

## **Internal Control Policy**

### **A) Client Registration, Documents maintenance:**

Account opening Process and documents maintenance is taken care of in house by a separate account opening department centrally. The process is maintained in such a manner that from verification to enabling the ucc upload, different persons are involved and responsible for each step so that the concept of maker checker is effectively taken care of. Proper MIS is sent for the different steps so that proper control and checks are exercised. Forms received at our various locations are received at centralized account opening department after the basic checking of the account opening kit and inperson-verification of documents/proofs received with its original. After opening the code, welcome kit & copy of documents executed is sent by the post to the address given in the account opening form along with all the concerned telephone numbers and email id's where the client can make his queries/complaints along with the details entered in the Client Master. After opening of accounts we also do periodic review of the client's & obtain their financial & other details. Particulars of client's or change in client master details of the client's are done as per the specific request of clients after receiving documentary proofs if required. All the documents are kept in such a manner so that it can be retrieved whenever required after opening of the account. Our marketing personals are provided regular training to make them update about the various exchange norms so that they can provide appropriate information to prospective client's while offering services related to financial markets. We ensure that promotional schemes must adhere the exchange norms in this regard.

### **B) Closure of Client Accounts/Dormant Account**

Accounts are closed on request of the client or after giving intimation from our side to the client. In case of client request accounts are closed only after verification all the documents & settlement of all the dues & securities etc.

For closure of client account, we receipt the letter from client, who want to close his/her client account and give a receipt to the client. We make this client code inactive in our back office as well as in CTCL chief, so that no trade can be done/punched in his/her client code. For Transfer of client from one branch to another branch, we have change in our back office as well as in CTCL chief ID. A daily file is generated from our back office to verify whether any trade has been done in any code which is dormant in nature & if

any such case is found then it should be verified from the concerned clients to ensure that said trade is done by the respective client only.

### **C) Order Receipt and Execution**

Orders are received from the clients telephonically or personally and are executed as per the instructions of the clients. Dealers receiving the telephonic orders make necessary verification before executing the orders. At most of the locations, the telephone lines are recorded for which logs are maintained for a period of 1 month. There is system of trade confirmation via SMS and Telephonically on the numbers given by the clients in the Account opening form. No discretionary powers are exercised at any location to execute client orders and if any client is interested for the same, he has to register for PMS which is a separate department. Controls like executing orders by personal visits and voice confirmation by the dealers are adopted for receipt of order from respective client only.

### **D) Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts to clients:**

All the Contact notes alongwith daily margin statement for the trades executed are centrally sent by email on daily basis within 24 hours trades executed to our clients. Log file are maintained for the contract notes sent to the clients. The quarterly statements are dispatch within the stipulated time by email. All client are provided access to the web based back office where all the reports including contract notes, settlement obligation, daily margin reports ,etc are provided to the clients.

### **E) Collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level**

We take the clients payin only by first party cheque which is self authorized by they client. Similarly the upfront margin for Future and options is taken in the form of First party cheque (Self authorized) and pledged stocks (haircut applicable as per exchange).The premium for options is taken only through cheque and MTM is also settled by cheques only.

Clients can deposit the cheques at our local branches & we provides its credit to the clients after receiving scanned copy of the cheques so that third party transactions can't be made

The limits and exposure is provided as per the clients debit and credit positions, along with stocks lying with us, margin requirement for the open positions in f&o segment, MTM check and ageing report is also taken in consideration. Payments are made to clients as per the request of client incase of running case and in any other case payment is to clients through cheques in compliance of exchange norms.

#### **F) Square off of positions / Liquidation of securities without consent of clients**

The Clients are informed of any increase in margin, or any increase in MTM losses beyond their collaterals through emails, phones and sending sms to the clients mobile number. We provide opportunities to the clients to bring in adequate margin to such extent so that our position does not remain uncovered. If payment is not received despite reminders then we square off the positions after giving prior intimation to the clients and the details is communicated by telephone, SMS or email.

#### **G) Transfer of Trades**

The trade is not transfer to one client to another client account. If in rare case if any error is occurred from dealer, then we take the letter from both the client and modify the same with in the prescribed time in exchange online.

#### **H) Policy of Internal Shortage**

We have followed the policy prescribed by the Exchange in case of internal shortage

#### **I Investor Redressal Mechanism**

Investor Satisfaction being of utmost importance, investor Redressal mechanism is the most important activity for which necessary mechanism and systems are in place. All the investor grievances are monitored and redressed by the Compliance Officer of the Company who reports directly to the Board of Directors and this essentially takes care of the necessary escalation in case of any long pending and serious compliant, otherwise

the same are taken care of by the Compliance Officer with the support of the Compliance team. The clients can email their grievances on the email id [info@vishwasfincap.com](mailto:info@vishwasfincap.com) which is displayed on our website and the same also mentioned on the contract notes and other correspondence if any sent to the client from time to time. All the mails received are duly monitored and redressed by the Compliance Officer. The register of grievances is centrally maintained for better control and monitoring, Thus the grievances received in writing, mail, verbally, etc. are centrally monitored and redressed and recorded with all the necessary steps taken for redressal of the same. Proper analysis is undertaken to analyse the nature of complaints received, pattern of complaints and concentration if any at a particular location, so that every effort is taken to remove the root cause of grievance by the client. Periodic visits and inspections are undertaken for the branches and sub brokers to get the feedback of clients on the issues like receipt of contract notes, trade confirmation, SOA & margin statements etc. Depending on the feedback received necessary corrective steps are introduced into the system. For ensuring that the funds received from the particular clients are properly accounted for, scanned copy of all the cheques collected at various locations is received at the Head Office where centralized accounting is maintained, by which it is ensured that the cheques are credited to the account of the correct client and also from the particular accounts mentioned in the client account master in the Back office software maintained centrally. No other separate software is maintained for maintaining client account details.

Thus every attempt is made to redress the grievance/problems of the clients and introduce systematic changes into the processes so that such instances are avoided.

#### **J Allotment, Surrender of trading terminals, Opening & Closing of Branches.**

- a) Our exposure and limit mechanism is automatic and every client gets limits as per their funds and stocks. Moreover we keep a watch on the trading activities of each and every client and the dealer id's. In case we find any discrepancy with the norms and compliances we take immediate actions which depends on case to case basis. We ensure that only exchange approved software are used. In case if any client wants trade in some other locations we take NOC from those clients and map the id where he wishes to trade. Information pertaining to allotment & surrender of trading terminals are submitted to the exchange through the software provided by the exchange in this regard. Our Risk Management & Compliance keeps records that terminals provided to Branches & Sub-Brokers could not be used for unauthorized/illegal purpose.

- b) Opening & Closing of branches/ sub broker offices  
Branch is opened at a particular location after the feasibility study is positive. All the steps decided in the opening procedure from compliance perspective are taken care by the Compliance Department. Sub brokership registration is also taken care by the Compliance Department. In case of surrender of sub brokership, the procedure prescribed by the Exchange is followed. In case of closure, as per the procedure the financial ledger confirmation is taken from the clients and all the clients are informed that in case of any disputes they have 1 month's time to come out with discrepancies, if any.
- C) All the requests for allotment and surrender of trading terminals are processed centrally from the Head Office. After due verification, the Co-ordination Department which is continuously in touch with the branches and sub brokers forwards the details to the Compliance Department for the submission of information to the Exchange. Thus the verification of information in respect of username, user id, location, etc. is done at 2 points to ensure submission of the correct information.

#### **K) Branch & Sub-Brokers Audits**

We have designated a Compliance team which is headed by the Compliance Officer for periodic inspection of Branch & Sub-Brokers Audit on periodic basis. We ensure that all the areas as per the exchange norms are covered under the inspection. After the inspection a report is provided to concerned office with findings of the inspection along with the suggestions for better compliance. We also ensure that Notice Board & SEBI registration certificates are displayed at the branch/ sub-brokers office. We have appointed **Monika Agarwal & Associates** for conducting the internal audits as per the exchange norms. Findings & suggestions of the Internal Auditors are referred to audit committee which is designated to comply with the findings of the internal & rectify the discrepancies if any found.