
9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.
10. For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
11. Politically Exposed Persons (PEP) are defined as individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior Government/judicial/ military officers, senior executives of state owned corporations, important political party officials, etc.
Income range details should be taken from the client and request client to update the same on regular basis.

B. Proof of Identity (POI): - List of documents admissible as Proof of Identity:

1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.
2. PAN card with photograph.
3. Identity card/ document with applicant's Photo, issued by any of the following:
 - Central/State Government and its Departments,
 - Statutory/Regulatory Authorities,
 - Public Sector Undertakings,
 - Scheduled Commercial Banks,
 - Public Financial Institutions,
 - Colleges affiliated to Universities,
 - Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members
 - Credit cards/Debit cards issued by Banks.

C. Proof of Address (POA): - List of documents admissible as Proof of Address:
(*Documents having an expiry date should be valid on the date of submission.)

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook -- Not more than 3 months old.
4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
5. Proof of address issued by any of the following:
 - Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/ Multinational Foreign Banks
 - Gazetted Officer/Notary public
 - Elected representatives to the Legislative Assembly/ Parliament
 - Documents issued by any Govt. or Statutory Authority.
6. Identity card/ document with address, issued by any of the following:
 - Central/State Government and its Departments
 - Statutory/Regulatory Authorities
 - Public Sector Undertakings

Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities

Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.

7. For FII/ sub account, Power of Attorney given by FII /sub-account to the Custodians (which are duly notarized and/or apostilled or consularised) that gives the registered address should be taken.

8. The proof of address in the name of the spouse may be accepted.

D. Exemptions/clarifications to PAN

(*Sufficient documentary evidence in support of such claims to be collected.)

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds upto Rs 50,000/- p.a.
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

E. List of people authorized to attest the documents:

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).

In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

SAMPLE BOARD RESOLUTION

Sample copy of Board Resolution for demat account:

Extracts from the minutes of the meeting of the board of Partners ofLtd., held on, at a.m /p.m at the registered office of the company at

“Resolved that a demat account of the company be opened with Crimson Financial Services Ltd., a DP with CDSL for holding stocks and shares of the company in demat form.

Further resolved that Mr....., Director of the company be and is hereby authorized to sign all necessary papers and issue instructions to RR Global Capital., singly on behalf of the company and deal with all matters relating to the holdings of the company.”

Sd/- Chairman
Certified True copy

Sample copy of Board Resolution for Trading account in Equity and equity derivatives on NSE/ BSE:

Extracts from the minutes of the meeting of the board of Partners ofLtd., held on, at a.m /p.m at the registered office of the company at,

“Resolved that an account of the company be opened with RR Global Capital., a member of the National Stock Exchange and Bombay Stock Exchange, for buying / selling shares in Capital Market Segment or Derivative Contracts in Futures & Options Segment, for the company and / or for trading in the currency derivative contracts on the National Stock Exchange and / or Bombay Stock Exchange and that Mr....., Director/ Authorised Signatory of the company be and is hereby severally authorized to issue buy / sell instructions to RR Global Capital., on behalf of the company and deal with them in all matters relating to the said purchase / sale of shares or derivative contracts or currency derivative contracts.”

Sd/- Chairman
Certified True copy

Sample copy of Board Resolution for Trading account in currency derivatives on NSE/ MCX- Stock Exchange/ United Stock Exchange

Extracts from the minutes of the meeting of the board of Partners ofLtd., held on, at a.m /p.m at the registered office of the company at,

“Resolved that an account of the company be opened with RR Global Capital., a member of the MCX Stock Exchange/ National Stock Exchange/ United Stock Exchange, for trading in the currency derivative contracts on the MCX-SX/ NSE/ USE and that Mr....., Director of the company be and is hereby severally authorized to issue buy / sell instructions to RR Global Capital., on behalf of the company and deal with them in all matters relating to the said trading in currency derivative contracts.”

Sd/- Chairman
Certified True copy

Sample copy of Board Resolution for Trading account in Commodity Exchanges:

Extracts from the minutes of the meeting of the board of Partners ofLtd., held on, at a.m /p.m at the registered office of the company at,

“Resolved that an account of the company be opened with RR Global Capital., a member of the NSE for dealing in Commodity Futures contracts for the company on the and that Mr....., Director of the company be and is

hereby severally authorized to issue buy / sell instructions to RR Global Capital., on behalf of the company and deal with them in all matters relating to the said purchase / sale of commodity futures contracts.”

Sd/- Chairman
Certified True copy

Order Entry and client code Modification Policy

It shall be ensured that while punching orders in the trading system of the Exchanges, the orders exactly match with the instructions given by the client. The dealers are expected to put correct client code, scrip, quantity and rate in the order entry window and achieve zero error status in order punching, as any wrong entry may result in financial loss. Special attention shall be paid to put the order under correct client code only. Any error in client code shall be viewed seriously. However there may be genuine occasions when orders are placed under wrong client code necessitating client code modification. SEBI has permitted the following circumstances to be categorized as genuine errors:

- a) Error due to communication and/or punching or typing such that the original client code / name and the code punched in order entry are similar to each other
- b) Modification within relatives as defined under the Companies Act 1956.

The dealers shall be held responsible for errors other than those mentioned above and may be made liable for recovery of penalty imposed by the Exchange.

However the company shall maintain Error code account under the code ‘PROE’ in NSE and ‘ERROR’ in BSE under the provisions of SEBI circular CIR/DNPD/6/2011 dated 5th July 2011 and follow Error policy as under:

- i) Orders punched under wrong client codes shall be reported to the Management who will authorize transfer of such trades to the Error account.
- ii) Such trades punched under wrong client codes shall be transferred to the above Error account on the day of trade.
- iii) Such trades shall not be transferred to the account of any client
- iv) Positions outstanding in the error account shall be liquidated in the market only within the shortest possible time.
- v) Such positions shall not be transferred to any client’s account under any circumstances
- vi) The error account code shall be uploaded to the Exchanges under UCC upload.

POLICY AND PROCEDURE FOR PAY IN / PAY OUT OF FUNDS AND SECURITIES FROM / TO CLIENTS

As per directives of SEBI / FMC and the Exchanges and in compliance with provisions of Anti Money Laundering guidelines and policy, Cash transactions are not permitted at all.

The funds shall be received from the clients from the same bank account, which is mentioned in the client registration form. Receipt of funds from third parties or pre funded instruments such as Demand Drafts etc. for credit to the account of the client is not permitted.

Electronic Fund transfer can be accepted from the client, an audit trail to ensure that funds are received from respective client only has to be maintained. Necessary details may be collected from banker at which the amount is received.

Receipt of funds from another bank account of the client can be permitted provided proof of Bank account details of the account from where funds are being transferred, is furnished to the satisfaction of the company.

The payments shall be released to the clients only by “Account Payee only” cross cheque or by transfer to his designated bank account as per Client Registration Form.

The securities for Pay in should be received from the same demat account which is mentioned in the Client Registration Form. Receipt of securities from third party accounts for Pay in against obligation of the client is not permitted

Receipt of securities for pay in from another demat account of the client can be permitted provided proof of Demat account details of the account from where securities are being transferred, is furnished to the satisfaction of the company and such account is added to the list of designated accounts.

The clients having demat accounts with us are allowed to sign power of attorney in our favour (as a Trading Member) for automatic Pay in of Securities against settlement obligations in NSE/ BSE or any other Exchange of which the company may be a member. Such POA shall be duly registered in CDSL system and instructions carried out accordingly.

In case of default in meeting funds or securities pay in obligations, the payout of securities shall be with held in a separate Beneficiary account of the company which shall be released only for Pay in against subsequent sale or after receipt of the money from the client. The shortages in Securities Pay in whether internal or towards the Exchange shall be dealt with as per rules of the Exchange

Clients trading with us have to pay funds by cheque in the name of “ RR Global Capital., or RR Global Capital., as the case may be and transfer securities to the designated pool accounts of the company as applicable to the respective Exchange and market segment.

The list of Client’s Bank accounts and Pool accounts of the company as applicable to various Exchanges and Market Segments is as under:

RISK MANAGEMENT POLICY

1. As a general rule the company shall deal with clients in Low and Medium Risk categories only. Further it shall not deal with Politically exposed persons or persons related to Politically exposed persons
2. Clients shall be allowed turnover and exposure limits in relation to the amount of margin deposited by them as per the system adopted by the respective stock exchange for the respective market segment.
3. The dealers while placing orders for the clients shall ensure that sufficient margin amount is already deposited by the client with the company
4. In case of good clients casual and very short term relaxation in turnover and exposure limits can be permitted by the top management on case to case basis and for the period decided by the top management
5. Strict control shall be exercised for collection of pay in and margin related obligations from the clients in accordance with settlement schedule of the respective stock exchange.
6. Margin can be deposited by the clients in the form of cash or permissible securities subject to prescribed hair cut or Bank Guarantees or FDRs and proper record of the same is maintained.
7. When shares are accepted as margin from the Clients, such shares shall be transferred to the designated BO account of the company. When shares are to be released from margin the same shall be transferred to the demat account of the client.
8. Charges for pledge / release of shares from margin account shall be debited to client's accounts on actual basis.
9. When amount of margin deposited falls short of the margin requirement for any reason, the client shall be informed to deposit additional margin or reduce the exposure. In case of failure of the client to do so, the top management in its sole discretion may proceed to square off the outstanding positions of the clients to the extent it is necessary to do so.

Margin Collection and Reporting Procedure

Collection:

- For new clients, we must take advance margin in any form (funds/ security/ Bank Guarantee/other) before allowing him/her to trade on our trading platform
- No leverage or accommodation will be given to new clients from any level of our staff to new clients
- We consider client's financial balance and shares/securities lies with us as margin for next day trading.
- If client wish to take position beyond their available margin limit and they make request to us for the same it will be considered and allowed up to certain limit only client to client basis not uniformly with taking view of their regular trading activity, trading volume, revenue generation from them, credibility and most importantly their payment history.
- Before allowing them to take position beyond their available limit of margin, they must ensure us that they must fulfill shortfall of margin by end of that day and also give the details

in which from they will fulfill shortfall of margin. It is also noted that only cash or share will be acceptable as margin in this scenario.

- If client wish to give us share against margin requirement then they must transfer share immediately and our Depository Department person will follow the same and ensure to receive the said share timely (before reporting to NSE/BSE)
- If client wish to give us cash margin (only cheque mode) they must furnish details of payment like amount, cheque no. Bank Name and account No. before allowing him to make position beyond available margin limit.
- Our Accounts Department will follow the required payment and get ensure to receive timely.
- Trading, Risk and Surveillance department must inform to depository and/or account department about shortfall of margin and mode of fulfillment of shortfall as promised by the client at the time of enhancement of exposure limit.

Reporting:

- Back office/ account department is authorized to make margin report file (MG13)
- Before preparing report file they must get payment against shortfall from the client.
- If client fulfill shortfall through share/security then they must get confirmation of transfer of required share from the client to our depository account by the depository department before preparing report file.
- After preparing margin report file, they forward report file to person who is authorized to recheck the report file before uploading on FTP.
- In case of short reporting, penalty should be passed in client account. Supporting documents for shortfall in margin penalty along with statement of account should be sent to the clients.

POLICY AND PROCEDURE ON INTERNAL CONTROL

1. As a policy, the company shall not indulge in Insider Trading and any other activity prohibited by the concerned stock exchanges. Further it shall take all steps to ensure strict compliance with this policy by all- staff members and clients.
2. All employees of the company are strictly prohibited from rumor mongering or spreading untestified information about the companies whose shares are traded on the stock exchanges. Further, there is no access to chat forums/ Messenger sites to all the staff. Only senior officials including Partners, Compliance Officer and Manager have the access to the said. Any information or market related news received by staff in official mail or their personal mail should be forwarded only after the same has been seen and approved by **Mr. Rohit Pareek** (Compliance Officer)
3. The company shall follow a policy of centralized accounting meaning thereby that accounts of all clients shall be maintained and settled at Head office even if the client is allowed facility of trading through a branch.
4. The company shall get Internal Audit of its operations done on half yearly basis and such internal audit shall be conducted by a qualified Chartered Accountant in compliance with the rules prescribed by SEBI and submit reports in prescribed formats to the respective Stock Exchanges.
5. Such internal audit and also concurrent audit on monthly basis shall also be conducted for DP operations.

6. System Audit of computer hardware/ network and systems shall be conducted on half yearly basis by CISA certified Chartered Accountant and the reports in prescribed format shall be submitted to respective authorities.
7. Branch inspections shall be conducted during visits by Senior Officers or Top management, to examine the implementation of client centric policy of the company and compliance with Exchange rules and procedures. Reports on such branch visits shall be prepared and filed after taking corrective action wherever required. Efforts shall be made to rectify the systems to make them client friendly as and when necessary.
8. In addition to the above the company shall enforce internal control and proper checks and controls shall be carried out by Senior Officers of the company on routine basis and observations shall be reported to and discussed with top management for taking corrective steps. Such checks and controls shall include the following:

- Scrutiny of Trial balance and report abnormal entries / figures
- Scrutiny of expenses accounts to ensure booking of expenses under correct head, availability of proper bills and authorizations for payment. Test check genuineness of expenses incurred.
- Checking of proper deduction of TDS etc., from bills paid wherever applicable
- Check that all dues of the Stock Exchanges of which company is a member and other statutory dues have been paid in time and there are no outstanding bills
- Checking of deposit of taxes like TDS, Service Tax etc., and filing of returns in time
- Check calculation and payment of Introducer Commission and other payments of such nature
- Test check charging of brokerage and Exchange Transaction charges in bills and at correct rates- both for jobbing and for delivery and in Futures & Options
- Check charging of service tax, Stamp duty and STT in accounts on random basis
- Checking of client master maintenance and brokerage schedule maintenance on random basis
- Check salary and leave records and correct payment of salary, leave encashment, bonus etc., proper deductions for leave without pay, TDS etc.
- Test check FDR register to ensure proper receipt of interest and TDS credit.
- Check dividend entries on random basis for accuracy
- Scrutinise Debtors and creditors on random basis.
- Scrutinise cash account and identify transactions, if any, which require to be reported to FIU under the PMLA
- Scrutinise transactions in general to identify suspicious transactions, if any, which require to be reported to FIU under the PMLA
- Check all bank reconciliations
- Check reconciliation of inter company accounts
- Check Stock reconciliation
- Collection of TDS certificates wherever TDS deducted
- Renewal of all insurance policies in time.

Such checks and controls specific to Depository Operations shall include:

- Check all cash / cheque receipt entries to ensure that correct account has been credited
- Test check monthly bills to ensure that all transactions are billed and all items of services are included and there is no revenue loss – cover some 15- 20 accounts each month by rotation
- Compare monthly bills of CDSL and our bills to notice any abnormal trend

- Check system of issue of delivery instruction books to clients and recovery of charges from them
- Test check some delivery instruction slips, DRF, Pledge entries and comment on efficiency of the system

**POLICY AND PROCEDURE FOR APPOINTMENT OF FRENCHISEES /
AUTHORISED PERSONS AND PAYMENT OF MARKETING EXPENSES**

Franchisee shall be appointed by the Management after finalizing the terms and conditions with the prospective franchisee, for development of business and introducing clients.

Under the new scheme for appointment of Authorised Persons of NSE Authorised Persons shall be appointed in accordance with the rules prescribed by NSE

The selected Franchisee/ Authorised Person will sign prescribed application form and execute an agreement as per prescribed format. The Franchisee/ Authorised Person shall be required to sign as introducer in all the account opening forms of the clients introduced by him.

Franchisee / Authorised Person shall ensure compliance with all rules / regulations of various Exchanges and strict adherence with PMLA guidelines.

**POLICY AND PROCEDURE FOR CREATION / DELETION OF USER ID'S FOR
NEW BRANCHES OR FOR CLIENTS UNDER ONLINE INTERNET TRADING OR
ONLINE BACKOFFICE FACILITY**

User Ids are required to be created in the following circumstances:

- When a branch is opened under CTCL facility on ODIN or NOW and Dealers are appointed at that branch
- When internet based trading facility is provided to clients on ODIN or NOW or DIET
- When internet based facility is provided to clients to have access to back office data relating to their accounts

In the first two situations details of the Users shall be uploaded to the respective Stock exchange where required and as prescribed, and also recorded in the database

Then ID shall be created in the ODIN / NOW.

For back office data User IDs are created by default where back office client code is the User ID and client's PAN is the default password.

First login password of CTCL terminal shall be communicated to the branch head who will have to compulsorily change the same at first logon.

Default Password for internet user IDs for trading shall be 'ftil'.

The users will have to compulsorily change the same at first logon

Change in status / deletion of User Ids already created can be done only on instructions of the Management.

System department shall maintain proper record of User Ids created, modified or deleted separately for CTCL and IBT users. Such record shall be reviewed by top management at least once in a quarter.

CONTINGENCY PLAN:-

The Company is providing Internet Trading through Order Routing System to its Registered Clients in NSE and BSE and in case of any failure of the system, the Registered Clients would be given an option to execute his trade through the dealers at the various existing branches / locations in Delhi.

INVESTOR GRIEVANCES & REDRESSAL MECHANISM:-

Sufficient disclosures of investment risks are given in account opening forms to the respective clients who are interested to trade through us. On opening of account we send copy of account opening form containing the investments risk disclosure to the client.

In case of any grievances the constituents can come to us either directly or through exchange.

If the constituent wants to contact directly, a dedicated e-mail id greviance@rrglobalcapital.com has been created for receiving customer complaints. Mails received in this e-mail id shall be checked by the Vice President and suitable action shall be initiated by him on the complaints received if any.

Procedure for escalating the issues if email is responded within one working day:

We have 2 dedicated people in helpdesk to take care of all mails.

Telephone No.: +91-141-4029262

Email IDs:info@rrglobalcapital.com

If not responded within one working day then we have one dedicated Compliance Officer who can be contacted over telephone in order to escalate the matter.

This information will be provided to all clients while opening an account. In this hierarchy if helpdesk people are unable to solve the issues, then they can report to Compliance Officer and if Compliance Officer can not solve, even he can escalate the issue to the Director Operations.

Compliance officer maintain records of all complaint and its redressal actions and if needed then he maintain separate file for each complaints.

In case Grievance come to us through Exchange and found genuine then address the grievance at the earliest and inform him/her and exchange immediately, and if grievance found false then also the same is informed to him/her and exchange accordingly.

BACK UP OF DATABASES AND RECORD KEEPING – POLICY AND PROCEDURE

Manual Backup of all the Data bases in Back office and data bases relating to CTCL Manager, IBT Web server, ODIN Connect, DP front end server, Web live server etc., shall be taken daily at the end of business.

The backup so taken shall reside on the hard disk as well as copied on to external device like DAT or CD

One set of backup files shall be kept onsite by the System Administrator on the hard disk of the computer and another set of the said files shall be copied on to the DAT or CD which shall be taken to the off site on each day.

One separate DAT shall be used for each day of the month and shall be named as such. Suitable backup labeling shall be maintained in the backup register

Proper record of daily back ups and implementation of Backup policy shall be maintained in a separate register by System department staff.

All the documents relating to KYC,account opening,transaction slips,demat detail,remar detail, pledge, unpledged etc should be kept in BOX/Index file and the same should be kept in the record room.

As required by PMLA the company shall ensure that all relevant documents like account opening forms and their supporting documents should be maintained for at least 5 years after the account is closed.

All instructions for operating the account given by the clients or its duly registered Power of Attorney shall also be maintained for a period of 5 years.

In situations where the records relate to on-going investigations or transactions which have been a subject of a suspicious transaction reporting or competent authority pass any order for freezing of funds, assets, economic resources the account will be frozen and the records should be retained until it is confirmed that the case has been closed

RESTORATION AND TESTING OF DATABASES – POLICY AND PROCEDURE

The restoration of all data backups shall be tested at a frequency of three months i.e., at the end of the months of July, October, Jan and April. The restoration results shall be recorded in the Register kept for the purpose

System Department Head shall be responsible for compliance of this requirement and this operation shall be reviewed by the Management.

The back up policy and procedure shall be reviewed once in every six months by top management.

RECOVERY OF DATABASES -POLICY AND PROCEDURE

In case of any break down in computers through which Internet based or CTCL based trading is conducted, efforts shall be made to restore regular operations within shortest possible time.

A stand by CTCL manager shall be installed on a separate computer, on which regular updation of files and data, as in the case of live CTCL manager, shall be carried out.

In case efforts to restore operations on the live CTCL manager within short time fail, the stand by CTCL Manager shall be made live to avoid disruption in services.

A stand by network switch shall be kept ready to be made live in case any of the networks switches breaks down.

Subject to economic feasibility, depending upon the business requirements, separate back up internet connection from a different ISP with required static IPs shall be installed and configured in the firewall. In case the regular internet connection goes down, connectivity shall be restored through the second internet connection by making necessary changes in the configuration of the web site link.

In case the number of clients connecting through IBT or CTCL increases beyond 10000, location of parallel set up at a different location shall be considered in order to provide uninterrupted connectivity.

In Case number of clients connecting at collocation facility increases beyond the capacity of the server, installing of new server and NSE connectivity shall be considered in order to provide uninterrupted connectivity.

PASSWORDS – POLICY AND PROCEDURE

For regulating passwords for the purpose of security, the rules framed by respective Exchanges for login to the trading or other softwares shall be strictly adhered to.

In case of all NNF and Algorithmic trading ID Users, the following procedure shall be adopted:

Whenever a user id is created for NNF and Algorithmic trading, login will be allowed through a password as communicated to the NNF and Algorithmic trading user by the system department, who will have to compulsorily change such password before he is allowed login into the trading system. The other requirements of the password shall be as under:

- a. Unique User Id consisting of minimum 4 characters shall be given to each User
- b. The password shall be minimum 6 characters and maximum 8 characters long
- c. The password should be a combination of Alpha numeric characters
- d. The password shall not be the same as the user Id
- e. The password shall not be the same as used on last 3 occasions
- f. Password shall automatically expire after 14 days
- g. Maximum number of password failed attempts shall be three after which the user login shall be locked.
- h. Session Expiry time for refresh of Password shall be 180 seconds
- i. In case any user forgets the password or the user gets disabled due to wrong password being put beyond permissible attempts, the User shall be required to make a request for reset of the password through fax or e-mail or over telephone to the top management. The top management shall after proper identification of the caller and verification of the genuineness of the request, authorize reset of the password.

In case of Users of IBT facility the default password shall be 'ftil' and it will have to be compulsorily changed on first login. The other requirements of the password policy shall remain the same as mentioned above. In case of Users of Online Back office facility the default login Id shall be the client code and the default password shall be the PAN no. of the client. The users of the passwords shall not disclose the password to anybody.

INFORMATION SECURITY – IT POLICY AND PROCEDURE AND DISASTER MANAGEMENT POLICY

The company employs large number of computers which are networked on LAN and WAN. Internet connectivity is also provided to clients and branches for trading activities and for on line back office. Apart from this there is extensive use of internet for various back office related activities. This poses great threat to IT Security as huge virus may make in roads into the computer systems. In order to take care of this situation the following policy shall be followed:

1. Firewalls shall be installed for regulating in bound and out bound internet traffic with suitable policies in order to prohibit unauthorized incoming traffic and permitting only authorized users to enter the network.
2. Internet access within the office shall be allowed only to specified users and for business purpose only.
3. Use of Internet for personal e-mails or surfing is strictly prohibited.
4. Only specified sites shall be permitted to be accessed through firewall and all other web sites shall be blocked.
5. Antivirus softwares shall be installed for live scanning of computers

6. All data files shall be stored on drives other than C:/ on all computers and C:/ shall have only application softwares installed
7. All Users of computers shall be responsible for maintaining their PCs and regular scanning of the PCs with Anti Virus softwares provided by systems Deptt.
8. The system department shall ensure to maintain logs of all trading activities to facilitate audit trail. In case of any problem or abnormal events, such logs shall be referred to fix responsibility and accountability. Further, the system department shall maintain record of control parameters, orders, trades and data points emanating from trades executed through algorithm trading.
9. Staff meetings shall be held at regular intervals to create awareness and update knowledge about IT security threats and solutions among staff members.
10. Proper care shall be taken by system deptt., staff to ensure that computer hardware and cables, devices and other equipments are maintained in good working condition and are not physically damaged by rats or other insects.
11. Entry of any person other than system deptt., staff shall be strictly not allowed in system deptt.
12. Entry of Vendors, Service Providers etc., into the system room shall be permitted only in the presence of system deptt., staff.
13. Suitable punitive action shall be taken against anybody breaching the above provisions

RECOVERY CAPABILITY FOR VARIOUS DISASTER SCENARIOS AND BUSINESS CONTINUITY

Guide on understanding of different scenarios

Guidance as per Exchange	Actual status and Corporate Policy
<p>Level 1: Minor Outage Scenario In the event of a minor outage, business processes may experience minor damage / outage and will run at a sub-standard level. Scenarios include link connectivity being temporarily down, switch or router port failures, System or network CPU failures, System Fan failures, System or Network Power supply failures, Ethernet card failures.</p>	<p>The company has two modes of connectivity with NSE i.e., through VSAT and Lease Line. As a policy the user Ids on both the modes of connectivity have been double locked so that in case of any one mode going down, the operations may be carried on through the other mode.</p> <p>In case of BSE at present the connectivity is through VSAT only. However with increase in business at BSE the company shall go for another mode of connectivity i.e., Lease Line or Internet as may be feasible</p> <p>In case of Collocation facility the connectivity is through two lease lines with different technology and different vendors i.e. one lease line with wireless radio technology and other is fiber optic technology.</p> <p>For system devices, standby spares and devices shall be kept ready and in running condition at head office and Collocation facility.</p>

<p>Level 2: Moderate Outage Scenario</p> <p>In this scenario, some or all business processes at the location may experience moderate damage / outage. Processes may not continue or may run at a degraded level. An alternate site may not be required for continuing business but alternate equipment may be required depending on the criticality of the business process and infrastructure. Some of the examples of such scenarios can be:-</p> <ol style="list-style-type: none"> 1. Equipment is damaged due to Power surge. 2. ISDN/VSAT/Circuit router failure 3. Core access layer switch failure 4. Access/Distribution switch failure. 5. LAN switch or router failure. 6. Temporary outage of power. 	<p>Since the office of the company is located in a Metro city where equipments and devices are easily available from the vendors in nearby areas, it is not required to maintain inventory of sophisticated and costly devices.</p> <p>The situation arising out of the given scenario shall be instantly managed by using the services of other branches located in Delhi and simultaneously the replacement of equipments failed shall be arranged to restore normal operations. To tackle the problem arising due to power failure, UPS and Generators have been installed and these shall be properly maintained in running condition, through regular testing and upkeep. At collocation facility Servers have double redundancy checks at each level, dual hard disks and dual processors, dual power supply and dual NSE connectivity. Spare Servers are kept with the vendor in Mumbai for immediate action if required.</p>
<p>Level 3: Disaster Scenario</p> <p>In this scenario, the Member infrastructure may experience a severe disaster resulting in the total shut down of infrastructure of the Member. Full processing capability of all business processes like Trading, Risk Management, settlement systems etc. from that location and related infrastructure may be down. Key personnel may not be able to access the premises. There may also be non-availability of key resources in the building.</p> <p>Some of the examples of such scenarios can be</p> <ol style="list-style-type: none"> 1. Flood / Rain/Fire making office premises like building and Datacenters inaccessible. 2. Riots /war etc., at a location near one of the offices or within the premises of the member may render the office premises inaccessible. 3. Complete power shutdown due to unavailability of generators. <p>Under this scenario, Members may have to switch their business over to the BCP site. Key factors which will determine the Recovery</p>	<p>At the specific location where the office of the company and collocation facility is situated, the likelihood of Disaster Scenario is very remote and therefore considering the cost involved in maintaining alternate backup site and the scale of business operations at present, it is not proposed to develop and maintain alternate backup site. The problem arising out of the given scenario shall be tackled in the best possible manner in the specific circumstances of the case, by using all the resources available.</p> <p>The actual status of specific scenarios is as under:</p> <p>The probability of flood / rain/ fire making the office building inaccessible is very remote.</p> <p>The locality where the office is situated is not prone to riots / war etc</p> <p>Two Generators are already available and are kept in running condition.</p>

<p>Time Objective would be key personnel availability, resilient IT infrastructure and robust BCP processes.</p>	
<p>Level 4: Catastrophe In this scenario, a major disaster strikes which would result in a major disruption of services. Full processing capability cannot be achieved for a substantial period of time. Recovery will require use of alternate processing site as well as offsite offices for employees over an extended period of time. Some of the examples of such scenarios can be</p> <ol style="list-style-type: none"> 1. War 2. Earthquake 3. Extended Communal Riots etc <p>In such a scenario, capability to achieve their Recovery time objectives would critically depend upon Key personnel availability, resilient IT infrastructure and robust BCP processes.</p>	<p>At the specific location where the office of the company and collocation facility is situated, the likelihood of Catastrophe Scenario is very remote and therefore considering the cost involved in maintaining alternate backup site and the scale of business operations at present, it is not proposed to develop and maintain alternate backup site. The problem arising out of the given scenario shall be tackled in the best possible manner in the specific circumstances of the case, by using all the resources available.</p> <p>In fact the area where the office of the company is located, is not prone to war/ earthquake or communal riots etc</p>

CHANGE MANAGEMENT POLICY

Formally Request a Change. All requests for change will be documented within the company's selected technology platform by creating a new change record. The completion of a new request for change will be completed by the technical/development team.

- Categorize and Prioritize the Change. The development team leader will assess the urgency and the impact of the change on the infrastructure, software end user productivity, and budget.
- Analyze and Justify the Change. The team leader works with the change requester and the change initiator to develop specific justification for the change and to identify how the change may impact the infrastructure, business operations, and budget. The development team leader use this information to further research and develop an extensive risk and impact analysis. When completing the analysis of the change, the development team leader must ensure they consider the business as well as the technical impacts and risks.
- Approve and Schedule the Change. The development team leader uses the company's selected technology platform to record an efficient process for routing the Request for Change (RFC) to, technical approvers, business approvers and, in the event of a major or significant change, to the development team for approval or rejection of the change.
- Plan and Complete the Implementation of the Change. This process includes developing the technical requirements, reviewing the specific implementation steps and then completing the change in a manner that will minimize impact on the infrastructure and end users.
- Post-Implementation Review. A post-implementation review is conducted to ensure whether the change has achieved the desired goals. Post-implementation actions include deciding to accept, modify or back-out the change; contacting the end user to validate success; and finalizing the change documentation within the company's selected technology platform.

VERSION AND PATCH MANAGEMENT POLICY

Testing – Based on change request new patch/version of the product will be tested on test/stimulation environment to check the required request/change has been properly done.

Patch/version deployment-before deployment it should be confirmed from the team leader whether the news patch/version can be implement during working hour or after working hour, Patch updation details should be intimated to end user ,system reboot is required or not. After patch/version update the same must be checked.

INCIDENT MANAGEMENT POLICY

- Identification – As soon as an incident is detect or reported the same should be intimated to IT team.
- Diagnosis – It team will reveal the full symptom of the incident to development team
- Investigation and diagnosis - if no existing solution from the past could be found the incident is investigated and root cause be found
- Resolution and recovery - once the solution is found the incident is resolved
- Incident closure - Once the incident is resolved, the same should be intimated to team leader/compliance officer and the same should be closed.

HR – POLICY AND PROCEDURE

Positions in top management shall be filled only through known sources and by persons with proven integrity

Positions in lower levels may be filled up through advertisements

While hiring people at lower levels due diligence shall be exercised to verify the credentials of the prospective employee

All employees shall fill up Employee details sheet and submit photocopies of documents in support of their PAN, Address Proof and Educational Qualifications proof, which shall be properly filed

A docket shall be created for each employee which will contain his bio-data, photograph, copies of certificates of educational qualification, PAN and address proof.

All efforts shall be made for training of the employees in the areas of their respective job responsibilities

All employees shall be required to possess NCFM / BCFM or similar certification in consonance with their job responsibilities

There shall be annual review of the performance of the employees and good performing employees shall be suitably rewarded

There shall be strict compliance with discipline and leave rules and employees are expected to ensure good behavior and conduct so that image of the company is not tarnished.

Every year the employees shall be required to submit declarations about their investments etc., so as to decide about deduction of TDS etc.

It shall be incumbent upon all employees to ensure that they do not indulge in or promote rumor mongering, giving recommendations for investments in particular shares etc., which may cause the decision of the investors to be biased. They shall only provide market

information to the clients which is available on the trading terminals or through well known sources and leave investment decisions on the clients.

Training

The Company has the policy for the ongoing training of the employees covering the frontline staff, back office staff, compliance staff, risk management staff, and staff dealing with the new clients. The Company also take care that all the concerned staff are well equipped with the objectives, obligations and requirements of the act and risk involved in it. The Principal Officer /Compliance Officer/head of Department are the key persons to educate the above said staff.

CODE OF CONDUCT

CORPORATE DIRECTIVES

INTRODUCTION: Corporate Directives helps ensure compliance with legal requirements and our standards of business conduct. All the Partners, Senior Management, employees and trainees are expected to read and understand this code of business conducts and ethics i.e. Corporate Directives of Crimson Financial Services Limited (company), uphold these standard in day-to-day activities comply with all applicable policies and procedures, and ensure that all the Sub- Brokers, franchisees/Branches & the person dealing with us are aware of, understand and adhere to these standard.

Because the principles described in this Code of Business Conduct and Ethics are general in nature, you should also review all applicable Company policies and procedures. You can also contact the Human Resources Department or Legal Department if you have any question.

Nothing in this Code of Business Conduct and Ethics, in any company policies and procedures or in other related communications (verbal or written) shall constitute and shall not be construed to constitute a contract of employment for a definite term or a guarantee of confirmed employment.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Corporate Directives i.e. Code of Business Conduct and Ethics is subject to modification. This code of business conduct and ethics supersedes all other such code, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent with this code. The Company may update the code from time to time as per the direction of the Board.

Please sign the acknowledgement form at the end of this Code of Business Conduct and Ethics and return the form to the Human Resources Department indicating that you have received, read, understand and agree to comply with the Code of Business Conduct and Ethics. The signed acknowledgment form will be located in your personnel file. Each year as part of your annual review you will be asked to sign an acknowledgement indicating your continued understanding of the Code of Business Conduct and Ethics.

Preamble: Corporate Directives is a code of conduct for the Partners, Senior Management, employees of the Company to guide/govern them and to provide a means to understand/apply the basic philosophy of company to achieve its goal. All the Partners, Senior Management & Employees must act within the bounds of authority conferred upon them and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders/stakeholders. Each individual of company has to understand and follow the track on which it has to go and contribute, in achieving the mission/vision of company.

1) **Honesty & Integrity**

All Partners, senior management shall conduct their activities, on behalf of the Company and on their personal behalf, with honesty, integrity and fairness. All Partners will act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated. Partners & senior management will act in the best interests of the company and fulfill the fiduciary obligations.

2) **Compliance**

Partners & senior management are required to comply all applicable laws, rules and regulations, both in letter and in spirit. In order to assist the company in promoting lawful and ethical behavior, Partners & senior management must intimate/inform any possible violation of law, rules, regulation or the code of conduct to the company secretary.

3) **Confidentiality of Information**

Any information concerning the company's business, its customers, internal strategy etc., which is not in the public domain and to which director has access or possesses such information, must be considered confidential and held in confidence, unless authorized to do so and when disclosure is required as a matter of law. No director shall provide any information either formally or informally, to the press or any other publicity media, unless specially authorized.

4) **Prevention of Insider Trading**

No director, senior management & employee of the Company shall derive benefit or assist others to derive benefit by giving investment advice from the access to and possession of information about the company, not in public domain and therefore constitutes insider information. All Partners will comply with insider trading guidelines as issued by SEBI.

5) **Protection of Assets**

Partners, senior management & employees must protect the company's assets, labour and information and may not use these for personal use, unless approved by the Board.

6) **Periodic Review**

Once every year or upon revision of this code, every director must acknowledge and execute an understanding of the code to comply the same. New Partners will sign such a deed at the time when their Partnership begins.

7) **Compliance is everyone's business**

Ethical business conduct is critical to our business. As a Director, senior management & employee, your responsibility is to respect and adhere to these practices. Many of these practices reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you & the Company.

Part of your job and ethical responsibility is to help in enforcing this code of Business Conduct and Ethics. You should be alert to possible violations and report/intimate possible violations to the

Human Resources Department or the Legal Department. You must co-operate in any internal or external Investigations of possible violations. Reprisal, threats, retribution or retaliation

against any person who has in good faith reported a violation or an inspected violation of law, this code of Business Conduct or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Violations of law, this code of Business conduct and Ethics, or other company policies or procedures should be reported to the Human Resources Department or the Legal Department.

If you find or have concern related to questionable accounting, accounting controls, auditing matters, or reporting of fraudulent financial information to our shareholders, government or the financial markets, Or of Grave Misconduct i.e., mismanagement of company resources and if proven constitutes a criminal conduct, Or conduct which is otherwise in violation of any law or the Company's policies, you should promptly contact your senior or any of the Partners or the Board thereof.

Violations of law, this Code of Business Conduct Ethics or other Company policies or procedures by Company policies or procedures by Company employees can lead to disciplinary action up to and including termination.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Human Resource Department or Legal Department.

(8) YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS

A-General Standards of Conduct.

The Company expects that all employees, Partners, senior management, agents, franchisees & branches to exercise good judgment to ensure the safety and welfare of employees, the Company, agents, society and to maintain a co-operative, efficient, positive, harmonious and productive work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at company-sponsored business and social events, or at any other place where you are a representative of the Company.

A1- Workplace free of Harassment.

The Company is committed to provide a work environment free of unlawful harassment. Company policy prohibits sexual harassment and harassment based on pregnancy, childbirth or related medical conditions, race, religious creed, color, national origin or ancestry, physical or mental disability medical condition, marital status, age, sexual orientation, or any other basis protected by federal, state, or local law or ordinance or regulation. All such harassment is unlawful. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company towards other company employees including supervisors, outside agents & clients. It also prohibits unlawful harassment based on the perception that any one of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

If you believe that you have been unlawfully harassed, submit a complaint to your senior or any other company supervisor or director. In addition, if you believe you have been sexually harassed, you can submit a complaint to the Grievance Redress Body of the Company or the Director of the Company.

If you have any questions relating to what constitutes discrimination or harassment, or if you have any other questions or concerns pertaining to discrimination or harassment, contact the Human Resources Department/Legal Department.

A2-Drug, Alcohol Abuse & Smoking.

To meet our responsibilities to employees, customers and investors, the Company must maintain a healthy and productive work environment. Misusing controlled substances, or selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs and alcohol on the job, smoking in the office premises is absolutely prohibited.

A3-Safety in Workplace.

The safety of people in the workplace is a primary concern of the Company. Each of us must comply with all applicable health and safety policies. We maintain compliance with all local laws to help maintain secure and healthy work surroundings. Question about these laws and guidelines should be directed to the Human Resources Department.

A4-Expense Claims

All business related the manager of the employee before the incurrence must authorize expense claims. The reimbursement of expense incurred must be claimed within 30-days of incurring the expenditure. An expense claims post the expiry of 30-days will be deemed to be unauthorized.

The Company will not reimburse personal expense. To know the individual business expenditure limit employees should contact the Human Resources Department.

B-Applicable Laws.

All Company employees, agents & Partners must comply with applicable laws, regulations, rules and regulatory orders. Each employee, agent and Partners must acquire appropriate knowledge of the requirement relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from the Legal Department on specific Company policies and procedures.

C-Conflicts of Interest

Each of us has a responsibility to the Company, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations, where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from any different individuals or organizations. We should always strive to avoid even the appearance of impropriety.

All employees must avoid situations involving actual or potential conflict of interest. Personal or romantic involvement with a competitor, supplier, or subordinate employee of the Company, office –colleagues, which impairs an employee’s ability to exercise good judgment on behalf of the Company, creates an actual or potential conflict of interest. Supervisor-subordinate romantic or personal relationships also can lead to supervisory-subordinate

romantic or personal relationships also can lead to supervisory problems, possible claims of sexual harassment, and moral problems.

An employee involved in any of the types of relationship or situations described in this policy should immediately and fully disclose the relevant circumstances to his or her immediate supervisor, or any other appropriate supervisor, for a determination about whether a potential or actual conflict exists. If an actual or potential conflict is determined the company may take whatever corrective action appears appropriate according to the circumstances. Failure to disclose facts shall constitute grounds for disciplinary action.

What constitutes conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the company.

(9) Compliance with the Code of Conduct of the Stock Brokers under (Stock Brokers & Sub-Brokers) Regulations, 1992 (Regulation 7- Code of Conduct for the Stock Brokers):

All the Partners, senior management & employees including trainees, franchisees should assist the Company in compliance of the code upto the extent related with their job responsibilities & deliver the best for the compliance of the said code as a part of the Company in their individual capacities too. The said code vide this corporate directives executed & implemented again for all the Partners, senior management and employees as under:

A. GENERAL

(1) Integrity: Partners, Senior Management & employee should assist and act in such a way so that the company can, maintain high standards of integrity, promptitude and fairness in the conduct of all his business.

(2) Exercise of due skill and care: Partners, Senior Management & employee should assist and act in such a way so that the company can act with due skill, care and diligence in the conduct of all his business.

(3) Manipulation: Partners, Senior Management & employee should assist and act in such a way so that the company cannot indulge in manipulative, fraudulent or deceptive transactions or schemes or spread rumors with a view to distorting market equilibrium or making personal gains.

(4) Malpractices: Partners, Senior Management & employee should assist and act in such a way so that the company cannot create false market either singly or in concert with others or indulge in any act detrimental to the investors interest or which leads to interference with the fair and smooth functioning of the market. They should assist in such manner so that the stock-broker i.e. company shall not involve himself in excessive speculative business in the market beyond reasonable levels not commensurate with his financial soundness.

(5) Compliance With Statutory Requirements: Partners, Senior Management & employee should assist and act in such a way so that the company can abide by all the provisions of the Act and the rules, regulations issued by the Government, the Board and the stock exchange from time to time as may be applicable to him.

B. DUTY TO THE INVESTOR

(1) Execution Of Orders: Partners, Senior Management & employee should assist and act in such a way so that the company, in his dealings with the clients and the general investing public, shall faithfully execute the orders for buying and selling of securities at the best

available market price and not refuse to deal with a Small Investor merely on the ground of the volume of business involved. Partners, Senior Management & employee should assist and act in such a way so that the company can promptly inform his client about the execution or non-execution of an order, and make prompt payment in respect of securities sold and arrange for prompt delivery of securities purchased by clients.

(2) Issue Of Contract Note: Partners, Senior Management & employee should assist and act in such a way so that the company can issue without delay to his client [or client of sub-broker] a contract note for all transactions in the form specified by the stock exchange.

(3) Breach Of Trust: Partners, Senior Management & employee should assist and act in such a way so that the company can not disclose or discuss with any other person or make improper use of the details of personal investments and other information of a confidential nature of the client which he comes to know in his business relationship.

(4) Business And Commission:

(a) Partners, Senior Management & employee should assist and act in such a way so that the company shall not encourage sales or purchases of securities with the sole object of generating brokerage or commission.

(b) Partners, Senior Management & employee should assist and act in such a way so that the company shall not furnish false or misleading quotations or give any other false or misleading advice or information to the clients with a view of inducing him to do business in particular securities and enabling himself to earn brokerage or commission thereby.

(5) Business Of Defaulting Clients: Partners, Senior Management & employee should assist and act in such a way so that the company shall not deal or transact business knowingly, directly or indirectly or execute an order for a client who has failed to carry out his commitments in relation to securities with another stock-broker.

(6) Fairness To Clients: Partners, Senior Management & employee should assist and act in such a way so that the company, when dealing with a client, shall disclose whether he is acting as a principal or as an agent and shall ensure at the same time, that no conflict of interest arises between him and the client. In the event of a conflict of interest, he shall inform the client accordingly and shall not seek to gain a direct or indirect personal advantage from the situation and shall not consider clients' interest inferior to his own.

(7) Investment Advice: Partners, Senior Management & employee should assist and act in such a way so that the company shall not make a recommendation to any client who might be expected to rely thereon to acquire, dispose of, retain any securities unless he has reasonable grounds for believing that the recommendation is suitable for such a client upon the basis of the facts, if disclosed by such a client as to his own security holdings, financial situation and objectives of such investment. Partners, Senior Management & employee should assist and act in such a way so that the company can seek such information from clients, wherever he feels it is appropriate to do so.

(7A) Investment Advice in publicly accessible media –

(a) Partners, Senior Management & employee should assist and act in such a way so that the company shall not render, directly or indirectly, any investment advice about any security in the publicly accessible media, whether real - time or non real-time, unless a disclosure of his interest including the interest of his dependent family members and the employer including their long or short position in the said security has been made, while rendering such advice.

(b) In case, an employee of the stock broker is rendering such advice, he shall also disclose the interest of his dependent family members and the employer including their long or short position in the said security, while rendering such advice.]

(8) Competence Of Stock Broker: Partners, Senior Management & employee should assist and act in such a way so that the company can have adequately trained staff and arrangements to render fair, prompt and competent services to his clients.

C. STOCK-BROKERS VIS-A-VIS OTHER STOCK-BROKERS

(1) Conduct Of Dealings: Partners, Senior Management & employee should assist and act in such a way so that the company can co-operate with the other contracting party in comparing unmatched transactions. Partners, Senior Management & employee should assist and act in such a way so that the company shall not knowingly and willfully deliver documents which constitute bad delivery and shall co-operate with other contracting party for prompt replacement of documents which are declared as bad delivery.

(2) Protection Of Clients Interests: Partners, Senior Management & employee should assist and act in such a way so that the company shall extend fullest co-operation to other stock-brokers in protecting the interests of his clients regarding their rights to dividends, bonus shares, right shares and any other right related to such securities.

(3) Transactions With Stock-Brokers: Partners, Senior Management & employee should assist and act in such a way so that the company shall carry out his transactions with other stock-brokers and shall comply with his obligations in completing the settlement of transactions with them.

(4) Advertisement And Publicity: Partners, Senior Management & employee should assist and act in such a way so that the company shall not advertise his business publicly unless permitted by the stock exchange.

(5) Inducement of Clients: Partners, Senior Management & employee should assist and act in such a way so that the company shall not resort to unfair means of inducing clients from other stock- brokers.

(6) False Or Misleading Returns: Partners, Senior Management & employee should assist and act in such a way so that the company shall not neglect or fail or refuse to submit the required returns and not make any false or misleading statement on any returns required to be submitted to the Board and the stock exchange.

D (1) Partners, Senior Management & employee should assist and act in such a way so that the company shall enter into an agreement as specified by the Board with his client.

(2) Partners, Senior Management & employee should assist and act in such a way so that the company shall also enter into an agreement as specified by the Board with the client of the sub-broker.

10) Excellent Corporate Practices:

The Partners have to attend the maximum Board Meeting and benefit the company by their thought and experience. All the Senior Management personnel have to dedicate to the company & co-ordinate, co-operate and supervise their team members. They should forward their (team members) performance report to Partners and the Board thereof as per the policy of the Company. In case any issue/grievances of the team members are not resolve the same has to be informed to the Partners or the Board thereof.

All the Employees of the Company including the Senior Management must follow the policy / instruction of the Company and the violation of the same will be taken seriously including the termination of his / her job. Partners, Senior Management and the employees though their senior can forward the view /ideas for the growth of the company to the Board of the Company.

All the Employees have to follow the Directions / instruction of their seniors /Partners & policy of the company and must maintain/ should have due regard and respect of them.

11) Vision & Mission of company should be yours:

To be a brokerage house of International repute by providing cutting edge online trading tools, and endeavoring for excellence of quality of services which match the best in the industry. All the Partners, Senior Management personnel & employees has to keep the vision & mission of company in their mind, provide the excellent services to the public at large of the society and further act in such a way so that company can achieve its vision & mission.

All the employees have to deliver their best to the Company with the due regard of compliance. They must maintain the filed /record, details lying with them in proper order and in any case should not disclose the data base/ working strategy of the company to the outsiders / any other organization.

As we are a stock brokers all the Partners, senior management & employees must adhere/understand/apply the SEBI / guidelines/circulars/notification/Regulations beside the compliance of circular/notice/byelaws of the NSE. As the Company is a registered member of Association of Mutual Fund of India it must comply with Partners/ guidelines/circular of AMFI for the proper distribution of Mutual Fund.

12) Disciplinary Action:

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company and its stockholders and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our Partners, senior management, employees, agents, and consultants to adhere to these rules in carrying out their duties for the Company.

The Company may take appropriate action against any Director, senior management, employee, agent or consultants whose action are found to violate these policies or any termination of employment or business relationship at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, Company will co-operate fully with the appropriate authorities. You should review all the Company's policies and procedures to get more detailed information.

ANTI MONEY LAUNDERING POLICY

1. Background

1.1. Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide letter No.ISD/CIR/RR/AML/2/06 dated 20th March 2006 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

2. What is Money Laundering?

2.1 Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.

2.2 This is done in three phases – Placement Phase, Layering Phase & Integration Phase.

3. Prevention of Money Laundering Act, 2002

3.1. Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.

3.2. The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) - INDIA

4. Financial Intelligence Unit (FIU) – INDIA

4.1. The Government of India set up Financial Intelligence Unit-India (FIU-IND) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

4.2. FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

5. Objective of these Guidelines

5.1. The purpose of this document is to guide all the employees and employees of its associates on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the “Prevention of Money Laundering Act, 2002”.

5.2. Some of these suggested measures may not be applicable to every circumstance or to each department, Branch / Sub-broker. However, each entity should consider carefully the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

been appointed as Principal Officer and it was intimated to FIU and to all stock/commodity exchanges they will be responsible for Compliance of the provisions of the PMLA and AML Guidelines

- Act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions

- Ensure that CFSL/CCL discharges its legal obligation to report suspicious transactions to the concerned authorities.

been appointed as Designated Director and it was intimated to FIU and to all stock/commodity exchanges . The responsibility of the designated director is to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

6.3. The main aspect of this policy is the Customer Due Diligence Process which means:

- Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted.
- Verify the customer's identity using reliable, independent source document, data or information.
- Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

6.4. The Customer Due Diligence Process includes three specific parameters :

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting

7. Customer Acceptance Policy

7.1

- **Each client should be met in person:** Accept client whom we are able to meet personally. Either the client should visit the office/branch or concerned official may visit the client at his residence / office address to get the necessary documents filled in and signed. Preferably accept clients who live within the jurisdiction of the branch. As far as possible, ensure that the new client is introduced by an existing client.
- **Accepts clients on whom we are able to apply appropriate KYC procedures:** Obtain complete information from the client. It should be ensured that the initial forms taken by the clients are filled in completely. All photocopies submitted by the client are checked against original documents without any exception. Ensure that the 'Know Your Client' guidelines are followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.
- **Be careful while accepting Clients of Special category:** We should be careful while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share

holding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, clients with dubious background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc). Scrutinize minutely the records / documents pertaining to clients belonging to aforesaid category

- **Guidelines on Identification of Beneficial Ownership:** For non- individual customers as part of the due diligence measures sufficient information must be obtained in order to identify persons who beneficially own or control securities account. Periodically to ask for clients financial details to determine the genuineness of transaction. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified and verified using client identification and verification procedures as early as possible. The beneficial owner is the natural person or persons who ultimately own, control, or influence a client and/or persons on whose behalf a transaction(s) is/are being conducted. It includes persons who exercise ultimate effective control over a legal person or arrangement.
- **Do not accept client registration forms which are suspected to be fictitious:** Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis.
- **Do not compromise on submission of mandatory information/ documents:** Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not open the accounts where the client refuses to provide information/documents and we should have sufficient reason to reject the client towards this reluctance.

7.2. Customer Identification Procedure (FOR NEW CLIENTS)

Objective: To have a mechanism in place to establish identity of the client along with firm proof of address to prevent opening of any account which is fictitious / benami / anonymous in nature.

7.2.1. Documents which can be relied upon:

- **PAN Card:** PAN card is mandatory and is most reliable document as only one card is issued to an individual and we can independently check its genuineness through IT website.
- **IDENTITY Proof:** PAN Card itself can serve as proof of identity. However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card.
- **ADDRESS Proof:** For valid address proof we can rely on Voter's Identity Card, Passport, Bank Statement, Aadhaar Letter, Ration card and latest Electricity/telephone bill in the name of the client.

7.2.2. Documents to be obtained as part of customer identification procedure for new clients:

a. In case of individuals, one copy of the following documents have to be obtained :

- As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. Please put "verified with original" stamp as proof of verification.

- Other proofs for identity are Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card or any other document prescribed by the regulatory authorities.
- Address proof in the form of Voter's Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.

b. In case of corporates, one certified copy of the following documents must be obtained:

- Copy of the Registration/Incorporation Certificate
- Copy of the Memorandum & Articles of the Association
- Copy of the PAN card and the Director Index No. (DIN)
- Copy of the latest audited Annual Statements of the corporate client
- Latest Net worth Certificate
- Latest Income Tax return filed.
- Board Resolution for appointment of the Authorized Person who will operate the account.
- Proof of address and identity of Authorized Person

c. In case of partnership firm one certified copy of the following must be obtained:

- Registration certificate
- Partnership Deed
- PAN card of partners
- Authorization letter for the person authorized to open and operate the account
- Proof of identity and address of the authorized person.
- Annual statement/returns of the partnership firm

d. In case of a Trust, one certified copy of the following must be obtained:

- Registration certificate
- Trust Deed
- PAN card
- Authorization letter for the entity authorized to act on their behalf
- Officially valid documents like PAN card, voters ID, passport, etc of person(s) authorized to transact on behalf of the Trust.

e. In case of unincorporated association or a body of individuals, one certified copy of the following must be obtained:

- Resolution of the managing body of such association or body of individuals
- PoA in favour of person authorized to transact
- Officially valid documents like PAN card, voters ID, passport, etc of the person(s) authorized to transact
- Any document required by CFSL/CCL to establish the legal existence of such an association or body of individuals.

f. In case of an NRI account - Repatriable/non-repatriable, the following documents are required:

- Copy of the PIS permission issued by the bank
- Copy of the passport
- Copy of PAN card
- Proof of overseas address and Indian address
- Copy of the bank statement
- Copy of the demat statement
- If the account is handled through a mandate holder, copy of the valid PoA/mandate

7.3. General Guidelines

- Always check original documents before accepting the copies
- Always check PAN no with restricted PAN no.entity provided by SEBI/Stock exchange/Depository, option to check restricted PAN no. is provided in CDSL back office package, DP officer are advised to update the same in back office software on regular basis.
- Obtain the latest photograph of account holder/ authorized person(s)
- Check for latest IT return of the client/ Net worth Certificate for ascertaining the financial status of the client to know the client suitability of the product being sold to the client
- Review the above details on-going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- Scrutinize the forms submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.
- For scrutiny / background check of the clients, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on www.sebi.gov.in and RBI Defaulters Database available on www.cibil.com can be checked.
- list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. or circular issued by Stock exchange/Depository . The details is incorporated in CDSL back office software, back office executive should update the same on regular basis ,at the time of account opening officer should match the name of the client with the database , if any match with database the same should be reported to compliance officer.

Compliance officer after verification if find the details matched should immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

It should also be intimated through post/fax and through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI,

Officer on Special Duty,

Integrated Surveillance Department,

Securities and Exchange Board of India,

SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex,

Bandra (E), Mumbai 400 051

as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU-IND.

In case the aforementioned details of any of the customers match the particulars of designated individuals/entities **beyond doubt**, the company would prevent designated persons from conducting financial transactions, under intimation to Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

In case, the results of the verification done by the authority indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the company under intimation to SEBI and FIU-IND.

- Keep watch on the welcome kits returned with reason - undelivered. Compliance Officer/Vice President should be alerted, client be contacted immediately on telephone and the trading, if suspected, account should be suspended

7.4. For all Existing clients

7.4.1. On an on-going basis, the branches should ensure that the details given in the KYC, by the client, matches with the current details of the client. If required, we can seek additional documents/information from the client to verify the financial/general status of the client. Further all existing clients should be reviewed on annual basis with the UN sanctioned list.

7.4.2. In cases where:

- There is any material negative change in the financial details of the client from what is given in the KYC.
- If the client is not contactable/traceable or contracts notes/ communications sent are received back undelivered.
- In case the client is prohibited by any regulatory authority.
- The client refuses to provide additional information/document asked for.
- There is a material change in the mandate holder profile/details
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The same should be immediately intimated to Principal Officer.

8. Risk Profiling of the Client

8.1. We should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify the clients as Low risk, medium risk and high risk clients. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high risk client we have to apply higher degree of due diligence. The factors of risk perception depend on client's location, nature of business activity, turnover, nature of transaction, manner of payment etc.

8.2. In order to achieve this objective, all clients of the branch should be classified in the following category :

- Category A – Low Risk
- Category B – Medium Risk
- Category C – High risk

8.2.1. Category A clients are those pose low or nil risk. They are good corporate/HNIs who have a respectable social and financial standing. These are the clients who make payment on time and take delivery of shares.

8.2.2. Category B clients are those who are speculative clients , pose risk greater than category A clients. This are the clients were the correlation in income and expenditure is not very clear .

8.2.3. Category C clients are those who have defaulted in the past, have suspicious background, do not have any financial status, etc.

8.3. We have to be careful while monitoring the transactions of B and C category clients.

8.4. Apart from this we need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.

9. Monitoring Of Transactions

Scrutinize unusually large transactions like, clients having traded in scrip/shares of a company for a quantity of 20,000 or more in a single day and volume in that scrip of that client is 25% or more of the total volume in that scrip of the Exchange.

- Check trade log for indication of negotiated trades (if any)
- Check for any relation of the client with the company / Partners / promoters.
- Check previous trading pattern of the clients in that particular scrip.
- Scrutinize bulk deal transactions by sample check. A 'bulk' deal constitutes transaction in a scrip (on each Exchange) where total quantity of shares bought/sold is more than 0.5% of the number of equity shares of the company listed on the Exchange
- Select randomly few clients and pick their few transactions and scrutinize to check whether they are of suspicious nature or not.
- If substantial increase in turnover in a dormant account is found, should be brought into the notice of the senior management. Review balances and trading in the dormant accounts. Be vigilant on the movement of credit balances of the dormant account.
- Analysis is carried out by RMS to identify clients with huge and regular losses and are still placing trades/orders. Identify the Sources of funds in such cases.
- Analysis be also carried out in respect of disproportionate profit/ loss booked by a client trading in "F&O" segment vis-à-vis the value of the contract in illiquid scrips/ derivatives
- Suspicious transactions to include 'transactions integrally connected' as well as 'transactions remotely connected or related'

Download and analyze alert given by stock exchange and Depository, the alert will be monitored on daily basis and the same will be stored properly as per exchange and depository guideline.

Parameters for analyzing the transactions:

Analysis of top clients in terms of turnover

- On a periodic basis identify top 200 clients on descending order of turnover and ascertain whether the same matches with the financial status of the client. Moreover, analyze whether there is commensurate fund movement, whether the payments are being made, in cheque and from the bank account(s) of the clients registered with CFSL/CCL etc. To the extent possible, obtain the latest Income Tax return of the client to ascertain the financial capacity of the client.

Analysis of top client in terms of increase in turnover

- On a periodic basis identify the top 100 clients, on descending order of increase in turnover over a threshold amount of Rupees One Crore. Then analyze whether the same matches with the financial status of the client, whether there are commensurate funds movement, whether the payments are being made through cheque from the bank account(s) of the client, etc. To the extent possible, we need to obtain the latest Income Tax return of the client to ascertain the level of income of the client.

Analysis of trades in stocks less than Rs.10/- and beyond a specific quantity

- On a daily basis analyze the trades done in penny stocks (stocks less than Rs.10/-). This will help us in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc.

Client concentration in particular scrip or select scrips

- On a periodic basis, ascertain whether any client is concentrating on any particular scrip, especially liquid and penny stocks. This will help in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc. or is having insider information.

Analysis of trades in illiquid counter (illiquidity can be with reference to the average volume in the scrip over the last 3 months below a particular level)

- A daily analysis of the client's volume with respect to the total traded volume at the exchange has to be done. (TTQ analysis). This will help in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc.

Trades shifted from one client to another within the same broker

- On a daily basis, analyze the details of trade shifted from one client to another, either during the market hours or after the market hours. This will help us in identifying whether the client is trying to hide his identity, indulging in profit/loss transfer, availing exposure while in debit balance, etc.

Analysis of NRI/Foreign clients/institutional trades especially w.r.t. payment patterns

- Undertake a periodic analysis of the trades executed by NRI/Foreign clients/institutional clients. It should be supplemented by analysis of the payment patterns, trading patterns, etc.

Analysis of client payments in DD, Pay order, cash etc.

- Undertake a periodic analysis of all the payments received from client by way of DD/Pay order. This will help in ascertaining whether any client's DD/ Pay Orders have been purchased against "Cash" or might whether any client is making third party payments. The third party payments can relate to employees also.
- Frequent change in client details like bank account, demat account, address, etc
- A monthly analysis of changes in the client details has to be undertaken to identify the clients who are making frequent changes whether the client trying to hide or confuse his identity.
- All transaction of value of Rs.5 lacs and above in Depository system should be dual verified by two officer,provision for the same is inbuilt in back office software.
- All transaction from dormant account in Depository system should be dual verified by two officer,provision for the same is inbuilt in back office software.

10. Maintenance and Preservation of records

Company shall have a system of maintaining proper record of all transactions including records of all transactions prescribed under Rule 3 of the Rules, as mentioned below:

- (a) all cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency;
- (b) all series of cash transactions integrally connected to each other which have been valued below Rupees Ten Lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees Ten Lakh;
- (ba) all transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency;

10.1 Information to be preserved

Company shall maintain the following information in respect of transactions referred to in Rule 3 of the Rules including all necessary information specified by the regulator to permit reconstruction of individual transactions in respect of transactions referred to in Rule 3 of the Rules:

- (a) the nature of the transactions;
- (b) the amount of the transaction and the currency in which it was denominated;
- (c) the date on which the transaction was conducted; and
- (d) the parties to the transaction.

10.2 Records to be preserved

Company shall maintain the records of all transactions including the records containing information in respect of transactions referred to in Rule 3 above. Company shall take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, company shall maintain for five years as would be required under the PMLA 20002 and rules made there under from the date

of transaction between company and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Company shall ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, card, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for five years as required under the PMLA 20002 and rules made thereunder after the business relationship is ended. The KYC/AML Policy identification records and transaction data should be made available to the competent authorities upon request

11. Cash Transactions

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of securities or otherwise. All payments shall be received from the clients strictly by account payee crossed cheques drawn in favour of Crimson Financial Services Limited/RR Global Capital. The same is also required as per SEBI circular no. SMD/ED/IR/3/23321 dated November 18, 1993 and SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003.

In case account payee cheques have been received from a bank account other than that captured in records the same can be accepted after ascertaining that the client is the first holder of the account. Relevant copies of the supporting documents should be collected from client.

Only in exceptional cases, bank draft/pay-order may be accepted from the client provided identity of remitter/purchaser written on the draft/pay-order matches with that of client else obtain a certificate from the issuing bank to verify the same.

12. Suspicious Transactions

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

12.1. What is a Suspicious Transaction: Suspicious transaction means a transaction whether or not made in cash, which to a person acting in good faith -

- Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- Appears to be made in circumstance of unusual or unjustified complexity; or
- Appears to have no economic rationale or bona fide purpose

Reasons for Suspicious:

- Identity of client
- False identification documents
- Identification documents which could not be verified within reasonable time

- Non-face to face client
- Clients in high-risk jurisdiction
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Receipt back of welcome kit undelivered at the address given by the client

Suspicious Background

- Suspicious background or links with criminals

Multiple Accounts

- Large number of accounts having a common parameters such as common partners / Partners / promoters / address/ email address / telephone numbers introducer or authorized signatory
- Unexplained transfers between such multiple accounts.

Activity In Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business s
- Account used for circular trading

Nature Of Transactions

- Unusual or unjustified complexity
- No economic rationale
- purpose Source of funds are doubtful
- Appears to be case of insider trading

Value Of Transactions

Value just under the reporting threshold amount in an apparent attempt to avoid reporting

- Large sums being transferred from overseas for making payments Inconsistent with the clients apparent financial standing Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated/deflated

12.2. What to Report

- The nature of the transactions
- The amount of the transaction and the currency in which it was denominated
- The date on which the transaction was conducted: and
- The parties to the transaction.
- The reason of suspicion.

12.3. Whom to Report

In terms of the PMLA rules, brokers and sub-brokers are required to report information relating to cash and suspicious transactions through FIU Portal or to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakyapuri, New Delhi - 110021

Transactional Alerts provided by the Exchange

In order to facilitate effective surveillance mechanisms at the Member level, the Exchange provide transaction alerts based on the trading activity on the Exchange.

- I) There are consolidated file of alerts based on above mentioned different parameters to be downloaded from NSE through ENIT and BSE through EBOSS and alert provided by commodity exchange.
- II) Download these files in excel format copy the same in alert compilation alert.
- III) If any alerts found, need to be checked the following first
CRF of client.
Financial back ground of client
- IV) Compliance team forward PMLA alerts to RMS team for their feedback / remarks like clients payment terms, trading pattern, etc.
- V) RMS team shall revert back PMLA alerts file to compliance officer after mentioning their remarks / feed back
- VI) Compliance team first analyzes the transactions alerts with available record.
Clients past trading pattern
Frequency of trading of the clients
Whether the client is related directly or indirectly with the company questioned in alerts or any group.
- VII) If require, Compliance team may seek explanation from the clients about the said transactions based on the nature of transaction alerts.

Source of funds if client purchase stock
Source of delivery if client sale stock
Reason for sudden increase of volume
Reason for dealing in specific scrips from all group / family account
Reason of order price away from market price
If client deal in concert
Whether he is related with the company or not.
Or any other query specifying the alert in question.
Other connected clients
Other publicly available information
- VIII) If required Compliance team seek documentary evidence in support of explanation of the clients.
- IX) Compliance team must put their remarks in each transactions alerts and forward it to the Principal Officer.
- X) Principal Officer must cross check remarks given by the compliance team and analyze the transactions with available record.
- XI) If required principal Officer may ask to client for further explanation and or necessary documents.

- XII) If principal officer satisfy with the documents and clarification of clients, close the alerts and put remarks accordingly.
- XIII) If Principal Officer still finds anything suspicious, forward the same to the management and take the approval from management / director and report to the exchange with his comment along with documents
- XIV) If any concern seen post inquiry/ receipt of explanation from client, Principal Officer shall forward the alerts to the Exchange with his comments and any documents deemed relevant.
- XV) Analyzing and reporting of alerts must be completed within 15 days of transaction alerts received from the exchange.

Investor Education

To implement AML/CFT provisions in true sense there is need to get certain information from investors which may be of personal nature or which has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. To satisfy the investors on these aspects so that they can easily provide the information to us we have made them aware of PMLA provisions by way of literature formulated by us for all the investors.

The company will conduct investor education programme for its client periodically.

Compliance officer/principal office will conduct the Investor education programme.

Securities Operation and Risk Management Policy (SORM)

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 , according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

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

shall be required to have a valid certificate of NISM Series VII – Securities Operation & Risk Management (SORM) from National Institute of Securities Market(NISM). NSE and BSE has also issued circulars requesting the members to comply with the requirement of said SEBI Notification.

The Company being a trading member BSE, NSE & MCX-SX, provisions of the aforesaid requirement is applicable to all its employees & sub-brokers involved in the activities as mentioned above

As required in the aforesaid notification of SEBI, all existing persons associated with the Company as on date of publication and engaged in deal with:

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

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk, Management (SORM) within two years from the date of such notification. Simultaneously whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his /her employment/registration as sub-broker. The company will ensure that as & when the certification is expired or to be expire the person shall renew valid certification of NISM-VII SORM

Exemption

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII - Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary lever / clerical level:

Internal Control or Risk Management

1. Inwarding or collateral's / Cheques
2. Person performing market entries
3. Maker entry in the database
4. Photocopying, printouts, scanning of documents
5. Preparing of MIS
6. Sending of letters / reports to clients, Exchanges, SEBI
7. Attending Calls, etc.

Redressal of Investor Grievances

1. Inwarding of complaints
2. Seeking documents from clients
3. Person performing maker entries
4. Maker entry in the database
5. Photocopying, printouts, scanning of documents
6. Preparing of MIS

7. Attending calls, etc

Activities having a bearing on operational risk and dealing with assets of funds of investors of clients

1. Person performing maker entries
2. Maker entry in the database
3. Preparing of MIS
4. Generating of reports, Files
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters / reports to clients, Exchanges, SEBI
8. Attending calls, etc

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM – SORM Certification or such other prescribed certification at all times.