

Internal Control Policy

Client Registration and documentation and updations:

- Basis of accepting as client : Clients are acquired in our system through multiple ways such as referrals from existing clients, walk ins/on calls, through awareness activities at companies, housing societies and other public places, client meets etc.
 - Once the prospect is satisfied and is willing to start a relationship, the RM hands over the account opening cum registration form which the prospect has to read, fill and sign at the appropriate places. All the required documents as per KYC norms are collected from the prospective client.
- The KYC documents are independently verified by the DP Team as well as the Trading Account Opening Team. In case of any discrepancy the form is returned back to the branch for corrections to be carried out. Besides the manual verification of the forms and documents, we also check the client details on “Watchoutinvestors” website for any defaulter verification and do a online PAN verification from the IT website. If everything is in order, the forms are processed and DP ID and the Broking client ID is generated. The status of the KYC is updated at HO in the KYC Tracker software which is available to branches on a real time basis.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients :
 - In person verification of clients is done by the respective RMs/Dealers/Sales person meeting the clients. The KYCs are accordingly stamped & signed by the respective person introducing the clients.
- As per the existing process, once the KYCs are processed, A copy of the KYC via E-mail on clients registered mail id and for bounced mails we are forwarding a CD, welcome kits containing a welcome letter with the client details, his DP id, Bank details, email id are sent to the clients. The CD sent by courier to the clients whose mails got bounced. We maintain the e-mail logs and Proof of Delivery (POD) details of the same with us.

Authorised Person Registration procedure documentation and updation:

Registration documents are collected by respective branches as per exchange laid down process and reviewed centrally before submission to exchange, updations are done as and whenever any changes are done by AP or proposed by AP

Sales Policies followed by the member:

Sales Process is divided into 3 stages:

1. Pre-sales activity
2. Sales Process activity
3. Post-sales activity

Pre-Sales Activity:

- Pre- sales approach is obtaining vital information prior to approaching the prospective clients. The pre sales activity involves knowing about the Company, Product, Prospective clients, Customer, Competition, Activities, Tools & Advisory Process.
- Prospecting process involves identifying, approaching and qualifying potential customers for our service offerings.
- Online leads are generated through "Register Now", getting in touch with the client & identifying his portfolio building capacity, accordingly introduce the product & also share the relative information about other available products

Sales Process Activity :

- The sales process involves getting to know the client and apprising them of the services offered that would suit their needs.
- Sometimes Presentation is given to the client about the product and services.
- Execution of KYC and completion of account opening formalities.
- Information about the product, benefit a client would get by obtaining a particular product with its presentation & wherever possible the past performance, information about brokerage charges etc.

Post Sales Activity:

- Intimation of Account opening
- Assigning of Relationship Manager and Branch
- Other post sales activities involve client servicing including but not limited to be in regular touch with the clients to check whether they are receiving the desired services and to ascertain the satisfaction levels of the client and take necessary action if r e q u i r e d .
- Research advisory provided based on client's request, hand holding done by CS team by providing site & trading platform information, login authentication for security information, giving them the demo & making them self-sufficient to trade on their own.
- Conduct training session & webinars for client so as to make them aware about the products & services offered.
- Call & inform the client about the updates if any on trading platform, any new product introduces etc.
- Any query related to trade / advisory / login / password issues etc. are attended & resolved accordingly.

Closures of client account and dormant accounts:

Client account will be considered as inactive if the Client does not trade for a period of twenty four months. Calculation will be done each day and those Clients who have not traded even a single time during last twenty four months from that day will be considered as inactive. The client is sent a confirmation that his account is now inactive since not traded in the past 24 months and also the process to make the account active once again is mentioned in the mail. Whenever the client wants to reactivate his dormant account, he may send us an online request or write or email us in this regard to make the account active again and the same is done from our end after due verifications. Further as per TANNA software, dormant calling is made for clients who trade in that segment (BSE /NSE /F & O) after a gap of 6 months.

Client accounts are closed as per client request or by serving 30 days notice to client.

Order receipt and execution:

Orders are received on recorded telephone line and after verifying client credentials trades are executed as per client request. Dealer / RM gives call to Client or Clients give call on recorded line to the Dealer / RM and place the order. If the order/s is received from person other than client, the same is accepted only if the Authority Letter is provided by the client. However, in most of the cases trades are accepted from the clients only. Till date, trade orders from Clients are not accepted by email or fax.

Moreover, with respect to walk in clients, the Company maintains a visitor register and accordingly, clients are required to make necessary entries in said register while entering into Company's office and are also required to sign deal/trade/transaction slip if client places order during Company's visit. Online customers place order by using 2 factor authentications.

Order confirmation is given by the Dealer /RM on recorded line after market hour. In addition to this, automated post trade confirmations are provided to the clients. Confirmations are given to top volume based clients daily. Also, 100 % confirmations are given to clients who have traded after 6 months in a particular segment. SMS is also sent to the clients, whenever there is change in the ledger balance of the client due to trades placed.

Sending contract notes, daily margin statement quarterly statements of accounts to the clients:

Issuance of contract notes (Physical and ECN)

Physical Contract Notes :

All physical contract notes are sent to the clients by courier/speed post. The PODs for all the contract notes sent are received from the couriers on a monthly basis and the details are updated in the systems for records.

Undelivered contract notes by courier are sent second time by post as they have a better reach and can go to interiors and deliver.

Wherever the contracts come back from post also, we call up the customer and inform him that the contracts are not getting delivered for various reasons. If the customer informs that he has changed his address, then we send him the modification form and tell him to sign and send back or give to the nearest branch along with the valid proof. This way the correct address gets updated and the contract notes get delivered at the actual address. Wherever the customers are not contactable, we make a couple of attempts to reach him and if he still is unreachable, then we send him a mail describing the entire scenario and if there is no acknowledgement from his side, then the account is frozen.

Electronic Contract Notes (ECN):

ECN are sent to the Clients who opted for ECN. There is option in the account opening form where customer has to opt for either physical or electronic contract notes. If customer opts for electronic, then he is sent the digital signed contract note at his email id. The ECN file is generated from the back office software and customers are sent digitally signed contract notes to the email id mentioned in their KYC and which is captured in the client master.

The log report gets generated which shows whether the contract was delivered successfully or it got bounced. Wherever the logs show as bounced, we send the physical contract notes to such customers and maintain the PODs of such contracts sent.

Issuance of Quarterly Statement of Accounts & Securities Ledger

- Quarterly Statement of Accounts & Securities are generated from the back office software after all the entries for the quarter are completed.
- The statements (Accounts and Securities) are sent by email to clients having a email ids registered with us. Clients without email ids are sent physical statements by courier. The logs for the email statement of accounts are maintained by the accounts team and the logs for the securities statement are maintained by the Settlement Team. The PODs for the physical statements (Accounts and Securities) are maintained by the Accounts Team.
- Statements returned by courier under as No service/Door locked are resent by Post.

Collection of pay in, margin , limits setting for exposures & turnover for clients, terminals, branches & sub broker level

Having debit balances in the client's financial ledger is an integral part of stock broking operations. This may be because the client has bought securities for which the payment is due to be received or client has bought securities for which the client has given a cheque however the same is not yet cleared or the client has taken a position which was allowed to be taken based on the valuation of securities provided as margin.

It is essential that the debit balances are controlled and not allowed to spiral out of control.

Control on Debit Balances

A) Covered by Collateral :

To ensure that the clients do not carry the debit balances (covered by Collateral with us) permanently, the following Policy will be adopted:-

- a) Debit balance shall be permitted against Stock for not more than T + 5 days.

On T+5 day, the client's further buying on Delivery basis shall be suspended till such time that the pending debit balance is not cleared. The debit may be cleared by updating a cheque / funds transfer to the extent of the outstanding debit or by selling stock on the T+5 day by the RM / Dealer / sub-broker / client. In case the debit is not cleared on T+5 day, HO RMS would be selling stocks on T+6 day to recover the outstanding debit balance.

B) Uncovered / Likely to get Uncovered:

Debit balance of any client shall not exceed 70% of the value of the collateral with us. On reaching 70% or above, client shall be requested through the branch to either get the payment / additional collateral and/or liquidate the stocks / positions to clear the debit balance. Else, HO RMS team shall liquidate the said stocks / positions the moment the M2M loss reaches 80%.

A daily DSR (debit balance vs. collateral value report) will be provided to all branches each day in the morning latest by 9:00 am by HO RMS team. Such report is / shall be computed by LD software.

C) Cheque Entry and credit to the client

- The cheque / instrument showing under clearing in the bank account. The exposure would be provided once the cheque has been cleared and credit received in our bank account.
- Online fund transfer facility (Other than payment Gateways) is also available to the clients with designated banks to transfer online funds to us. In such case we would be giving credit within 30 minutes of its reflection in our bank account as it is being presently done for online clients transferring online funds.

D) Cheque issuance and payment to the client

- All such requests shall be centrally processed and the client's ledger account would be debited at the time of issuance. However, all such payments would be made in consultation with the RMS team so that no exposures / limits in lieu of such credit is utilized by the client. At the time of issuance of the pay-out cheque exposures / limits would be reduced accordingly by the RMS team.

E) Collateral Shares as a margin

- Company will accept shares as collateral towards margin subject to appropriate haircut. All such credits shall be given only after receipt of shares in the company's designated DP Account. Also, such shares must come to the designated DP ID from the respective client's defined DP ID, only, else it shall be treated as third party and no credit shall be given against the same. The RMS team shall update the value of such collateral on the daily basis (BOD) and accordingly deposits / capital available shall be updated to the respective client(s) towards margin / exposures.
 - Margin by way of shares / collateral shall not normally exceed 50% of the capital available / applicable margin to take care of daily m2m losses, if any.
 - In case client asks for such shares back, then these shares would be transferred only to the respective clients designated DP ID only, after reducing the capital available / exposure / limits for the respective client.
- F) Enhancement of limit during the day shall be prerogative of the RMS – Head and all such authorizations shall be based on recorded requests from the Branch Manager / sub-broker, subject to no chq bouncing / default track record, etc :-
- i) Based on the photocopy of the DD received (all DDs must be in the name of the Company and must mention the client code in which the proceeds of the DD are to be credited.) (for example : Dealmoney Commodities Pvt Ltd – client code no MUM2348)
 - ii) Based on the scan copy of the cheque
 - iii) Based on the physical chq instrument at the branch / sub-broker
 - iv) Based on the assurance / confirmation from the branch manager / sub-broker, that cheque will be deposited on T+1, morning.

This enhancement shall be applicable upto next day evening (T+1). If the cheque does not show under clearing T+1 day evening, such enhancement will not be considered from T+2 day morning onwards (preferably from 7pm of T+1 day itself) and excess positions have to be squared up by the Branch and otherwise by HO RMS.

Allotment, surrender trading terminals

Allotment is done to authorized employees/ authorized person with Valid NISM Certificates and also based on dealerrequest for terminals signed & acknowledged by the branch manager . Terminals are closed/ surrendered as and when employee leaves or on expiration of certificates.

Investor's redressed Mechanism

Objective: This approval is needed to roll out the formal process of resolution of client complaints within 30 days as per the statutory timeline prescribed by the regulatory authorities. The process is also required to streamline and organize the process of resolving clients' complaints and to provide better and timely response to clients.

The note given underneath details the Investor Grievance Resolution Process.

1) Mode of receipt of complaint:

- a) Emails : On Compliance email ID viz: compliance@dealmoney.in / Customercare email ID- customercare@dealmoney.in / Compliance Officer email ID
- b) Letters : Directly from the clients / Exchanges / SEBI
- c) Telephone calls: @ customer care nos. 1800 209 3328 & compliance officer no. 67482500

2) Complaints are to be acknowledged immediately if received on emails.

3) Process of resolving clients' complaints:

(a) If complaints received through email:

- (i) If complaints are received on compliance email id / Compliance Officer email id, the same needs to be forwarded to the Customer care department for onward action. At the same time Compliance team needs to forward an acknowledgement email to the clients acknowledging receipt of their complaints/requests.
- (ii) If complaints are received on Customer care email id, Customer care teams needs to verify the record and accordingly look into the complaint. At the same time Customer care team needs to forward an acknowledgement email to the clients acknowledging receipt of their complaints/requests. If complaints are related to un-authorized trade/square off position without consent or related complaints, the same needs to be forwarded to the concerned person/team seeking explanation for the same.
- (iii) Upon lapse of stipulated time provided to the concerned person/team and no revert is received from them, reminder email needs to be sent to them seeking explanation/clarification thereon.
- (iv) Upon receipt of requisite explanation/clarification from the concerned person/team and/or based on the available records, reply needs to be forwarded to the clients.
- (v) Notwithstanding above, timeliness should not exceed prescribed timelines prescribed by the regulatory authorities.

(b) If complaints are received through letters (Clients/Exchanges/SEBI):

All the complaints received through letters from clients/Exchanges/SEBI needs to be addressed within timelines prescribed by the Exchanges/SEBI and the same are to be handled by the Customer Care team and Compliance team and prescribed process for resolution should be followed.

4) Resolution Matrix:

Sr. No.	Type of complaint	Teams / Primary Contacts	Internal Process	Documents required	Final Response to be	Resolution time
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1	Delay in transfer of Securities in client account	Operations-Head Operations and/or Operation Team	<p>Mail to be forwarded to Head Operations and team and they need to revert to client with Cc to concerned Relationship Manager and Compliance/customer care team citing:</p> <ol style="list-style-type: none"> 1. Reasons for delay if any 2. Exact date of credit 3. In case delay in transferring from our side we also need to apologize. <p>If the reason for delay is due to debit in client account on pay out date then Accounts team needs to confirm date of availability of clear funds in client account/ cheque clearance date and its Updation in CMS.</p> <p>Ideally in such case client should receive securities in his demat account by next working day of clearance of cheque.</p>	<ul style="list-style-type: none"> ▪ Client Statement of holding ▪ Transaction statement for the period 	Customer care team/ Operation Team	Within 3 days from the date of receipt of the complaint
2	Delay in payout on client request	Accounts Team	<p>Mail to be forwarded to the Accounts Team. Accounts Team shall revert to client with Cc to concerned Relationship Manager and Customer Care / Compliance team with:</p> <ol style="list-style-type: none"> 1. Reasons for delay if any 2. Exact date of credit 	Ledger copy	Customer care team/Online team/ Accounts Team	Within 2 days from the date of receipt of the complaint
3	Problems with online software	Online team	<ul style="list-style-type: none"> ▪ In case of minor problems like: account blocked/ loss of password, installation and online demonstration or any inquiry about any existing features of software. Online team needs to revert to client with solution and guidance if any required by client. ▪ Sales related queries will be forwarded to Head – Sales and Head - Business for further action. • In case of complaints regarding trades not appearing on screen, connection failure, rates not refreshing, particular scrip not tradeable etc. Online and IT team need to revert to Customer Care /Compliance and Business team with complete factual report. • In cases where trade is not appearing in client account or screen which is subsequently 	<p>-</p> <p>Report from IT team detailing reasons, transaction trail, and process breakdown stage.</p> <p>Same as above</p>	Customer Care	As soon as possible from the date of receipt of the complaint

			<p>disowned by client or trade which has not been done by client, then</p> <p>(i) Business Head need to decide whether to carry forward the position or to square off immediately</p> <p>(ii) After receiving complete report from IT team, Customer care team will revert to client in consultation with Business and Compliance team by 30th day.</p>			
4	Squaring off position by risk team	Risk team-	<ul style="list-style-type: none"> Risk Department to respond with factual information and reasons for square off to Business and Compliance team within 1 day of receipt of complaint) <p>Final reply to be sent to client by Risk and Customer Care / Compliance team as per the approved risk policy of the company. In case of unjustified square off, i.e. conservative approach by risk team not in line with the approved risk policy, matter needs to be referred to Compliance team & Business team. In any case reply should be sent to client within 30 days of receipt of complaint from Client.</p>	Client ledger and transaction statement for the relevant period	Customer care, /Compliance team in consultation and approval of draft from risk team	Within 30 days from the date of receipt of the complaint
5	Dealing errors / punching errors	Business-Branch Head and Business Head	Business Head to take call whether to compensate client or bear losses and to carry forward position or not.	Factual report from dealer and relationship manager on day one	Customer Care	Within 30 days from the date of receipt of the complaint
6	Discretionary Trades Compensation Claims	Compliance / Business / Customer Care	<ul style="list-style-type: none"> Whoever receives the complaint should forward it to Compliance Department and customer care department Operations to provide proof of dispatch of contract notes/margin statement of disputed trades and if client has generally disputed all trades then Proof of dispatch for atleast 70% of trades covering entire period with more emphasis on recent trades and trades at the beginning, ECN delivery status and KYC Team to provide soft copy of KYC Accounts to provide Proof of Dispatch of statement of accounts. Relationship Manager to provide transcript and facts of the case IT to provide Voice log 	<ul style="list-style-type: none"> Proof of Dispatch of contract notes/margin statement for alleged trades and if client disputes all the trades proof of dispatch at least for last 2 years Proof of dispatch of statement of accounts Voice Records with transcript 	Customer Care	Within 30 days from the date of receipt of the complaint

			<ul style="list-style-type: none"> ▪ IT department to provide status of SMS sent to the Client. ▪ Customer Care to revert with complete reports, transcript. On receipt of all data Business/Compliance to sit and revert to the client <p>Business Head to take call how much to compensate to the client and from whom to recover..</p>	<p>by existing Relationship Manager Ms.</p> <ul style="list-style-type: none"> ▪ customer care to prepare segmentwise reports, brokerage and other charges report & Segment wise/ year wise P&L of the client ▪ Soft copy of KYC and member client agreement ▪ If matter is referred to arbitration then the copy of contract notes of all the trades will be required. ▪ IT team to provide status of SMS sent to the Client. 		
7	Account opening /closing	Business & KYC team- Concerned Relationship Manager	<ul style="list-style-type: none"> • Respective Relationship Manager to forward completed forms to KYC team. • Matters related to waiver of charges should be referred to Business Head for his approval. 	<ul style="list-style-type: none"> ▪ Completed account opening and closing form with all supporting documents ▪ Cheque for account opening ▪ In case of closure of account Cheque for the payment of dues along with 	Customer Care	Within 15 days from the date of receipt of the complaint

				other documents as requested by KYC team.		
8.	IPO Refund due to wrong DP Id	Respective Relationship Manager / Team Leader / Branch Manager	Relationship manager will contact his client in whose bank account refund is erroneously credited And refund amount will be given to the original beneficiary owner. In case Relationship Manager is not able to resolve, Business Head to decide whether the refund shall be recovered from Relationship Manager and person who entered wrong DP id.		Respective Relationship manager / Team Leader / City Manager	Within 30 days from the date of receipt of the complaint

Notes:

- Since various departments are involved in the process, all are advised to be extra careful in providing accurate data and facts. Data provided by any of us will be deemed as correct and exhaustive. Though few matters will be responded directly by respective departments/persons concerned, still they will be open to internal review by Compliance team to monitor regulatory requirements and time lines in case of multiple complaints. As most complaints are received on Compliance ID/customer care ID, while responding keep Compliance Department and customer care department in Copy (Cc).
- It would be the responsibility of respective teams to get issue resolved by other teams (especially when teams need to consult Business/IT and Compliance for their views), in case of non response, issue needs to be escalated.
- Monthly MIS containing entries of complaints/arbitration received and resolved during the month are to be updated to the senior management for their review.
- Compensation paid to clients may be recovered from employees at Management's discretion. In case of serious complaints services of concerned employees will be terminated and necessary criminal and civil actions may be initiated.
- SMS confirmation of ledger balance and number of trades done sent to the client and at the day end automated trade confirmations to the clients.
- Telephone numbers and email id of the Customer care department and Compliance Officer are to be provided to the clients while sending replies to the clients. Telephone numbers and email id of Compliance Officer and Managing Director (MD) are also provided in the KYC as per statutory requirement of the regulatory authority.

- Board has constituted Investor Grievance Committee to look into unresolved escalated matters.

Payments, receipts of fund and Securities from / to clients

Receipts of funds & Securities are taken from designated account of client similarly payments of funds & Securities are made to designated accounts of clients.

Branch audit:

As per NSE Circular Number NSE/MEM/275 dated 12/06/1997, Company endeavor to inspect its 10 to 20 % of their branches as at the beginning of the year. Accordingly, one person from the Compliance Department visits local and out station branches to carry out inspection. At a same time, we have appointed an internal auditor who visits respective AP/Sub- broker/branches for auditing purpose. After completion of audit, they provide us the AP/Sub- broker/Branch audit report with their remarks.

On visiting Branch/AP / Sub-broker for Inspection:-

- A. We ensure that all Statutory Certificates and Documents displayed at Branch at a prominent place.
- B. We ensure that details on the Board of NSE & BSE Trading Terminal is correct, along with Branch Manager's details and Contact Person at Head Office details, Do's & Don'ts and Investor's Alert Board is visible & clear.
- C. We check whether Dealer /RM mobile phones kept under lock & key during market hours.
- D. We check that all customers who walk in & place orders are deal slips taken & filed along with the transaction log.
- E. We confirm and a sometime advice to dealer to downloads a report of all transactions for the day-customer wise- and obtains order confirmation from all customers and advice Branch Manager/Team Leader to check individual call recordings by selecting a random sample and keep record of log check.
- F. Ensure that Branch employees are aware of Self Account Trading system and if they are not aware of it then demonstrate them the how "Trade Declaration" system works.
- G. We check whether all Dealers/RM's/Equity Advisors trading for clients from there respective trading terminals only.
- H. We advice branch RM/ARM/Equity Advisor /Dealer/Sales Executive to visits CLIENT's Residence before KYC logging in and to check Financial details (sources of income through which money will invest) of the client
- I. Confirm with Branch Manager that whether,

- a) Branch employees are NCFM cleared in Cash & Derivatives and BCSM in cash or not and advice them to cleared within next one month.
- b) He himself cleared NCFM cleared in Cash & Derivatives and BCSM in cash or not and advice them to cleared as soon as possible.
- c) Voice Logger, Telephone Lines, Internet are working or not if not working then advice to contact IT Dept and correct it as soon as possible
- d) Advice Branch Manager/Team Leader to have Random interaction with Top Volume (Turnover) clients
- e) INWARD-OUTWARD books maintains by Branch and if not then advice to start maintaining it
- f) To keep customer documents stored under proper lock & key
- g) Check that is it possible for branch employees to transfer data from the branch systems onto any removable disk.

On Completion of Branch Inspection, we take Branch Manager's signature on Branch Inspection check list. Further we also resolve their query or correct the things if any at Branch level or on next day on mail or on follow up or on next inspection of the Branch.

Capacity of systems with reference to volume:

Reviewed periodically and upgraded from time to time.