

MATHRAN SECURITIES PRIVATE LIMITED

Policy for Internal Control

Policy created by : Operational / Risk Management staff	Policy created on : 27/06/2011
Policy reviewed by : Compliance Head	Policy reviewed on : 01/03/2023
Policy approved by : Board of Directors	Policy approved on : 01/03/2023
Periodicity of Review periodicity : Yearly / SOS	
Version number :	Effective date of implementation : 27/06/2011
Officer responsible for implementation :	Mr. H R Das, Compliance Officer

BACKGROUND

The following internal control and Risk Management Policy to be observed followed and complied with by all staff/employees and others associated with handling the clients trade with regard to the company's operations on both cash market segment and futures & options segment of NSEIL."

A) CLIENT REGISTRATION, DOCUMENTS MAINTENANCE:

- i) No "flying" or "walk-in" clients should be entertained in the first instance, clients referred to or introduced by respectable person, existing clients or persons well known to management shall only be entertained.
- ii) In-person verification of clients and maintenance of proof for the same
- iii) Before granting any trading limit/exposure limit, the same should be first got approved by management based upon the assessment of financial strength as revealed directly from his Balance Sheet/ Bank Statement/ any other relevant documents. In exceptional cases it may be based upon the relationship of the company- and its management with the introducer.
- iv) All matters, records documents related with client registration shall be handled, preserved and stored only by the company's own staff/employees and it shall not be outsourced.
- v) Every year after the end of financial year, the clients are pursued to furnish their latest Income-tax Return's copy, Balance Sheet.
- vi) Overwriting/erasures in client registration documents shall be avoided and in case of extreme urgency correction should be duly initialed by the company/client
- vii) Verification of Client to be done on 'Barred' client list available of NSE website/SEBI website.
- viii) Complain as required by KRA/C-KYC to be done as per guidelines.

B) SALES PRACTICES.

- i) The clients must be made aware of inherent risks/ market risks involved in trading in shares. The prescribed "Risk Disclosure Document (RDD)" should be furnished to the client at the time of registration and an acknowledgement be obtained from client.
- ii) As a matter of policy, company's dealers feeding orders in NEAT system shall not canvass/advise or suggest buying or selling for any scrip.
- iii) Clients may open their DP a/c with Depositories of their own choice.

- iv) Except educative or other informative sessions/ group meetings where co. invites experts to speak about market conditions and trend, No marketing or sales efforts to be made by the company with clients.

C) CLOSURE OF CLIENT ACCOUNT/DORMANT ACCOUNT:

- i)
 - (a) A written request which shall be signed by all joint account holders must be obtained from the client for closure.
 - (b) Upon receipt of this request the matter shall be put up before management to ascertain the reasons for the client opting for closure.
 - (c) If the client wishes to transfer his account to any branch of the co., in that case all records available with the existing branch shall be transferred with a proper covering letter enlisting therein the type of document and a copy of the same be given to the client.
- ii) A periodical review of transactions of all registered clients is carried out by compliance officer of the company. If no transaction has taken place for at least past 12 months then such accounts be marked 'dormant'.
- iii) Wherever an order or transaction is intended by the client in such 'dormant' marked account, the client shall be contacted by compliance officer to ascertain the factor for dormancy. After due satisfaction about reasonable causes/explanation, resumption of transactions be permitted.
- iv) If the dormancy of an account continues for 2 years or more at a stretch, the account to be marked 'inoperative' and all documents/files related thereto be transferred to storage section.
- v) Any fresh transaction in 'inoperative' account be allowed only upon fresh client registration upon execution of all documents as in the case of fresh/first time client registration.

D) ORDER RECEIPT AND EXECUTION:

- i) The order of clients is executed by designated dealers who recognize the voice of the respective client only and in that client's U.C.C only.
- ii) At the end of each trading session, the trades are communicated to clients over telephone followed by the contract note.
- iii) While executing orders of client the dealers must adhere to limits fixed by compliance/surveillance debt-based upon financial status of the client. If any relaxation is required in exceptional cases, it shall be authorized by management.
- iv) The dealer shall not entertain any order or any other request from anyone except from the client himself or else a proper/duly executed power of attorney granted by the client to any of his relative who have to be first introduced to management-can be considered.

E) CONTRACT NOTES/DAILY MARGIN STATEMENT/MONTHLY/QUARTERLY STATEMENT OF ACCOUNTS TO CLIENTS:

- i) All contract notes in physical forms are sent by courier under POD or hand delivered to client himself or his authorized agent. Duly, received copy/counter foils of the physical contract note be kept filed chronologically.
- iv) All communications like daily margin statement/contract note/statement of account (monthly/quarterly) etc. shall be done by hand delivery or by sending through courier/UPC. In the case of clients who have opted for Electronic Communication all such communication shall be through Internet/e-mail/UPC.

F) LIMITS/EXPOSURES/MARGIN/BRANCHES/SUB-BROKER LEVEL

- i) Concerned employees & staff both at corporate office and Branches level are to be made aware of requirement of SEBI/NSE related to limits/exposures/margin and they shall adhere to the same.
- ii) All such limits shall be reviewed / monitored by surveillance officer/compliance officer.
- iii) All upfront margin/M to M/Adhoc Margins as imposed by NSE from time to time have to be collected from clients.

G) MONITORING OF DEBIT BALANCES

- i) All clients are required to meet their obligations of pay-in as per NSE schedule. If required, co's lien on shares shall be exercised and these be withheld.
- ii) If payment is not received after several reminders, the company shall undertake 'close out' procedure as prescribed in NSE trading regulations.
- iii) If exceptional debit balance arises in the case of severe fluctuation/volatility, the management shall take such steps as may be deemed fit including stopping transactions, Arbitration and recovery proceedings.
- iv) Guidelines of exposure will be allowed as per Sebi Circular no. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated 26.09.2016, NSE Circular No. NSE/INSP/2016/33409 dated 14.10.2016 and amended from time to time with regard to Broker Enhancement Supervision.

H) ALLOTMENT/SURRENDER OF TRADING TERMINALS:

- i) The installation of trading terminals at any location whether through VSAT/CTCL/Leased line shall be applied to NSE only after approval by management.

All procedures and conditions as required by NSE must be completed. A record of trading terminals and User ID shall be always maintained.

- ii) Limits at trading Terminals shall be set by surveillance/compliance officer considering the volume and track records of traders.
- iii) All software to be used at trading terminals shall be in conformity of NSE approved vendors and must be procured at HO/Corporate level only.
- iv) In terms of NSE regulation regarding periodic inspection of branches/sub-brokers office where trading terminals have been installed co's compliance officer and internal auditors shall visit periodically to verify that all operations are conformity to NSE regulation.

Reporting Process

Department Head/ Compliance officer are advice to update the modified cases report to the Board / Management on the implementation of the said policy periodically.

Approval Authority

This policy is approved by the Board.

Review Policy

This policy may be reviewed as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change the policy due to business needs.

The policy may be reviewed by the Managing Director and place the changes in policy before the Board at the meeting first held after such changes are introduced.

Policy communication

A copy of this policy shall be made available to all the relevant staff such as dealers, Branch In charge, Compliance Officer, Sub-brokers and Authorised Persons

This Policy is prepared as required by

1. NSE/INSP/2016/33409 dated 14.10.2016
2. SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated 26.09.2016