

SURESH RATHI SECURITIES PVT LTD. (SRSPL)

Internal Procedure & Policy

A. Client Registration & Document Maintenance

We accept new clients after proper background checking of the clients or we entertain those clients who have proper reference viz. thru Sub-broker, Existing Clients, Employees or any other reputed person. Necessary checks are followed to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any Stock Exchange.

All the clients of special category mentioned as per the suggested guidelines provided by prevention Money Laundering Act 2002.

In Off-line mode Client registration forms duly filed along with supporting are received directly from the client by branches / sub-brokers/ H.O. as the case may be. In person verification is done at this stage as per person authorized by company or registered Sub-Broker. The forms are checked by back office in-charge and after verifying the supporting documents with the original at Branches/Sub- brokers/H.O., Trading Code is allotted to the clients.

The Forms are rechecked for their completeness and correctness with the supporting documents, by the account opening team at H.O and any deficiency observed is corrected immediately.

The forms also contain the space for initials of the account opening team to fix the responsibility of the person who has checked the forms.

In Online mode, the client approaches branch head / authorized person and after satisfaction about the financial position, risk appetite, investment objectives, past credentials, qualification, current working position etc. either company's employee goes to the client's location or client himself thru software's browser version, submit required information with documents thru eKyc software online with proper in person verification and client's e-Sign in company's back office. After verification of all submitted documents and information by company's employee, account is opened if all information's are found proper and correct

After checking of forms the information is captured in the system by the account opening team and client details upload to the website of BSE/NSE/CDSL/KRA.

The IT team uploads client details in CTCL/ IML Software and exchange frontend software.

Copy of Client Registration form is delivered to the clients and Welcome letter/kit is sent via courier. We have special arrangement in our record room and keep Client Registration Form in plastic folders. All the forms are preserved sub-broker wise/serial wise and we update the serial number in our back-office software. Moreover, we have kept scanned copies of all the KYC documents.

B. Order & Trade Management

Dealers have authority to punch order in the trading terminals after receiving the order from the clients. After execution of orders, instant trade confirmation SMS sent to the clients.

Active Client master list is uploaded in the CTCL/ IML trading terminal and all the orders from the clients are checked for the client codes in the list. It helps in minimizing wrong code punching by the dealers.

Dealers are vigilant in executing the orders of the client. They check & report to senior person, if any

client is giving order of abnormal quantity or rates.

No trades will be transferred to code other than entered in trading terminal after trading hours, unless there is genuine mistake on part of the dealer or client mentioning the UCC at the time of placing the order. Transfer of code can be done only by the authorized person during the allowable time frame by the exchange on system provided by it.

The risk management team monitors trading activity during trading hours and regularly assesses the trades being executed by the clients in illiquid/risky stocks. The past operations are also tracked, to assess the risk level of the company in dealing with such clients.

C. Contract Note, Daily Margin Report & Periodic Statements

Company issues Contract notes to all clients within 24 hours of execution of contract in the prescribed format with all relevant details filled in.

In addition to Contract Notes Daily Margin Statement is also sent to the clients within 24 hours. The clients are informed about their margin details with breakups in the form of Cash, FDR, BG securities in the daily margin statement sent to them.

We deliver physical contract note and daily Margin statement by courier / hand delivery and also send digital at the e-mail address furnished to us by the client in the consent letter. While issuing digital contract notes, ECN log for the same is maintained along with the delivery report.

Company sends Statement of accounts for funds / securities (with error reporting clause) to all the clients, with periodicity not exceeding three months, within a month of expiry of the said period.

Company sends Annual Statement of Security Transaction Tax issued showing day-wise scrip-wise STT amount, within one month from the close of the financial year by courier.

Company maintains Proof of delivery of Statement of accounts for funds/securities and STT statement.

D. Settlement of Fund and Securities

Fund Pay in/ Out

Payments to clients are made on Pay out basis i.e within 24 hours of pay out.

For clients who are desirous of keeping the pay out money with us for future transactions can do so by submitting a letter to that effect mentioning therein to keep their account as 'running account' and periodical cheques may be paid or received.

However, the clients are required to neutralize and settle their account once in every one/three month of first transaction.

Company does not receive/ pays in cash and receive bankers' cheque or pay order. If any client unknowingly pays in cash, we return back the amount to client.

The company collects and releases funds through banking channels i.e., Account Payee Cheques, RTGS/NEFT only. Company releases payments of the clients either by hand delivery to the authorized persons intimated by the clients or by courier to the client's correspondence address as informed by the clients. In some cases, cheques are directly deposited into client's account.

While receiving RTGS / NEFT from client it must be ensured that the same has been received from clients registered account only.

Securities Pay in/ out

Company makes delivery of securities within one working day of receiving the relevant pay out from the

Exchange to the respective clients or as per specific instruction received from clients.
Company collects securities from the respective clients before Pay in of the respective exchange.

E. Shortage in obligation arising out of internal netting of trades

In case of internal netting of trades, if the seller fails to deliver the shares in scheduled settlement:

Seller account will be debited as per exchange auction price for the particular security with the charges and buyer will get credit for exchange auction price charged to seller.

F. Margin Collection

In Cash and derivatives (Equity and Currency) segments, we collect required margin from clients either in form of cash, FDR or Securities as per SEBI rules and regulation.

We debit margin of derivatives client's ledger on T+1 day and reverse it on T+2 day

Margin is collected in the form of Cash, FD and Securities after applying appropriate hair-cut and other assets permitted by exchange.

For collection of margin shortfall, we regularly follow-up with clients through sms, e-mails and telephones etc. Short fall penalty charged in actual as received from exchange.

G. Exposure to the clients

In future & option and derivative segment, client's exposure limit depends on margin receipts from clients.

H. Policy of square off position

The Clients are made aware of the fact that their position would be squared off in case of margin/ pay in default in writing at the time of opening of client account.

At the time of default, the clients are further informed about the square off of trades over phone before square off of positions.

Dealers remind the client on a daily basis regarding the margin /payin requirement and also gives final call before square off of trades.

I. Monitoring of debit balances

The Company is scrutinizing the debit balances in client accounts on regular basis through the Back-office Software. The software generate the reports of debit balances in the client account by days i.e. more than 45 days, more than 30 days and more than 15 days etc.. The higher days debits viewed seriously. The follow-up taken through sms, e-mails & telephone calls and it done till the clearance of debit balances.

J. Closure of client account

Client accounts are closed either by client himself or action initiated by the company.

On receipt of written request from the client, we de-activate the client code in front & back office. CRF form is marked closed, only after proper verification of client's ledger account & clearance received from accounts department regarding dues & margin.

Client's accounts are also closed on action initiated by the company in the following cases:

- a. If client fails to meet his obligation within stipulated time or time provided by the company
- b. If clients fail to provide proper documents as required under SEBI rules & regulations even after repeated request by the company.
- c. If client is declared insolvent under any law in India or any criminal cases are filed or pending and such information is not disclosed at the time of registration with the company.

K. Dormant account/Inactive Account

A client account in which there is no trade for consecutive 12 months are treated as Inactive clients and account of those clients are treated as inactive account/ dormant account. The credit of funds and securities, if any in such accounts shall be returned to the clients. In the event of reactivation of such account the validity of the relevant KYC data & documents shall be checked before reactivation.

L. Trading Terminal

Company uses NEAT / NOW / ODIN trading terminals.

Trading terminals allots to those users who fulfill the requirement of exchange certification. All the user details uploaded to exchange as per guidelines given by the exchanges.

M. Back Up Policy

For Front office operations the company has provided with the power backup to all dealing terminals so as to compensate for power supply interruption. The front office has connectivity to exchange via two leased lines.

For Back-office Operations Company takes daily backup into hard disk of server. Apart from internal backup company also takes weekly external backup on DVDs and keeps copy of it in a remote place (Chairman's residence) for safety custody.