

**INTERNAL CONTROL PROCEDURES**  
**OF**  
**KIMAYA SECURITIES & FINANCIAL SERVICES**  
**PVT LTD**

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## Internal Control Procedure

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## ❖ Acceptance of Client

- As far as possible Walk-in clients should not be registered as client or allowed to trade. In exceptional circumstances, if any walk in client is registered then he should be allowed to trade only after undergoing a proper procedure of client identification. In addition to the client identification procedure, such walk in client should be allowed to trade only to the extent of security provided initially till the period a confidence on the financial credibility is developed. With the passage of time and after development of sound business relationship with the client, such walk in client will be treated at par with any normally registered client.
  
- Only those new clients would be accepted and allowed to trade with us, who would be referred to us by any of the following:
  - 1) Employees;
  - 2) Directors;
  - 3) Relatives or Family Members of the Directors;
  - 4) Existing Clients (trading in any segment).
  
- On expression of wish for becoming a client by any person, a copy of Client Registration Form along with other documents and forms will be forwarded to the client. The copy of the CRF will also be accompanied with the list of documents and additional documents or proofs required.
- Client Registration Form after being signed and filled by the Client will be received at our Client Registration department.
- At the client registration department, the documents are checked and only after they are found proper they will be counter signed by us. The client code generated will be communicated to the client after completion of entire procedure.
- A prospective client will be allowed to trade only on satisfactorily submission of required documentary proof and proper signing of documents.
- Complete confidentiality of Client information should be maintained. No client information would be given except if required by law.
- Proper records as required by various statutes will be maintained.

### ❖ Client Identification

The following procedure should be adopted for identification of Client:

- As far as possible, no clients will be registered without personal contact.
- In addition to personal contact, for client identification, proper address and identity proof as prescribed by SEBI as per Uniform Documentary Requirement will be obtained from the client.
- PAN number and a Copy of PAN card will be compulsorily obtained from the client. No trading will be allowed unless the proof of PAN proof is submitted by the client.
- All the documents collected will be verified with original by the Client Registration Department and a stamp "Verified with Original" will be affixed and signed by the person verifying it.



❖ **Registration of Intermediaries:**

- The procedure as prescribed for registration of Approved Person's will be followed.
- Brokerage will be shared with the respective Approved person only after the Approval of Registration by the Exchange.
- No Brokerage will be paid to the Approved Person for the trades executed prior to registration.

### ❖ Issue of Trading Terminal

- The Terminal User should be NCFM certified. Before allowing the user to operate the terminal, the copy of NCFM certificate will be collected and verified with the original.
- The user will be asked to renew the NCFM certificate on its expiry. If the user fails to renew the certificate then he would not be allowed to operate the same any further. The renewed copy of the certificate will be re-obtained and verified with original.
- The guidelines laid down by the Exchange for Approved User and Location of trading terminal will be strictly followed. It would be made sure that there is no issue of trading terminals to unauthorized persons or at unauthorized locations.
- The data regarding new user as well as modification in existing user should be immediately uploaded and documented on modification or issue to the new user as the case may be.



### ❖ Margin Collection:

- Any exposure to the client will be subject to the collection of adequate margins from the clients.
- The margins collected would be as per the requirements of the Exchange.
- Margins collected would be in the form of Shares, Cash or Credits.
- The margin collection from client shall be governed by the RMS policy whether at client level or terminal level
- The RMS policy shall available at the office/ branch office for verification by the client and if requested the client shall be provided a copy of the same without any charges
- The RMS department shall regularly monitor the debit balance in the client account and shall make continuous efforts for recovery of outstanding dues. In case the RMS department is unable to recover the dues after 30 days the same shall be reported to the Director-Operations for recovery

### ❖ Transactions of Clients:

- Transactions of few major clients would be monitored, if required and in case of any suspicion from our side of possibility of any malfunctioning by the client. If required the client will be asked to stop such kind of malfunctioning or may be even asked to stop trading.



### ❖ Pay-in & Pay-out of funds & Securities

- All payments shall be received / made from / to the clients strictly by account payee crossed cheques / demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI.
- We shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions. No Cash will be accepted.
- In case of securities, we shall give/ take delivery of securities in "demat mode" should be directly to / from the "beneficiary accounts" of the clients except delivery of securities to a recognized entity under the approved scheme of the stock exchange and / or SEBI.
- We shall make the clients pay-in from the securities purchased by him in the previous settlements & are lying with us.
- In case of internal shortage of shares the stock is recovered from the market on behalf of defaulting client (seller) and delivered to the buyer on receipt of the stock from the clearing corporation.

❖ **Monies & securities deposited with the exchange towards margin:**

- Adequate margin in the form of monies/ securities/ collaterals shall always be kept with the exchange
- The form and mode of the margin shall be as per the guidelines of the clearing corporation issued from time to time
- In case the clients shares/ monies are utilized for depositing margin with the exchange the same shall be utilized only with the specific written consent of the clients.



❖ Payment of Dividend:

- Dividend/ other corporate benefits shall be paid/ credited to customers account within a reasonable time but not exceeding 30 days.
- In case of delay beyond 30 days the matter shall be reported to compliance officer
- The dividend/ corporate benefits of client shall be kept in a separate client bank/ client beneficiary account till the time the said is passed on to the customer.

### ❖ Placement of Order:

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the priced put up should not be unrealistic or not representing the correct market price.
- Everytime before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.



### ❖ Redressal of Investor Grievances

- Customer complaints should be immediately attended by the concerned department and in case the complain remains unresolved within 1 week the same should be escalated to the Compliance officer.
- If the complain remains unresolved for a further period of 1 month the same should be reported to the Director-Operations who shall personally look into the customer's complain. A specific (designated) email ID is created for customer complain and shall be regularly monitored by the compliance officer.

### ❖ Customer Due Diligence

- The customer will be introduced by directors / employees / clients.
- In case of walk in customers, they are interviewed by employees / directors
- In-person verification is conducted by our employees
- Valid Identity proofs are obtained from the customer and verified with originals
- PAN of the customer is obtained and verified with IT website
- Financial details of the customers are obtained
- The transactions of the clients are monitored on a daily basis by a senior officer and in case of any suspicion the same is reported to the Director-Operations.
- Director-Operations then enquires with the customer regarding the genuineness of the transaction.
- In case the transaction is found to be suspicious the same needs to be reported to FIU-IND
- All the records and books of accounts have been duly maintained as per the PMLA guidelines
- As we are a small size organization only 5-6 officers have been trained who are mostly head of the departments. They have been adequately educated as to the importance of adherence of the PMLA guidelines



## ❖ Others

- Sales Practice: As per the policy the company shall not appoint any employee/ marketing officers to specifically market the services render by the company
- Closure of Account: The account shall not be closed generally unless th client has specifically instructed in writing to close his account.
- Dormant Account: Any account in which there is no trading activity for a period exceeding 1 year shall be treated as dormant account. The dealers shall take extra precaution while executing trades in dormant account. The compliance officer shall also be responsible for monitoring transactions in dormant account.
- Contract notes & Daily Margin Statement: Contract notes & Daily Margin Statement shall be dispatched to client on a daily basis whether in physical form or through ECN as per the instruction of the client
- Ledger Confirmation: Ledger confirmation shall be dispatched to clients within 30 days from the end of the quarter. The ledger confirmation shall contain both statement of Funds as well as securities and shall be sent in physical form or through ECN as per the instruction of the client.
- Opening/ closing of branches/ sub-brokers: The director shall personally conduct the survey before opening any new branch/ sub-broker. The director shall jointly decide in respect of closure of branch/ sub broker and all the client of a particular branch/ sub broker shall be intimated through 1 month prior notice in respect closure of such branch/ sub broker.
- Square off of clients position: All the clients should be educated to keep adequate margins failing which their position could be squared up by the member. As far as possible clients shall be intimated about shortfall in margin, however in volatile markets the member shall be at liberty to square off the client's position without giving intimation to clients.
- Internal Shortages: Any internal shortage shall be made good on T+1 day by recovering the stocks in the defaulting client account and in such case the cost, if any shall be borne by the defaulting client.
- Transfer of Trade: No transfer of trade shall be permitted in back office except for genuine reasons like trade punching errors etc. which shall be duly authorized by the director/ compliance officer.