

## **INTERNAL CONTROLS**

The internal Controls regarding the following are:

### **1. Registration of Clients:**

We register the clients only after through introducers whom we know. Apart from that we collect all the following documents before registering the client with us. The documents (anyone for proof of photo identity) are as follows:

1. PAN card
2. Passport Copy
3. Driving Licence
4. Election/Voters Card
5. Ration Card

The following documents for proof of correspondence and Residence Address identity, photocopy of anyone;

1. Passports
2. Driving Licence
3. Election/Voters Card
4. Ration Card
5. Telephone/ Electricity Bill

Further, proper In-Person Verification process is being carried out before registration of any client. The KYC documents are being executed upfront with all the clients as per prescribed formats. Before entering relevant data into our Back Office Software, all the data & documents are being checked including PAN on Income Tax Web site. Generally clients forwarded by sub brokers as well as direct clients are being registered with us. All the relevant data & records are being stored & managed in house.

### **2. Sales Practice :**

We are not following any marketing or sales practice either through relationship managers or otherwise for client acquisition nor we employ any promotional / freebies scheme in this regard. We register the clients either forwarded by sub brokers or walk-in clients only (on reference basis).

### **3. Account closure / Dormant Accounts :**

The Account closure is being done at our end only on specific written request of client concerned. Client has to submit his request as per our predefined format. He has to sign and submit the said form to us. Before A/c closure, we make / settle the A/c ledger of respective client and ensure that no dues is payable to / receivable from him. All related records of A/c closed, including complete KYC documents are being preserved as per the requirements.

#### **4. Receiving, validating & entering the orders of clients in the trading platform :**

The client normally trades through us on telephone so we take utmost care that the trades are not done in the wrong code. Along with that as soon as the transaction is entered into the client receives SMS from us that the trade is executed. Along with that the client also gets the balance of the Client Ledger from us.

Generally trades are being executed at various terminals located at our sub brokers offices. At our end, we doubly ask the client code before entering any order into trading platform even respective SMSs are being sent after any transaction done.

#### **5. Sending Contract notes etc. :**

We send ECN within 24 hrs. of execution of trades to all clients who have consented to receive electronic contract notes after duly complying with necessary requirements in this regard. Simultaneously contract notes are also being displayed on our Website. Daily margin statements are also being sent in soft formats to all clients. We also maintain required log reports in this regard. Further, Physical copy of contract notes have also been sent. Further at the end of every quarter statement of accounts, both for funds & securities are being dispatched before expiry of 1 month of respective quarters to respective clients and dispatch proofs are also being preserved.

#### **6. Collection and maintenance of Margin :**

We do business through sub brokers and for the clients who deal with us directly, we work only through trusted client which has been build by working with them over a period of time.

Generally, we ask for upfront margins before transacting for any client, either in the form of a margin deposit or securities/collaterals. In case of securities collaterals, clients consent are being obtained. Also we take care that securities towards collaterals are being transferred from /to client's own designated demat account only. Necessary Hair-cuts to securities are also being applied.

#### **7. Monitoring of debit balances :**

We observe debit balance of any client/branch/sub broker on regular & constant basis. In case of continuous debit balance, for sufficient period, we ask respective branch/sub broker to get cleared such outstanding and ask them to take care that such kind of incidence would not be repeated.

## **8. Allotment/surrender of trading terminals :**

Before allotting any new terminals, we observe the forcible business, no. of clients, their credit worthiness and financial capacity, the area/location of new terminal etc. and only upon due satisfaction about these and such other criteria, as may be consider fit and proper, trading terminals are being allotted.

All required information are being sent to the exchange before carrying out any transactions from particular location/terminal.. We also ensure that related trading software is from Exchange Approved Vendor (i.e. FT India) only.

In case of closure of any terminal, we consider the alternate arrangement so as to ensure that no clients get suffered from closure of particular terminal/location. The clients are being shifted with their consent to such other nearby branch/sub broker. Also, before closing any terminal/branch we ensure that no dues or client complaints being pending at such location.

## **9. Opening & Closing of branches / sub broker offices :**

Before allotting any new branches/sub brokerships, we observe the forceable business, no. of clients, their creditworthiness & financial capacity, the area/location of new branches/sub brokers offices etc. only upon satisfaction about these and such other criteria, branches/sub brokerships are being allotted.

In case of closure of any branches/sub brokerships we consider the alternate arrangement so as to ensure that no clients get suffered from closure of particular branches/sub broker offices. The clients are being shifted with their consent to such other nearby branch/sub broker. Also, before closing any branches/sub brokerships we ensure that no dues or client complaints being pending at such location.

In case of closure of sub broker we require sub broker either to surrender his SEBI Regn. Certificate or complete the change in affiliation process.

## **10. Collection and Release of Payments to clients:**

The collection and release of payments to clients is done on a routine and regular basis and no third party cheques are issued or received by us. Moreover the payments are made by Account Payee Cheques only.

## **11. Collection and Delivery of Securities to the clients:**

We receive shares / collaterals (approved securities) from the client designated demat account when he makes trade and the same is given / credited in to the same mentioned account when he square off the position.

## **12. Square off of positions / Liquidation of securities :**

We send SMSs to all the clients on a daily basis about his positions M to M losses, further margin requirements if any, even a daily margin statements are being sent to all relevant clients.

We also intimate the clients, from time to time to observe his position, M to M losses, collaterals etc. and also inform him well in advance to provide sufficient margin in order to carry on his open position. In absence of the same when clients fail to do so, we square off their after due intimation or as per their request. However, till date not a single such incidence took place at our end in this regard.

## **13. Policy for internal shortages :**

In such cases, we handle the internal shortages as per prescribed procedure. Defaulting client get penalized by the amount which is being transferred to the client who suffers from internal shortages.

## **14. Transfer of Trades :**

We do not allow any trade transfers after permissible time limit prescribed by exchange. Even in case of wrong punching of client code, we make sure that no repeated/frequent errors should occur from any particular location/terminal. We also warn/advise particular terminal operator to minimize such errors.

## **15. Investor Redressal Mechanism:**

We have designated E-mail ID: [compliance.ex@amrapali.com](mailto:compliance.ex@amrapali.com) on which client can complaint about his grievance. The said E-mail ID is being communicated through KYC Form, Contract note, etc. The complaint if any, are being analyzed/assessed, required course of action is being taken and ultimately complaints being resolved. The complaint if any, are being personally monitored and resolved by Compliance Officer with assistance of supporting staff. Respective entries are being done in complaint register maintained for the purpose.

Further contract notes, statement of accounts, daily margin statement are being sent to respective clients within the time prescribed by the exchange. In case of any query in the same, they are being observed and if need arise, solved as soon as possible. Further, we use Back Office software wherein there is a mechanism that no third party cheque / securities can be accepted and all related entries are being accounted into respective client ledger only.

**16. Internal Audit System :**

We have proper internal audit system considering nature and size of our business. Our Designated Director Cum-Compliance officer personally look out our entire operations and required recommendations, if any, are being implemented as may be found best feasible.

Further, we also have appointed chartered accountant who carries out Internal Audit of all related areas at periodic intervals.

**17. Monitoring of Branches/ Sub Brokers/ DP Operations etc.:** We routinely do the inspection of Branches/Sub Brokers/DP Operations and that we ensure that no leniency is allowed in relation to any of the legal compliances.

**18. Operations & Compliance Requirements :** We take utmost care and due diligence that all the Compliances of BSE, NSE, NSDL, SEBI are complied with.

**19. Payment of Dividend:** We take utmost care that within 24 hours of the credit of dividend in our account, we credit the same in our clients ledger.

**20. Continuity Planning/Alternate plan in case of disasters:****Business continuity Plan:**

We have AMC for every kind of Technical problem.

We are having one firewall device at our Manager machine.

We are having anti-virus software installed on every machine.

We have two main soft wares. One is ODIN which we have purchased from Financial Technology. Then, we have anti-virus license version software which we have bought from Computer Eye.

For any kind of modification in our system, first of all we discuss with particular dealers and choose the best plan and take the permission of our director.

We daily see activity log of our every client on our admin machine.

**Disaster recoverable:**

As far as data is concerned, we are keeping our all records related to operation and accounts on one main server.

Further we transfer that data to HD drive everyday after market hours. Data can be found from our main server as well as from HD drive, which is updated on daily basis.

**Incidence Response:**

We are having AMC for VSAT. We are having in house Engineers for any kind of hardware problem.

**Emergency Call List:**

**Password Policy:**

Password Policy is documented as per requirement. Our manager password expires after 14 days. We have password on manager machine for login. User is disabled after entering erroneous password on 3 consecutive attempts. Login id and Password should not be the same and Password is minimum of 6 characters and maximum of 12 characters. It is mandatory to change the password on login for the first time. Password can be in alphanumerical form. Password can not be accepted same as last 8 passwords.

**21. Back Up Policy and its retrieval:**

We daily take back up on our manager machine and on CD on daily basis.

We take expiry back up on Extra Hard Disk.

We also keep expiry back up on other machine.

So in case of any emergency need we have sufficient sources to get the retrieval of back up data.

**22. Risk Assessment Procedure:**

We have insured the full system. In case of any loss, proper valuation of loss has been carried out by C.A. and engineers.