

Internal Control Policy

INTRODUCTION:

This is a policy document for guiding the operations of the organization. This Document is for internal use and not for circulation.

CLIENT REGISTRATION:

This is first stage of contact with the client. It is very important to take adequate details from the clients to maintain a record of the details of the clients.

1. Company registers client by obtaining the Client Registration Form which is foremost requirement of exchange. In this form the basic details of the clients are obtained i.e.
 - a. Name of client: which is used to identify the client.
 - b. Residential Address is taken with the address proof which are the document specified by exchange i.e. Ration Card, Pass Port, Voters ID or Driving License.
 - c. Also taking photo identity proof of Pass Port, Voter Ids, Driving License Copy.
 - d. Photograph of client in case of Individual.
 - e. For Corporate client Board Resolution, Memorandum of association & article of association of company, Share holding pattern, Details of Authorised Persons and Directors.
 - f. Pan card of all Clients.

All these documents form part of KYC Norms, which is, will be taken from all the clients

- g. Bank Details of the client along with the proof of the same i.e. Xerox of the bank pass book Or Cancel Cheque with sign the bank so that company can keep track of the third party payment i.e. amount paid through other persons account.
- h. DP accounts details which is to giving & taking delivery of securities. Proof of the DP Account holder name will be taken. This is also for not third party delivery of the security i.e. security of client given to other persons or taking delivery of other persons.

CLIENT BROKER AGREEMENT:

Client broker agreement is executed at the time of client registration. It is as per the format prescribed by the exchange. This will cover all the responsibilities, Rights & Liabilities of client & member.

RISK DISCLOSURE DOCUMENT:

Trading in securities market involves risks of various nature. Clients need to be educated and informed about the risks involved and the company as a policy will issue the RDD to all its clients and obtain a signature on the copy.

BANK ACCOUNTS:

Client Bank Account will be used only for the purpose of receiving and paying funds from the clients. For the payments of expenses the business account will be used. Fund Transfers between all the bank accounts will be allowed as per requirements.

RECEIPT FROM & PAYMENTS TO THE CLIENTS:

The cheques from the clients will only be accepted from the accounts for which the client has submitted the proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients.

Payments for the payouts will only be made to the clients and not to any third party.

DEMAT ACCOUNTS:

The company will maintain client's securities in a designated account called the Client Beneficiary Account. The securities of the company will be kept in a separate demat account termed as Own Beneficiary Account. The clients and own securities will not be mixed with each other.

RECEIPT AND DELIVERY OF SHARES:

The shares from the clients will only be accepted from the accounts for which the client has submitted the demat proof to the company. In case of any receipt from the accounts for which the proof is not available the same will be demanded from the clients.

Delivery for the payouts will only be made to the clients and not to any third party.

CONTRACT NOTES:

Company will issue contract notes to its clients on the next working day from the day of trade takes place.

STATEMENT OF ACCOUNTS:

The statement of accounts will be sent to the clients on a quarterly basis within one month of the end of the relevant quarter, as it will help avoid discrepancies in future.

EXPOSURE TO THE CLIENTS:

The company will allow exposure to the clients keeping in mind the payment capacity of the client. As all the clients are known to the dealers the dealers will decide whether to allow the exposure and if allowed then to what extent.

MARGIN COLLECTION:

RKSV Securities India Private Limited stipulates 100% margin by way of hold on funds for the value of buy orders and hold of securities to the extent of sale order for delivery trades. For non delivery (Intraday) trades RKSV provides exposure based on the multiple of fund put on hold for both buy and sell orders. However, for trades under (Buy Today Sell Tomorrow) no separate margins are stipulated by RKSV as the client has already paid the full value of share under delivery trade. Leveraged exposures are provided to the clients at the sole discretion of RKSV and are subject to change based on the market conditions and client profile.

DEREGISTERING A CLIENT

The Stock Broker may, at its absolute discretion, decide to deregister a particular client. The illustrative circumstances, under which The Stock Broker may deregister client, are given below:

1. SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market or has levied any penalty on the client.
2. If a client is charged for or convicted for violation of any law, rule, regulation, guideline by any Exchange, Depository, Self Regulated Organization, Regulator, Judicial body or Quasi Judicial body.
3. Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.

4. Such client's name appears in the UN list of prohibiting entities or SEBI debarred list.
5. Such client's account has been lying dormant for a long time or client not traceable.
6. Such client has declared insolvent or any legal proceedings to declare him/her as such have been intended.
7. Such client has been irregular in fulfilling obligations towards margin or settlement dues.
8. Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of the Stock Broker or may act as detriment to the Stock Broker prospects.
9. If the actions of the client are such that create grounds for suspicion or are prima facie illegal or improper or may appear to disturb the normal functioning of the market or appear to be manipulative or deceptive in nature, either alone or in conjunction with others.
10. On the death/lunacy or other disability of the Client; If there is a reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts to the stock broker or any other person.
11. If the Client is in breach of any term, condition or covenant of the broker client agreement.
12. If the Client has made any material misrepresentation of facts, including (without limitation) in relation to Security.