

CONSOLIDATED POLICIES DOCUMENTS

ADOPTED BY

C. R. KOTHARI & SONS SHARES & STOCK

BROKERS PRIVATE LIMITED

(LAST REVIEWED ON 31/03/2024)

MEMBER: BSE LIMITED

DP: CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED

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Policy on Prevention of Anti Money Laundering Measures (PMLA)

1. BACKGROUND:

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005 and it provides for Anti-money Laundering and Anti-terrorist Financing measures to be taken in India and the rules framed there under provides guidance on the practical implementation of the provisions laid down in the Act. The Director appointed by Financial Intelligence Unit-INDIA (FIU-IND) has been conferred with exclusive and concurrent powers under relevant sections of the Act to implement its provisions. The Act imposes an obligation on banking companies, financial institutions and intermediaries associated with the securities market and registered with the Securities and Exchange Board of India (SEBI) under section 12 of SEBI Act, 1992. The stock brokers and depositories (DP's) fall under the category of intermediaries under section 12 of SEBI Act, 1992, and hence the provisions of PMLA are also applicable to all the stock brokers and DP's. Establishment of Anti-money Laundering programs by Market Intermediaries are one of the central recommendations of the Financial Action Task Force (FATF).

SEBI has issued necessary directives from time to time vide its circulars covering issues related to Know Your client (KYC) norms, Anti Money Laundering (AML), Client Due Diligence (CDD) and Combating Financing of Terrorism (CFT). This policy document is based on the SEBI's master circular on PMLA bearing reference no. ISD/AML/CIR-1/2010 dated February 12, 2010 and subsequent circular bearing reference no. CIR/ISD/AML/ 2/2010 dated June 14, 2010, CIR/ISD/AML/3/2010 dated December 31, 2010, MIRSD/SE/Cir-21/2011 dated October 5, 2011, CIR/MIRSD/22/2011 dated October 25, 2011, MIRSD/ Cir/23/2011 dated December 2, 2011, MIRSD/Cir/26/2011 dated December 23, 2011, CIR/IMD/FII&C/13/2012 dated June 7, 2012, circular bearing reference no. CIR/MIRSD/11/2012 dated September 5, 2012, circular bearing reference no. CIR/MIRSD/1/2014 dated March 12, 2014 which consolidates requirements/ obligations to be fulfilled by all the registered intermediaries. This policy will be subject to changes in order to incorporate further directives that SEBI may give vide its circulars on PMLA, from time to time.

Note: Apart from the written procedure we intend to take timely note of various directives/ amendments from the regulatory and comply accordingly in regular course of business.

2. WHAT IS MONEY LAUNDERING?

Money Laundering is the processing of criminal proceeds to disguise their illegal origin. It is a process by which persons with criminal intent or persons involved in criminal activities attempt to hide & disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecution, conviction and confiscation of illegal funds.

There are three common stages of money laundering as detailed below which are resorted to by the launderers and Market Intermediaries which may unwittingly get exposed to a potential criminal activity while undertaking normal business transactions:

Placement - the physical disposal of cash proceeds derived from illegal activity;

Layering-separating illicit proceeds from their source by creating complex layers of financial transactions designed to disguise the source of money, subvert the audit trail and provide anonymity;

Integration-placing the laundered proceeds back into the economy creating the impression of apparent legitimacy to criminally derived wealth.

Using the above methods the laundered proceeds re-enter the financial system appearing to be normal business funds. Market Intermediaries are therefore placed with a statutory duty to make a disclosure to the authorized officer when knowing or suspecting that any property, in whole or in part, directly or indirectly, representing the proceeds of drug trafficking or of a predicated offence, or was or is intended to be used in that connection is passing through the Market Intermediaries. Law protects such disclosures, enabling the person with information to be able to disclose the same without any fear. Market Intermediaries likewise need not fear of breaching their duty of confidentiality owed to customers.

3. FINANCIAL INTELLIGENCE UNIT (FIU)-INDIA

The Government of India has set up FINANCIAL INTELLIGENCE UNIT (FIU)-INDIA on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by Finance Minister.

FIU-IND has been established as the central national Agency responsible for receiving, processing, analyzing and disseminating information related to suspect financial transactions. FIU-IND is also responsible for co-coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

4. ANTI MONEY LAUNDERING PROGRAM (AML)

The objective of having an AML Program is to have in place adequate policy, practice and procedure that help to prevent money-laundering activities. Such procedures would include the following:

- (A) Appointment of Designated Director
- (B) Appointment of Principal Officer.
- (C) Client Due Diligence is the main part of the policy and includes following:
 - a. Client Acceptance Policy
 - b. Client Identification Procedure
 - c. Categorization of Clients
- (D) Transaction monitoring to identify & report Suspicious Transactions (STR)
- (E) Record keeping & retention of records
- (F) Co-operating with law enforcement agencies in their efforts to trace the money laundering transactions and persons involved in such activities
- (G) On-going training to the employees to ensure strict adherence to Customer Due diligence requirements
- (H) Imparting investor education
- (I) Reports to Financial Intelligence Unit-India (FIU-IND)

These procedures and standards would assist in knowing and understanding the trading activities of its existing and prospective clients and to prevent C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSSBPL) from being used as a medium, intentionally or unintentionally for carrying out money laundering activities. The chapters ahead detail the AML program adopted by the company.

5. APPOINTMENT OF DESIGNATED DIRECTOR

CRKSSSBPL has appointed **Mr. Pradeep Kothari**, Managing Director or a Whole time Directors duly authorized by Board of Directors as “Designated Director” who has to ensure overall compliance with the obligations imposed under the chapter IV of the PML Act and the rules. The Designated Director will ensure filing of necessary reports with the FIU- IND. We understand that FIU-IND can take appropriate action against Designated Director which includes levying monetary penalty as well in case of non compliance of any of the AML/CFT obligations.

6. APPOINTMENT OF PRINCIPAL OFFICER

CRKSSSBPL has appointed **Mr. Laxman Rohira**, as Principal Officer. The Principal officer appointed would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of ‘Principal Officer’ including any changes therein shall also be intimated to the Office of the Director-FIU.

RESPONSIBILITIES OF PRINCIPAL OFFICER:

The Principal Officer will ensure that:

1. The CRKSSSBPL Guidelines and the Board approved PMLA policy is implemented effectively by the company.
2. The identification and assessment of potentially suspicious transactions are done on the regular basis.
3. CRKSSSBPL reports the suspicious transactions to the concerned authorities within the specific time as per the PMLA policy.
4. CRKSSSBPL is regularly updated regarding any changes/additions/ modifications in PMLA provisions.
5. CRKSSSBPL responds promptly to any request for information, including KYC related information, made by the regulators, FIU-IND and other statutory authorities.
6. Any other responsibilities assigned by Board of directors or any other official authorized by Directors with respect to the implementation of PMLA guidelines issued by SEBI from time to time.

7.CLIENT DUE DILIGENCE:**7.1 CLIENT ACCEPTANCE PROCEDURE:**

Considering the potential threat of usage of the financial services by a money launderer, it is essential to make reasonable efforts to determine the true identity of clients. CRKSSSBPL has to put in place effective procedures to obtain requisite details for proper identification of new customers.

1. ALL KYC Documentations and Procedures shall be followed at the time of account opening and no account shall be opened where CRKSSSBPL is unable to apply appropriate CDD measures/KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non genuine or there is perceived non cooperation of the client in providing full and complete information.
2. The submission of all documents required under this policy shall be pre-requisite for account opening for all clients. Incomplete application including incomplete documentation will be rejected. CRKSSSBPL will follow the industry standard for implementing client identification procedure.
3. The authorized official /employees of CRKSSSBPL shall personally verify the photograph of the client affixed on the Account Opening Form [AOF) and the proof of identity documents with the person concerned. A stamp of "Identity Verified In Person" must be affixed (as a proof of In Person Verification) on the AOF against the photograph of the client & on the proof of identity

documents. The authorized official of the CRKSSSBPL who has done in- person verification and verified the documents with original should also sign on the AOF & ID proof.

4. Each original document shall be seen prior to acceptance of a copy. Stamp of “documents verified with originals” must be affixed along with the signature of the authorized person.
5. In case of any discrepancy or non-provision of information by the client, CRKSSSBPL shall seek necessary clarification from the applicant and activate the account only when the discrepancy is resolved or the deficiency is fulfilled. For e.g. Cases where names mentioned on the AOF and that on the PAN Card do not match etc.
6. Verify the customer’s identity using reliable, independent source documents, data or information by following procedure:
 - (A) The PAN Card details should be verified with the name(s) appearing on the website of the Income Tax Department, http://incometaxindiaefiling.gov.in/challan/enterpanforchallan.jsp?p_Action=Post. In case the name(s) do not match or the PAN Card details are not present in the PAN Card database, CRKSSSBPL should seek necessary clarification from the applicant(s) and activate the account only when the discrepancy is resolved.
 - (B) CRKSSSBPL should be verified details of client or potential clients from <http://watchoutinvestor.com> and www.worldcheck.com In case the name of clients found on the website, we have not accept these client.
 - (C) CRKSSSBPL should verify details of client or potential clients from UN Site <http://www.un.org/sc/committees/1267/consolist.shtml>,
 - (D) CRKSSSBPL should verify details for individuals and entities subjected to sanction measures as required under various United Nations’ Security Council Resolutions can be accessed at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml & <http://www.un.org/sc/committees/1988/list.shtml> before being registered as client.
 - (E) CRKSSSBPL shall maintain list of the person who have been debarred by SEBI and shall update the list on the regular basis and ensure that no client’s application is accepted if the name of such client falls in the list of debarred person maintained by CRKSSSBPL.
 - (E) Precaution shall be taken as far as possible before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide provided appropriate information is available to identify a person based on PAN number/address/any other appropriate information is available to CRKSSSBPL from websites generally known for such purpose/information provided by SEBI/BSE/ CDSL.
 - (F) As per guidance provided by SEBI/BSE/CDSL, CRKSSSBPL shall put in place

- necessary procedures to determine whether their existing/potential client is a politically exposed person (PEP) of foreign origin. Such procedures would include seeking additional information from clients, accessing publicly available information etc. as per guidance provided by SEBI/BSE/CDSL.
7. As per guidance provided by SEBI/BSE/CDSL, CRKSSSBPL shall obtain sufficient information from the clients in order to identify person who beneficially owns and controls accounts.
 8. CRKSSSBPL may request to every new client to open his trading account along with his DP Account with CRKSSSBPL -DP.
 9. Precaution to be taken that no account is opened in a fictitious/benami name or on an anonymous basis.
 10. CRKSSSBPL shall categorize its clients into low, medium and high risk as per the Client categorization procedure adopted by CRKSSSBPL from time to time. Clients shall be categorized at the time of account opening with CRKSSSBPL based on recommendation made by the Branch Manager/ Relationship Manager/Sub-broker/Authorised Person who introduces the client, information provided by the Client in KYC, information available in public domain, etc. **Clients of special category as stated in the SEBI circular will be closely monitored unless the client is found to be of low/ medium risk depending upon information about the client collected through KYC, etc.**
 11. The applicant shall be required to disclose his/her financial status & occupation details as required by PMLA. In case of Non Individual clients like, corporate, Trust, Partnership firms, etc. last 2 years balance sheet may be obtained.
 12. CRKSSSBPL may modify the Format of Account Opening Form (AOF) to obtain the necessary information of the client in order to achieve PMLA objective.
 13. CRKSSSBPL shall take reasonable measures to verify the sources of funds as well as wealth of the clients and ensure that they are routed through proper banking channels. CRKSSSBPL shall reasonable steps to ensure that funds are received from a client through his bank account registered with CRKSSSBPL and payment to the client will be made through 'Account Payee' cheque and/ or direct credit to the client bank account registered with CRKSSSBPL. CRKSSSBPL is neither accepting cash from its clients nor giving cash to its clients. As per SEBI directive, CRKSSSBPL will get banker's certificate whenever a client gives demand draft.

7.2 CLIENT IDENTIFICATION PROCESS:

Customer identification means identifying the person and verifying his/her identity by using reliable, independent source documents, data or information.

CRKSSSBPL need to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of business relationship. Being satisfied means that CRKSSSBPL is able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extensive guidelines put in place. Besides risk perception, the nature of information/documents required will also depend on the type of customer (individual, corporate, Firm/ AOP etc). For customers that are natural persons, CRKSSSBPL shall obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities, CRKSSSBPL shall

- (i) verify the legal status of the legal person/entity through proper and relevant documents
- (ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person
- (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. Customer Identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given in **Annexure- I** for the guidance of CRKSSSBPL.

If CRKSSSBPL decides to accept such accounts in terms of the Customer Acceptance Policy, CRKSSSBPL shall take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are. An indicative list of the nature and type of documents/information that may be relied upon for customer identification is given in **Annexure – II**.

The following precautions will have to be taken by CRKSSSBPL in order to ascertain that accounts are not misused by the clients or by any third parties for money laundering activities:

1. CRKSSSBPL will obtain sufficient information about the client and identify actual beneficiary of transactions or on whose behalf transactions are conducted.
2. Verify client's identity
3. CRKSSSBPL will register clients as per SEBI/BSE/CDSL guidelines and it will develop appropriate reporting system to monitor client's trades.
4. CRKSSSBPL shall periodically update all documents, data or information of all clients and beneficial owners collected under CDD process provided the client provides the information.
5. CRKSSSBPL shall ensure that maker-checker facility is in place for all its operation as a risk management measure as well as to increase efficiency. In case of mismatch of signature/s on PAN and the AOF, CRKSSSBPL shall ask for an alternate proof of identity bearing client's signature as put on AOF or bank verification of the signature.

6. In case a new client is Politically Exposed Person (PEP) or a new client is a relative of PEP then such client activation must be done only after getting prior approval of Compliance Officer. Compliance Officer's approval will also be taken when a existing client become PEP at later stage.

7.3 CATEGORIZATION OF CLIENTS:

CRKSSSBPL shall accept the clients based on the risk they are likely to pose. For this purpose, CRKSSSBPL shall categorise the clients under low risk, medium risk and high risk category based on appropriate Customer Due Diligence process.

LOW RISK:

Low risk clients are those who are likely pose low or nil risk as per the PMLA policy. Individuals and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile may be categorized as low risk. They can be following:

1. Salaried Individuals.
2. Corporate which are providing financial details of last two years and identity of the beneficial owner is disclosed.
3. Government employees and government owned companies.
4. HNI's who have respectable social and financial payments.
5. Businessman whose identity and source of wealth is easily identified and who is complying with maximum KYC disclosures.
6. Clients who does not fall in the above mentioned points and who provide maximum information as per KYC and exhibits transparency
7. Clients which have been introduced by brokers/branch managers and they have known them personally and have faith in their genuineness.

MEDIUM RISK:

Customers that are likely to pose medium risk to CRKSSSBPL may be categorized as medium risk such as:

1. Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity.
2. Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious.
3. Clients delegating authority of operation of their trading & beneficial accounts to any of their immediate family members.

HIGH RISK

1. Entities into foreign exchange business.
2. High Networth individuals whose identity and source of wealth is difficult to identify.

3. Trusts, charities, NGOs and organizations receiving donations,
4. Politically Exposed Persons (PEPs)
5. Those with dubious reputation as per public information available, etc.
6. Clients in high risk countries as announced by appropriate authority from time to time

7.4 CLIENTS OF SPECIAL CATEGORY (CSC):

CSC clients include the following :

1. Non-resident clients (NRI).
2. High Net worth clients (HNI) (i.e the clients having networth exceeding 20 Lakhs and doing the intra day trading volume of more than 2 Crore and daily delivery volume more than Rs 20 Lakhs)
3. Trust, Charities, NGOs and organizations receiving donations.
4. Companies having close family shareholdings or beneficial ownership.
5. Politically exposed persons (PEP) of foreign origin.
6. Current /Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence)
7. Companies offering foreign exchange offerings
8. Clients in high risk countries (where existence/ effectiveness of money laundering controls is suspect, where there is unusual banking secrecy. Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following Havens/sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
9. Non-face to face clients.
10. Clients with dubious reputation as per public information available etc. or not.

The above mentioned list is only illustrative and we should exercise independent judgment to ascertain whether new clients should be classified as CSC

7.5 RELIANCE ON THIRD PARTY FOR CARRING OUT CLIENT DUE DILIGENCE (CDD):

1. CRKSSSBPL may rely on a third party for the purpose of:-
 - (a) identification and verification of the identity of a client and
 - (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.
2. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

8. RECRUITMENT & TRAINING OF EMPLOYEES

CRKSSSBPL shall ensure adequate screening procedures at the time of hiring its staff. It shall also ensure that the employees dealing with PMLA requirements are suitable and competent to perform their duties.

CRKSSSBPL will conduct PMLA awareness program for its existing employees to ensure that they are aware of their obligations under the provisions of PMLA. CRKSSSBPL will ensure that the new staff recruited by them is also given initial PMLA awareness training.

The Principal Officer will also impart periodical refresher training to the staff to keep them updated on new developments and to communicate any changes in the policies, procedures etc.

CRKSSSBPL shall send periodic e-mails/post to the Staff/Sub-Brokers/Branch Manager for creating awareness on PMLA.

9. INVESTOR EDUCATION

CRKSSSBPL will upload its PMLA policy with changes in the policy from time to time on its website for creating awareness amongst the investors.

10. RECORD KEEPING & RETENTION OF RECORDS

PMLA stipulates that all relevant documents evidencing identity and of the clients/ beneficial owners should be maintained and preserved for a period of 5 years from the date of transaction between client and CRKSSSBPL. In cases where the records relate to on going investigations or transactions whether attempted/executed and has been a subject of a suspicious transaction reporting to Director/FIU-IND should be retained for the period of five years from the date of transaction.

In view of this, CRKSSSBPL shall maintain the records in terms of the provisions of PMLA. The retention period shall be modified on receiving appropriate instructions from any regulatory authority like SEBI, FIU-IND or any other statutory authority.

11. MONITORING OF TRANSACTIONS

CRKSSSBPL shall pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose.

The Compliance Department shall ensure adherence to the KYC policies and procedures. Internal Auditors shall specifically check and verify the application of KYC procedures and comment on the lapses if any observed in this regard. All staff members shall be provided training on Anti Money Laundering. The focus of training shall be different for frontline staff, compliance staff and staff dealing with new customers.

The Compliance Department shall randomly examine a selection of transactions/clients and comment whether any suspicious transactions are done or not. While monitoring the transactions, CRKSSSBPL may shift the clients from one category to another depending upon the risk perceived by CRKSSSBPL

12. IDENTIFYING OF SUSPICIOUS TRANSACTIONS

CRKSSSBPL shall maintain records of debits and credits of transactions through various services to the clients, as per their specific instructions.

The Rules notified under the PMLA defines a “suspicious transaction” as a transaction whether or not made in cash which, to a person acting in good faith-

- a) Give rise to reasonable ground of suspicion that it may involve proceeds of crime
- b) Appears to be made in circumstances of unusual or unjustified complexity; or
- c) Appears to have no economic rationale or bonafide purpose.

Indicative List of suspicious transactions for Broking Account are:

- False Identification documents submitted by the client at time of account opening.
- Doubt over the real beneficiary of the account.

- Suspicious background or links with known criminals.
- Unusual activity compared with past transactions.
- Sudden activity in dormant accounts.
- Unexplained transfer among multiple accounts without any rationale/reason.
- Regular transfers from multiple accounts to a single common BO account.
- Unusual high turnover of transactions in comparison with disclosed income

13. REPORTING OF SUSPICIOUS TRANSACTIONS:

The concerned department's staff i.e Client Relation/Settlement/Compliance shall monitor all transactions executed by clients and report to the Principal Officer any transaction that appears to be of suspicious nature. Also system generates file of suspicious transactions based on few set parameters and informs CR staff to download such data for further investigation. The Principal Officer shall analyze and examine such data and then decide if any transaction listed therein warrants a closer inspection or not. He shall maintain the records of all such data received from authority and record the action taken against any client for suspicious transactions.

In case the Principal Officer comes across any transaction that appear to be of suspicious nature, he shall also submit the report of such transactions directly to The Director, FIU-IND in the prescribed format, within seven working days of establishment of suspicion.

CRKSSSBPL shall not put any restriction on operation in the accounts of any client where an STR has been made and the same has been reported to FIU-IND. PLPL shall also be prohibited from disclosing the same to the client for whom the STRs have been reported to FIU-IND. However, in exceptional circumstances consent may not be given to continue to operate the account, and transaction may be suspended.

14. LIST OF DESIGNATED INDIVIDUALS/ ENTITIES:

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

CRKSSSBPL has directed to ensure that accounts are not opened in the name of anyone whose name appears in said list and it shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list have to be immediately be intimated to SEBI and FIU-IND

15. PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICE:

CRKSSSBPL is aware that Under section 51A of Unlawful Activities (Prevention) Act, 1967, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism

16. REVIEW OF POLICY

CRKSSSBPL are reviewing the PMLA policy as and when there are any changes introduced by any statutory authority or as and when it is found necessary to change on account of business needs and Risk Management policy.

The policy reviewed by Principal Officer & Compliance Officer annually and placed the changes in policy before the Board at the meeting first held after such changes are introduced and the same is communicated to all departmental heads and associate persons via email and a copy of the reviewed policy is also made available on our website.

17. DESIGNATED PRINCIPAL OFFICER

In case any further information /clarification is required in this regard, the 'Principal Officer' may be contacted.

Mr. Laxman Rohira, Compliance Officer
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Annexure- I**Customer Identification Requirements – Indicative Guidelines**

Particulars	Guidelines
Trust/Nominee or Fiduciary Accounts	There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. CRKSSSBPL should determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, CRKSSSBPL shall insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. While opening an account for a trust, CRKSSSBPL should take reasonable precautions to verify the identity of the trustees and the settlers of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder managers/directors and the beneficiaries, if defined.
Accounts of companies and firms & AOP	CRKSSSBPL need to be vigilant against business entities being used by individuals as a 'front' for maintaining accounts with brokers. CRKSSSBPL should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders. But at least promoters, directors and its executives need to be identified adequately.
Accounts of Politically Exposed Persons (PEPs) resident outside India	Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. CRKSSSBPL should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. CRKSSSBPL should verify the identify of the person and seek information about the sources of funds before accepting the PEP as a customer. CRKSSSBPL should seek prior approval of their concerned Heads for opening an account in the name of PEP.

Annexure-II

Customer Identification Procedure Features to be verified and documents that may be obtained from Customers

Features Documents

Accounts of individuals	<ol style="list-style-type: none"> 1. Legal name and any other names used 2. Correct permanent address (i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Aadhaar Card (v) Identity card (subject to the satisfaction of the branch) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of branch(vii) Telephone bill (viii) Broker account statement (ix) Letter from any recognized public authority (x) Telephone bill (xi) Electricity Bill (xii) Ration Card (xiv) Letter from the employer, (subject to the satisfaction of the branch) (xv) Any other document which provides customer information to the satisfaction of the broker will suffice.
Accounts of companies	<ol style="list-style-type: none"> 1. Name of the company 2. Principal place of business 3. Mailing address of the company 4. Telephone/Fax Number (i) Certificate of incorporation and Memorandum & Articles of Association (ii)Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter (v) Copy of the telephone bill
Accounts of partnership firms	<ol style="list-style-type: none"> 1. Legal name 2. Address 3. Names of all partners and their addresses 4. Telephone numbers of the firm and partners (i) Registration certificate, if registered (ii) Partnership deed (iii)Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners
Accounts of trusts & foundations	<ol style="list-style-type: none"> 1. Names of trustees, settlers, beneficiaries and signatories 2. Names and addresses of the founder, the managers/directors and the beneficiaries 3. Telephone/fax numbers (i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill

Risk Management System (RMS)

BACKGROUND:

C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSBPL), a Trading Member of BSE Limited, As the requirement of Exchange & SEBI, Company has designed a "Risk Management System Policy" for extending trading facility to its clients in the respective segment of Exchange.

CONCEPT OF THE POLICY:

RMS policy work on the following concepts:

1. **Cash:** The clear balance available in the customer's ledger account in our books.
2. **Margin:** The underlying stake provided by the customer in the form of cash, FDR and/or stock to mitigate market (price) or settlement (auction) risk
3. **Exposure:** The aggregate of the customer's obligations arising out of buy + sell trades awaiting settlement in the cash segment and profit/ loss amounts that are yet to be settled on the closed positions.
4. **Exposure multiple:** The number of times that exposure is allowed on the underlying margin sales on the cash segment would have to be made either on the availability of cash margin or on the availability of the stocks (which are to be sold) in our margin account, by executing a transfer before the sale order is initiated.
5. **Stock qualifying for margin in cash segment transactions:** Securities in the approved list of Stock Exchange as per SEBI guidelines.
6. **Total Deposit:** The aggregate of client deposit available with us in the form of cash, Shares (After Applicable Hair Cut) and FDR.

POLICIES AND PROCEDURES UNDER RMS:

1. **Policy for Penny Stock:**

The stocks, which are appearing in the list of illiquid securities issued by the Exchanges every month. These stocks are generally considered to be highly speculative and high risk because of their lack of liquidity, large bi-ask spreads, small capitalization and limited following and disclosure. Depend on the market condition and RMS Policy of the company RMS reserve the right to refuse to provide the limit in Penny stocks and losses if any on account of such refusal shall be borne by client only.

2. **Setting up limits of client's exposure**

Policy on Limit Setting The stock broker may from time to time impose and vary limits on the orders that the clients can place through the stock brokers trading system (including exposure limits, turnover limits, limits as to number, value and/ or kind of securities in respect of which orders can be placed. The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock brokers risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/SEBI directions/limits (such as broker level/market level limits in security specific/volume specific exposures etc. and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The Client agrees that the stock broker shall not be responsible for such variations, reduction or imposition of client's inability to route any order through the stock brokers trading system on account of such variation, reduction or imposition of limits. The client further agrees that the stock broker may at any time, at its own discretion and without prior notice, prohibit or restrict the clients ability to place orders or trade in securities through the stock broker or it may subject any order placed by the client to a review before its entry into the trading systems and may refuse to execute/allow orders. The client agrees that the losses if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone. We have margin based RMS System. Total Deposits of the clients are uploaded in the system and the clients may take exposure basis of margin applicable for respective security as per VAR based margining system of the stock exchange and/or margin defined by the RMS based on its risk perception. Client may take benefit of "Credit for sale" i.e. benefit of shares held as margin by selling the same by selecting Delivery option through order entry window on the trading platform. The value of shares sold will be added the value of deposit and on the basis of that client may take fresh exposure. In case of exposure taken on the basis of shares margin the payment is required to be made before the exchange pay in date otherwise it will be liable to square off after the pay-in time or any time due to shortage of margin.

3. **Applicable Brokerage Rate:**

Exclusive of Stamp duty, Service tax, STT (Securities Transaction Tax) and any other statutory levies Brokerage will be charged within the limits prescribed by SEBI/Exchange. It is hereby further, clarified that brokerage on option contract shall be charged on the premium amount at which the option contract was bought or sold, not on the strike price of the option contract. Subject to revision at our sole discretion and as informed by a circular sent by ordinary post/courier services/email. It would be the duty of client to note the said charges regularly and periodically and shall not raise any dispute or claim in respect to said charges at any later stage. Further it is clarified that the above mentioned charges could

vary from client to client at the sole discretion of “CRKSSBPL” and No client would have any right to compare or claim charges charged from other client by “CRKSSBPL”

4. Imposition of penalty charges:

The Client agrees that the “CRKSSBPL” may impose fines/penalties for any orders/ trades/ deals/actions of the client which are contrary to this agreement/ rules/ regulations/ bye laws of the exchange or any other law for the time being in force, at such rates and in such form as it may deem fit. Further where the “CRKSSBPL” has to pay any fine or bear any punishment from any authority in connection with/as a consequence of /in relation to any of the orders/trades/deals actions of the client, the same shall borne by the client.

5. The right to sell client’s securities or close client’s positions, without giving notice to the client, on account of non-payment of client’s due:

Without prejudice to the our other rights (Including the right to refer the matter to arbitration), the “CRKSSBPL” shall be entitled to liquidate /close out all or any of the clients position without giving notice to the client for non-payment of margins or other amounts including the pay in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/ obligation.

The client shall ensure timely availability of funds/securities in form and manner at designated time and in designated bank and depository account(s), for meeting his/her/its pay in obligation of funds and securities. Any and all losses and financial charges on account of such liquidations/closing out shall be charged to & born by the client. In case of securities lying in margin account/client beneficiary account and having corporate actions like Bonus, Stock split, Right issue etc, for margin or other purpose the benefit of shares due to receive under Bonus, Stock split, Right issue etc. will be given when the shares is actually received in the “CRKSSBPL” designated demat account.

In case the payment of the margin/securities is made by the client through a bank instrument, the “CRKSSBPL” shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instruments etc, at the absolute discretion of the “CRKSSBPL”. Where the margin/security is made available by way of securities or any other property, “CRKSSBPL” has empowered to decline its acceptance as margin/security &/or to accept it at such reduced value as the “CRKSSBPL” may deem fit by applying haircuts or by valuing it by marking it to market or by any other method as the “CRKSSBPL” may deem fit in its absolute discretion.

The "CRKSSBPL" has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions/securities/shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage, whichever is earlier, The "CRKSSBPL" will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off, the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charges levied by the exchange(s).

6. Shortages in obligations arising out of internal netting of traders:

"CRKSSBPL" shall not be obliged to deliver and securities or pay any money to the client unless and until the same has been received by the "CRKSSBPL" from the exchange, the clearing corporation/clearing house or other company or entity liable to make the payment and the client has fulfilled his/her/its obligations first. The policy any procedure for settlement of shortage in obligations arising out of internal netting of the traders is as under:

The Short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to pay in/Payout Day. The securities delivered short are purchased from market on T+2 day and the purchase consideration (inclusive of all statutory taxes & levies) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.

If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T+2 day or Auction day on Exchange +10% where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/credits shall be as per Exchange Debits and Credits.

In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auctioned on cum basis or where the cum basis auction payout is after the book closure/record date, would be compulsory closed out at higher of 10% above the official closing price from first trading day of the settlement till the auction day.

Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

We have margin based RMS system. Client may take exposure up to the amount of margin available with us. Client may not be allowed to take position in case of non-availability/shortage of margin as per our RMS policy of the company. The existing position

of the client is also liable to square off/close out without giving notice due to shortage or margin/non making of payment for their paying obligation/ outstanding debts.

7. **Temporarily suspending or closing a client's account at the client's request:**

On the request of the client in writing, the client account can be suspended temporarily and same can be activated on the written request of the client only. During the period client account is suspended, the market transaction in the client account will be prohibited. However client shares/ledger balance settlement can take place.

On the request of the client in writing, the client account can be closed provided the client account is settled. If the client wants to reopen the account in the case client has to again complete the KYC requirement.

8. **Client Acceptance of Policies and Procedures stated here in above:**

We have fully understood the same and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/ clauses this documents any circumstances what so ever. These Policies and Procedures may be amended/changed unilaterally by the broker, provided the change is informed to us with through any one or more means or methods, we agree never to challenge the same on any grounds including delayed receipt/non-receipt or any other reasons whatsoever. These Policies and Procedures shall always be read along with the agreement and shall be compulsorily referred to while deciding any dispute/difference or claim between us and "CRKSSBPL" before any court of law/judicial/adjudicating authority including arbitrator/ mediator etc.

Policy on Internal Control

BACKGROUND:

C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSBPL), a Trading Member of BSE Limited, As the requirement of Exchange & SEBI, Company has designed a "Policy on Internal Control" for guiding the operations of the organization. This Document is for internal use and not for the 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: This is used to identify the client.
 - b. Residential Address is taken with the address proofs which are the documents specified by exchange i.e. Aadhaar Card, Ration Card, Pass Port, Voters ID or Driving License.
 - c. Also taking photo identity proof of Pass Port, Voter Ids, and 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 & Aadhaar 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 are 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 DOCUMENTS:

Trading in securities market involves risks of various natures. 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 & PAYMENT 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 CLIENT:

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:

C. R. Kothari & Sons Share & Stock Brokers 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 CRKSSBPL 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 CRKSSBPL 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 CRKSSBPL 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.

Policy on Prohibition & Circulation of Unauthenticated News

INTRODUCTION:

Securities and Exchange Board of India (SEBI) vide its circular Cir/ISD/1/2011 dated 23rd March, 2011 has ordered restriction on transmitting 'unauthenticated news' by Broking houses and other SEBI registered Intermediaries on blogs, chat forums, messenger sites in an effort to prevent stock manipulation through unverified news and rumours. Intermediaries need to have proper internal controls and ensure that proper checks and balances are in place to govern the conduct of their employees to prevent speculative news and rumours. The move follows growing concerns over some employees indulging into activities like fraud against the clients, front-running, circular trading and manipulating stock prices through rumour mongering. Market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms. Broking houses will also have to ensure that any market-related news received by their employees, either in their official or personal mail, should be forwarded to clients only after the same has been approved by its compliance officer.

CONCEPTS:

Company: For the purpose of this Policy Company shall mean C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSSBPL), being a SEBI registered Intermediary.

Employee: Employee means persons on the payroll of the Company and includes persons employed on a contractual basis.

Unauthenticated News: Unauthenticated News means information which are not established or confirmed from reliable sources. The claims made by or about the subject may or may not be true.

Blogs: Blogs are a type of website or part of a website wherein regular entries of commentary, descriptions of events, or other material such as graphics or video etc. are maintained and discussed in an interactive way.

Chat Forums: Chat forums or message board, is an online discussion site where people can hold conversations in the form of posted messages.

Communication Channels: Communication Channels means a channel, whether electronic or otherwise, used to convey any market related information. For example telephone/mobile phones, SMS, MMS, Blogs, and Chat Forums, Messenger sites, Social Networking Sites and such other channels as may from time to time be used.

SCOPE:

Employees of the Company especially those who have access to market information viz. Sales Team, Dealers, Research analyst, Equity/ Portfolio Advisors etc. shall not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other source without verification. Employees shall circulate only that information which is received from reliable sources only. If the source of the information is not verifiable, then such information may be used only after its use is approved by the Compliance Officer of the Company.

Illustrative list of Reliable Sources includes Information posted on websites of Government/Regulatory authorities, Print media and their websites, Business New Channels and such information which are communicated by the Corporates by way of press release.

REPORTING:

Employee of the Company is obliged to promptly furnish any market related news/information received by him from an unverified source /communication channels to the Compliance Officer of the Company and shall forward the same only after the same has been approved by the Compliance Officer.

RESTRICTION INTERNET USAGE:

The company has restricted the access of Private E-Mails, Chat Forums/Messengers, Blogs, Social Networking websites etc. in office, unless otherwise permitted to specific individuals by the Management. Such individuals irrevocably undertake that access to such sites will not be misused to the extent of facilitating unauthenticated news in any manner. The use of the official e-mail id for posting unauthenticated news in mail groups, forums, blogs etc. will attract disciplinary action. Further strict action would also be initiated against any employee representing the company in any manner whatsoever, who facilitates posting unauthenticated news during the non-business hours and outside the office premises.

PENALTY:

An employee of the Company fails to observe the provisions of this Policy shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for penal action. The Compliance Officer shall also be held liable for breach of duty in this regard. Nothing contained in this clause shall prevent the Company/Management/Compliance Officer to take appropriate action against such employee for breach of duty. The Compliance Officer of the company shall take all prudent steps to identify and restrict any act that may lead to violation of this policy.

Policy on Conflicts of Interest

BACKGROUND:

C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSBL), a Trading Member of BSE Limited, SEBI, vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 has laid down the guidelines requiring registered intermediaries to establish and implement a conflicts of interest policy (hereinafter the "Policy"). To adhere to the above guidelines, the Company has frame a "Policy on Conflicts of Interest" to take all reasonable steps to identify, eliminate or manage conflicts of interest. The Company is committed to acting honestly, fairly and professionally and in the best interests of its clients. This Policy is not intended to, or does not create third party rights or duties nor does it form part of any contract between the Company and any client. Purpose The purpose of this Policy is to set out the Company's approach to identify and manage conflicts of interest which may arise during the course of its business activities.

THIS POLICY AIMS AT:

- a. identifying circumstances which may give rise to conflicts of interest entailing a material risk of damage to clients' interests,
- b. establishing appropriate procedures and systems to manage those conflicts, and
- c. ensuring the maintenance of such procedures and systems in an effort to prevent actual damage to clients' interests through conflicts identified. Scope The Policy applies to the Board of Directors and Employees of the Company (collectively referred to as "Employees") and relevant associated persons as defined in SEBI (Certification of associated persons in the securities market) Regulations, 2007 with respect to all interactions with the clients.

POTENTIAL CONFLICTS OF INTEREST AREAS:

1. The Company or employees or relevant associated person(s) is/ are likely to make a financial gain, or avoid a financial loss, at the expense of the client.
2. The Company or employees or relevant associated persons has/have an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in the outcome.
3. The Company or employees or relevant associated person(s) has/have a financial or other incentive to favor the interest of another client or group of clients over the interest of one client.
4. The Company or employees or relevant associated persons receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Procedures and controls to managing Conflicts of Interests The procedures and controls that the Company follows to manage the identified conflicts of interests include the following:

1. Effective procedures to prevent or control the exchange of information in the activities involving a risk of conflict of interest where the exchange of that information is likely to harm the interest of one or more clients;
2. Measures to prevent or limit any person from exercising inappropriate influence over the way in which capital market services are carried out;
3. Chinese walls restricting flow of confidential and price sensitive information within the Company, physical separation of departments and sharing of information only on a "Need to Know Basis".
4. A policy designed to limit of Rs. 5000/- the conflicts of interests arising from the giving and receiving of inducement.
5. Appointment of Independent Internal auditors to ensure that appropriate systems and controls are maintained and their effectiveness or otherwise is being reported to the Company's Board of Directors.
6. Personal account dealing requirements applicable to employees in relation to their own investments needs an approval from the Compliance Team by submission of an Investment Request Form.
7. Provisions governing access to electronic data as per the 'Mobile Phone Usage Policy' of the Company and 'Prevention of Circulation of Unauthenticated News'.
8. The employees are governed by measures laid down in the internal code of conduct and other policies which include the following:
 - a. restrictions on dealing in securities while handling client's mandate or while in possession of material non published information, or communicating such information while dealing on client's behalf, manipulating demand or supply of securities or influencing their market price.
 - b. Restrictions on an incentive structure that encourages sale of products not suiting the client's risk profile.
 - c. Restrictions on divulgence of client's confidentiality unless required by or under the law.
 - d. The associated persons shall at all times maintain high standards of integrity in the conduct of their business followed by compliance reporting to Board of Directors and senior management.
9. The Company's Compliance team has oversight on the business to ensure that internal controls are appropriate.

10. The Board of Directors of the Company and the Compliance team share the responsibility for keeping the Policy in place. Any situation or transaction involving an actual or potential conflict of interest should promptly be reported to the Compliance team and obtain their determination as to whether a conflict exists.
11. Where a conflict arises and the Company is aware of it, it will disclose the conflict to the client prior to undertaking the business for that client or, if the Company does not believe that the disclosure is appropriate to manage the conflict, the Company may choose not to proceed with the transaction or matter giving rise to the conflict.
12. Periodic review of the Policy will be done at the Board Meeting of the Company. The same shall be need basis. Violation and Consequences Any non-adherence with the Policy will be subject to strict action. Disclosure The Company reserves the right to make review and/or amend its Policy and whenever it deems appropriate. In case you have any questions, please direct your query to our Compliance Officer: laxman@crksons.co.in

Policy on Pre-funded Instruments & Electronic Transfers

BACKGROUND:

C. R. Kothari & Sons Shares & Stock Brokers Private Limited (CRKSSBPL), a Trading Member of BSE Limited, As the requirement of Exchange & SEBI, Company has framed a “Policy on Pre Funded Instrument Acceptance” with the objective of prohibiting the flow of third party funds and unidentified money through pre funded instruments like NEFT/DD/PO/ RTGS etc.

OBJECTIVES:

The objective is to maintain audit trail for such acceptances of such funds and ensure that no third party funds are accepted unless with proper documentary evidences.

SCOPE:

This policy is framed for accepting NEFT/DD/PO/RTGS at “CRKSSBPL”. This policy covers all such instruments accepted from the clients. If the aggregate value of pre-funded instruments is 50,000/- or more, per day per client,

“CRKSSBPL” may accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank.

a. The mode of certification may include the following:

- i. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
- ii. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
- iii. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
- iv. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

b. Maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

The accounts staff at “CRKSSBPL” is responsible for ensuring the compliance and would maintain the relevant documentary evidence for the same which would be produced before the regulatory authorities whenever required. The compliance officer would periodically review this policy and would ensure its compliance along with the accounts department.

Surveillance Policy

OBJECTIVE:

Surveillance function helps in achieving objectives of:

- Maintaining integrity of the market,
- Monitoring and identifying suspicious/manipulative transactions,
- Curbing suspicious/manipulative activities at nascent stage.
- Minimizing business risk through better profiling of clients and transactions.

BACKGROUND:

Surveillance is the process of collecting and analyzing information concerning markets in order to detect unfair transactions that may violate securities related laws, rules and regulations. In order to achieve this and to create safer markets, the Trading Members should have in place adequate surveillance policies and system in order to monitor suspicious/manipulative transactions and curb such activities, if any.

SCOPE OF THER POLICY:

The policy covers the various surveillance alerts generated/received from the exchange for identifying suspicious trades, analysis of these alerts, methodology of reporting the alerts to the exchange/ FIU.

TYPES OF SURVEILANCE ATERTS:

A. Alerts received from exchange Exchanges (BSE) will share surveillance alerts for the trading done by the clients which needs to be downloaded by the Trading Members for detailed analysis. Following are the alerts which shall be provided by exchanges:

Sr. No.	Transactional Alerts	Segment
1	Significant increase in client activity	Cash
2	Sudden trading activity in dormant account	Cash
3	Clients/Group of Client(s), dealing in common scrip's	Cash
4	Client(s)/Group of Client(s) concentrated in a few illiquid scrip's	Cash
5	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
6	Client / Group of Client(s) Concentration in a scrip	Cash
7	Circular Trading	Cash
8	Pump and Dump	Cash
9	Wash Sales	Cash & Derivatives
10	Reversal of Trades	Cash & Derivatives

11	Front Running	Cash
12	Concentrated position in the Open Interest/High Turnover concentration	Derivatives
13	Order book spoofing i.e. large orders away from market	Cash

1. Downloading and analyzing alerts by Compliance Team:

The alerts provided by exchanges shall be downloaded on daily basis by the Compliance department from respective exchange system for an in depth analysis. The alerts shall be analyzed based on type of alert, client's past trading pattern, clients occupation, clients financial review , other connected clients in our database, etc. The alerts which are found to be suspicious and of which the Compliance Team is of the opinion that the same needs to be reported to the exchange shall be flagged separately. Such alerts should be forwarded to the concerned Relationship Manager/Risk Head for further clarification and scrutiny.

2. Steps to be taken for analysis of each alert by Compliance Team:

- i. **Significant increase in client activity:** Client(s)/Group of Client(s)1 who have been dealing in small quantities/value suddenly significantly increase their activity. In such cases the following shall be examined:
 - Whether such volume is justified given the background of the client and his past trading activity.
 - Cumulative amount of funds that was brought in by the Client(s)/Group of Client(s) for the purchases made during the period.
 - Whether such inflow of funds is in line with the financial status of the client.
 - Whether the transactions of such Client(s)/Group of Client(s) are contributing to concentration or impacting the price.

- ii. **Sudden trading activity in dormant accounts-** This refers to such cases where the client has not traded more than 12 months and suddenly starts/resumes trading in stocks or low market capitalized scrips or enters into transaction which is not in line with his financial strength. In such cases following shall be reviewed and examined:
 - Reasons for trading in such scrips/contracts.
 - Whether the client is only placing the order or is it some third party
 - Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices of such scrips/contracts through use of such dormant accounts.
 - Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another through use of such dormant accounts.

iii. Clients/Group of Client(s), dealing in common scrips: Such dealing is contributing significantly to the volume of the scrip at CRKSSBPL level and at the stock exchange level. The following shall be reviewed and examined:

- Reasons for trading in such scrips.
- Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices of such scrips.
- Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another.

iv. Client(s)/Group of Client(s) concentrated in a few illiquid scrips:

The following shall be reviewed and examined:

- Reasons for trading in such scrips.
- Whether there is any concerted attempt by a Client(s)/Group of Client(s) to impact the prices of such scrips.
- Whether there is any concerted attempt by a Client(s)/Group of Client(s) to indulge in movement of profit/loss from one client to another.

v. Client(s)/Group of Client(s) dealing in scrip in minimum lot size/ Concentration in a scrip: The following shall be reviewed and examined:

- Reasons for such trading behavior.
- Whether the transactions of such Client(s)/Group of Client(s) are contributing to concentration or impacting the price.
- Whether such transactions indicates towards probability of illegal trading at the clients' end.

vi. Circular Trading:

- Continuous trading of client/group of clients in particular scrip over a period of time.
- Client/group of clients contributing significant volume (broker and exchange level) in a particular scrip—especially illiquid scrip
- Possible matching of trades with a specific group of clients (like same trade number on both buy and sell side and/or immediate execution of order in illiquid scrip etc.)
- Possible reversal of trades with the same group of clients (like same trade number on both buy and sell side and/or immediate execution of order in illiquid scrip)

vii. Pump and Dump:

- Activity concentrated in illiquid scrips.
- Sudden activity in illiquid securities.
- Percentage of Client(s)/Group of Client(s) activity to total market in the scrip/contract is high.

- Trades being executed at prices significantly away from the market and later on squaring off to earn significant profits.

viii. Wash Sales or Reversal of Trades:

- Same Client(s)/ Group of Client(s) on both sides of the transaction. (i.e. same trade number on both the buy and sell side)
- Reversal of transactions by same Client(s) or within same Group of Client(s) at significantly different trade prices within a short period of time says 3-4 days.
- One client makes significant profit and other suffers a loss or apparent loss booking transactions in illiquid contract/securities including options

ix. Front Running:

- Trading, by Client(s)/ Group of Client(s)/employees, ahead of large buy/sell transactions and subsequent square off has to be identified and such transactions have to be reviewed for determining front running
- There is a consistent pattern of Client(s)/ Group of Client(s)/employees trading ahead of large buy/sell transactions.

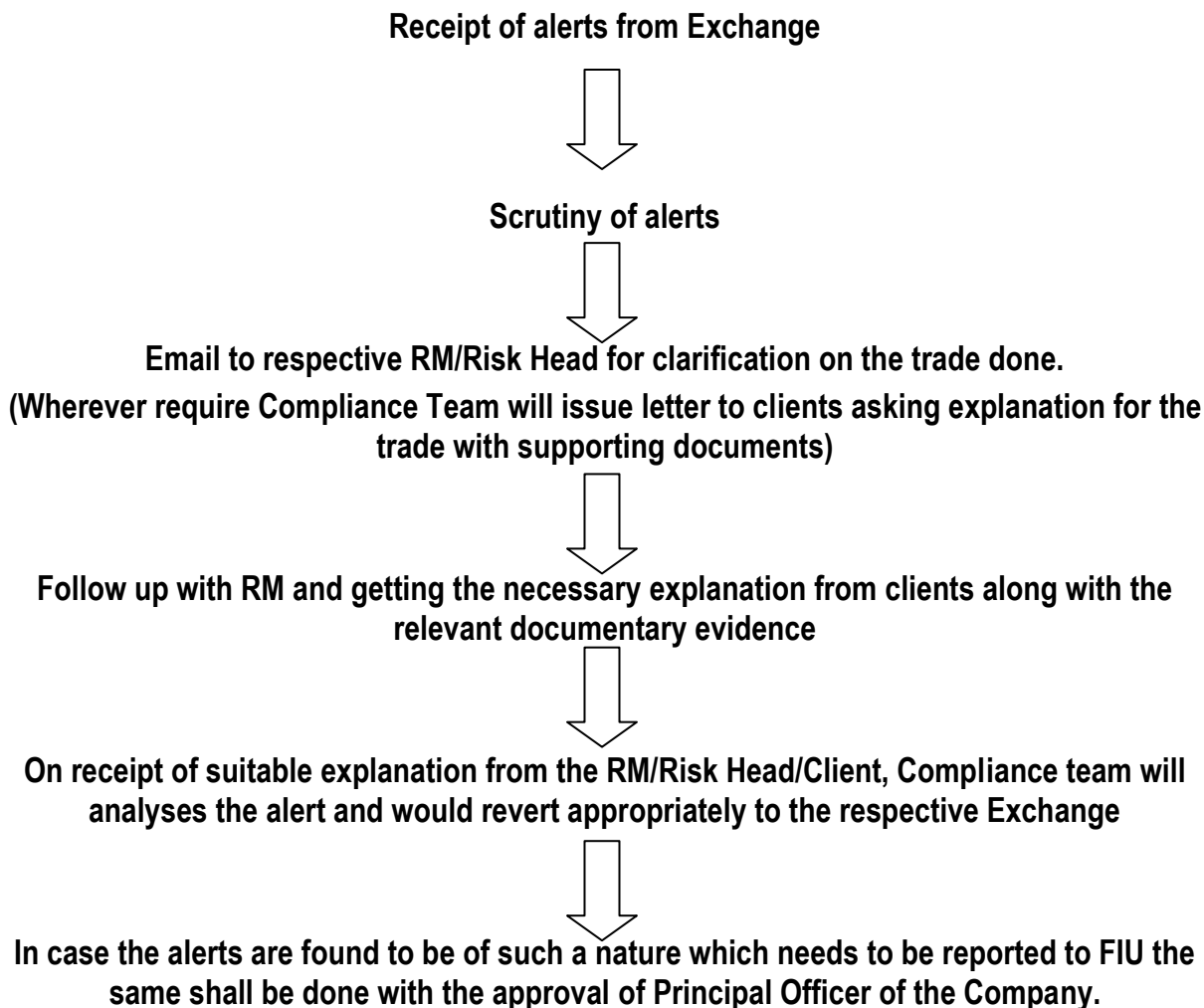
x. Concentrated position in the Open Interest/high turnover concentration:

- Client(s)/Group of Client(s) having significant position in the total open interest of a particular scrip.
- Client(s)/Group of Client(s) not reducing/closing their positions in spite of the scrip being in ban period.
- Client(s)/Group of Client(s) activity accounts for a significant percentage of the total trading in the contract/securities at the Trading member and exchange level.
- Monitor the trading pattern of Client(s)/Group of Client(s) who have Open Interest positions/concentration greater than equal to the thresholds prescribed.

xi. Order book spoofing i.e. large orders away from market:

- Consistent placement of large orders significantly away from the market with low trade to order trade ratio or canceling orders within seconds after placing them thereby creating a false impression of depth in a particular scrip/contract
- Repeated pattern of placement of large buy orders which are away from the market price and simultaneous placement of sell orders to benefit from price rise or vice-versa.

3. Scrutiny of the alerts, identifying suspicious activity and reporting the same to exchange/ FIU: Compliance Team shall conduct an in depth scrutiny of alerts received from Exchanges. Each alert shall be studied with Root Cause Analysis (RCA) approach. The following shall be the process flow:



It is to be noted that in case of exceptional circumstances where it may be difficult to seek explanation from clients on account of non-co-operation of clients/ client not traceable, etc. the process mentioned above will not be completed. In such cases the matter would be brought to the notice of the Compliance Officer/Designated Directors for necessary action as may be deemed fit depending on the facts and circumstances of each case. Further, as per the regulatory requirements, Members are required to report the adverse alerts within 45 days from the date of receipt of the alert. However, in case of exceptional circumstances extension of time may be sought. 4. Record Maintenance and review of process: Each alert received from the exchange shall be backed by necessary supporting documentary evidence substantiating the reason for reporting/non-reporting the same to the exchange. An excel sheet shall be maintained by the Compliance Team wherein in the details of each alert, explanation sought from client, documentary evidence collected from clients, reason for reporting/ non-reporting the alert to exchange, reason for reporting the alert to FIU, any other additional details as may be deemed fit may be captured.

Policy on Limit Setting

OBJECTIVE:

To pre- define limits for each terminal and monitor the same on a continuous basis.

SCOPE OF THE POLICY:

This policy covers the procedure and checks in place for allotting limits to each terminals.

DEFINING OF LIMITS:

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Derivatives)
- Market Price Protection Percentage

PROCEDURES FOR SETTING OF LIMITS:

We follow the practice of setting of limits at each level i.e Admin, Dealer levels. Limits are reviewed on a regular basis and if required to revise than only after consultation of Proprietor/Compliance Officer during the day. The Limits utilization are continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent from Management and after taking necessary risk assessment.

CHECKS IN PLACE:

- Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.
- Terminals limits will be set up by the Front Office ADMIN Terminal by Management Team Only.
- No user/ branch will be provided unlimited limit.

Policy on Client Code Modification

BACKGROUND:

C. R. Kothari & Sons Sons Shares & Stock Brokers Private Limited (CRKSSBL), a Trading Member of BSE Limited, As the requirement of Exchange & SEBI, Company has designed a “Policy on Client Code Modification” for extending trading facility to its clients in the respective segment of Exchange.

OBJECTIVE & SCOPE OF THE POLICY:

To frame the guidelines for modification to client codes post trade execution and reporting of such Client Code Modifications. This policy covers all the Client Code Modifications carried out/to be carried out in any of the client accounts controlled by Mumbai Office, subject to the guidelines issued by the SEBI/Stock Exchanges from time to time, in any segment of any exchange for which is a member broker.

BRIEF ABOUT CLIENT CODE MODIFICATION:

Client Code Modification means modification/change of the client codes after execution of trades. Stock Exchanges provide a facility to modify any client code after the trade has been executed to rectify any error or wrong data entry done by the dealers at the time of punching orders. However, such Client Code modification is subject to certain guidelines as to the time limit within which the client code modification is to be carried out, terminal/system on which such modifications can be done etc. The facility is mainly to provide a system for modification of client codes in case genuine errors in punching/ placing the orders. It is to be used as an exception and not a routine. To prevent misuse of the facility Stock Exchanges levy penalty/fine for all non-institutional client code modifications.

“ERROR TRADES”:

“Error Trades” means the trades which will be modified/to be modified/allowed, to be modified subject to guidelines of the SEBI/ Stock Exchanges and this policy. For the purpose of this Policy, only the following types of trades shall be modified/ allowed to be modified, genuineness or error if the pre-condition of error modification:

In case of BSE: i. Error due to communication and/or punching or typing such that the original client code/ name and the modified client code / name are similar to each other.

ii. Modification within relatives ('Relative' for this purpose would mean "Relative" as defined under the Companies Act, 1956).

GENERAL CONDITIONS:

- (i) The facility for Client Code Modification can be used only in case of Error Trade.
- (ii) The Client Code Modification shall be carried out only on the designated system and /or as per the process as may be prescribed by SEBI/Stock Exchange and this policy.
- (iii) The client code modification shall be carried out after due approval from compliance/senior management i.e. the modification needs to be done by Risk Team only after due approval by Compliance Officer.

PLACE FOR CLIENT CODE MODIFICATION:

All the Error Trades executed on BSE of their Capital Market, Future and Options and Derivatives Segments Client Code Modification shall applicable subject to compliance of this policy, be carried at the corporate office.

SURVEILLANCE:

A record for trade change will be maintained with Compliance to keep a track of frequent code change by Dealer & Trader.

PENALTY:

The penalty or fine, if any, levied on "CRKSSBL" for any wrong trade occurred due to any miscommunication from the client/authorized representative of the client shall be borne by the client.

Policy on Dormant account / Inactive Account

DORMANT ACCOUNTS:

This Policy defines the treatment of Dormant/Inactive accounts of the clients maintained with the Company.

DEFINITIONS:

In case of trading account the term dormant/Inactive account refers to such account wherein no transactions have been carried out since last 12 calendar months.

In case of Demat account the term Dormant/Inactive accounts refers to such accounts where no debit transaction had taken place for a continuous period of 12 months.

TRANSACTIONS IN DORMANT/INACTIVE TRADING ACCOUNTS:

The Dormant accounts identified based on the above criteria shall be flagged as such in company's record. Company reserves the right to freeze/deactivate such account and refuse to Permit to carry out any fresh transactions in such account.

The clients account would be reactivated only after undertaking proper due diligence process and fulfillment of such conditions as may be deemed fit, in the cases where the account is frozen/deactivated.

The client's request through recorded telephone lines may be impressed upon to reactivate the account or carry out any fresh transactions in Dormant/inactive accounts.

MONITORING OF TRANSACTIONS

1. Sudden activity in dormant accounts may be viewed as a suspicious transaction
2. Any debit transactions in dormant Demat accounts or any transactions in dormant trading account.
3. Trading accounts shall be reported as an Alert.
4. Such alerts/reports shall be reviewed by the Authorized Official.
5. Transactions found to be suspicious shall immediately be reported to the Risk Management and Compliance Department.

The above stated policy may vary depending on various rules, regulations and bye laws as may be prescribed by SEBI, exchanges or any other authority or as per Internal policy of company from time to time. This Policy for dormant accounts is over and above the transaction monitoring in Dormant account as per Anti-Money laundering Policy of the Company.

Policy on Outsourced Activity

INTRODUCTION:

Outsourcing refers to use of a third party—either within or outside the group—to perform the activities associated with intermediation services. A third party may be used to perform one or more activities or one or more third parties may be used to perform different activities associated with the intermediation service. Such use may be for a specified period or on a continuing basis. In an extreme form, the third parties may be used to perform all the activities associated with the intermediation service, including legal and regulatory compliances and risk management. This includes use of successive third parties, where the first third party may use the second third party to perform the activities and so on.

Securities market intermediaries in many jurisdictions are increasingly resorting to outsourcing with a view to reduce costs, and at times, for strategic reasons. This benefits market in terms of better access and better expertise. However, since the third parties may not be subject to the regulatory discipline and the activities and, not the accountability can be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing Intermediaries. While it is not desirable to ban outsourcing completely for obvious reasons, the concerns need to be addressed and the outsourcing needs to be organized in an orderly manner. Hence CRKSSBL has framed a Policy for outsourcing of its Few Activities.

RISKS ASSOCIATED WITH OUTSOURCING:

They can be grouped into three broad categories: operational, reputational, and legal risks. The operational risks arise because CRKSSBL loses direct control over the activities and the processes, procedures, systems and people engaged in these activities. Therefore, it fails to exercise due care and diligence if the activity / service fall short of the regulatory standards. The reputational risks arise from failure by the third party to deliver as per regulatory standards which may invite regulatory actions. The legal risks emanate from the failure to enforce the contractual obligations particularly when the contractual relationship is not redefined with every change in basket of activities outsourced or the way these are discharged.

On being satisfied that a person has the required infrastructure and is a fit and proper person, CRKSSBL may outsource the activities to a third person.

ACTIVITIES THAT CAN BE OUTSOURCED:

- Data entry and opening of trading accounts
- Scanning and storage of account opening forms
- Printing and despatch of welcome kits and despatch of quarterly transaction statements
Customer services
- Despatch of contract notes
- Stock brokers acting as distributors for Mutual Funds schemes - distribution, maintenance of nomination details by distributors for the various schemes of Asset Management Companies, etc.

ACTIVITIES THAT SHOULD NOT BE OUTSOURCED:

Since CRKSSBL is registered based on their strength, outsourcing of key activities by them to unregistered third parties defeats the purpose of regulation. It is therefore felt that the key activities which are crucial to the intermediation service may be delivered by the CRKSSBL itself.

The informal feedback indicates that the compliance with securities laws, investor grievance Redressal and KYC must not be outsourced under any circumstance. Besides, the following activities ought not to be outsourced to third parties:

- Creation of user id/login id, password generation for internet clients
- Order management
- Operation of trading terminals
- Operations & Monitoring of Bank A/cs & DP A/cs •Pay in / pay out of funds and securities
- Generation & dispatch of contract notes, quarterly statement of accounts, daily margin statement and monitoring of the said activities.
- Control of servers and online trading platform
- Maintenance & monitoring of client database & client financial information •Surveillance function
- Allotment / surrender of trading terminals, opening & closing of branches
- Implementation of PMLA policies
- Risk Management system (which includes margins, trading limits, scrip / terminal enablement etc.
- IT Technology Infrastructure
- Printing of contract notes

CRKSSBPL Management however decided not to outsource any activities from Outside agencies right now since the scale of Broking Business is manageable from current strength.

Policy on NISM-Series–VII: Securities Operation and Risk Management Certification Examination

REFERENCE:

SEBI Notification No.LAD-NRO/GN/2010-11/21/29390
BSE Notice no.20101215-19 dated December 15,2010
BSE Notice no. 20140902-8 dated September 02,2014

BRIEF:

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010, according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

- a. Assets or Funds of investors or clients
- b. Redressal of investor grievances
- c. Internal control or risk management
- d. Activities having a bearing on operational risk

shall be required to have a valid certificate of NISM Series VII – Securities Operation &Risk Management (SORM) from National Institute of Securities Market(NISM). BSE has also issued circulars requesting the members to comply with the requirement of said SEBI Notification.

NEED FOR THE POLICY:

The Company being a trading member BSE, provisions of the aforesaid requirement is applicable to all its employees & sub-brokers involved in the activities as mentioned above.

DEFINITION OF ASSOCIATED PERSON:

“Associated Person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

POLICY:

As required in the aforesaid notification of SEBI, all existing persons associated with the Company as on date of publication and engaged in deal with:

- (a) Assets of funds of investors or clients
- (b) Redressal of investor grievances
- (c) Internal control or risk management
- (d) Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within two years from the date of such notification. Simultaneously whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII – Securities Operation and Risk Management (SORM) within one year from the date of his /her employment/registration as sub-broker.

EXEMPTION:

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII - Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary level / clerical level:

INTERNAL CONTROL OR RISK MANAGEMENT:

1. Inwarding or collateral's / Cheques
2. Person performing market entries
3. Maker entry in the database
4. Photocopying, printouts, scanning of documents
5. Preparing of MIS
6. Sending of letters / reports to clients, Exchanges, SEBI
7. Attending Calls, etc.

REDRESSAL OF INVESTOR GRIEVANCES:

1. Inwarding of complaints
2. Seeking documents from clients
3. Person performing maker entries
4. Maker entry in the database
5. Photocopying, printouts, scanning of documents
6. Preparing of MIS
7. Sending of letters/reports to clients, Exchanges, SEBI updation, data entry, uploading on SCORES
8. Attending calls, etc

ACTIVITIES HAVING A BEING ON OPERATIONAL RISK AND DEALING WITH ASSETS OF FUNDS OF INVESTORS OF CLIENTS:

1. Person performing maker entries
2. Maker entry in the database
3. Preparing of MIS
4. Generating of reports, Files
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters / reports to clients, Exchanges, SEBI
8. Attending calls, etc

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his/her supervisor who shall have to obtain/continue to have NISM-SORM Certification or such other prescribed certification at all times

Policy on Code of Conduct for Prevention of Insider Trading

A. PRESERVATION OF “PRICE SENSITIVE INFORMATION”

Employees and Directors shall maintain the confidentiality of all Price Sensitive Information. Employees and Directors must not pass on such information directly or indirectly by way of making a recommendation for the purchase or sale of securities.

NEED TO KNOW:

Price Sensitive Information is to be handle on a “need to Know” basis, i.e. Price Sensitive Information should be disclosed only to those within the organization who need the information to discharge their duty and whose possession of such Information will not give rise to a conflict of interest or appearance of misuse of the information.

LIMITED ACCESS TO CONFIDENTIAL INFORMATION:

Files containing confidential information shall be kept secure with Compliance officer. Computer files must have adequate security of login and pass word, etc.

CHINESE WALL:

To prevent the misuse of confidential information the organization shall adopt a “Chinese Wall” policy which separates those areas of the organization which routinely have access to confidential information, considered “inside areas” from those areas which deal with sale/marketing/ investment advise or other departments providing support services, considered “public areas”. Accordingly “Dealing room” at Citi Mall is identified as inside area where as “Administrative Office” is identified as outside area.

The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.

The employees in inside area are demarcated and physically segregated in trading office from employees in public area in back office

In exceptional circumstances employees from the public are may be brought “over the wall” and given confidential information on the basis of “need to know” criteria under intimation to the Compliance officer.

B. PREVENTION OF MISUSE OF PRICE SENSITIVE INFORMATION:

Employees/ Director shall not use Price Sensitive Information to buy or sell securities of any sort, whether for their own account, their relative's account, organization's account or a client's account. The following trading restrictions shall apply for trading in securities.

1. Pre clearance of Trades

All Directors/ Officers/ Designated employees of the organization who intend to deal in the securities of the any company above 1% of paid up capital of that Company shall obtain pre-clearance the transactions from the Compliance Officer.

C. OTHER RESTRICTIONS:

All Directors/ designated employees shall execute their order within one week after the approval of pre-clearance is given. If the order is not executed within one week after approval is given, the employee/ Director must pre clear the transaction again.

Analysts, if any, employed with the organization while preparing research reports of a client Company(s) shall disclose their share holdings/ interest in such Company(s) to the compliance officer.

Analysts who prepare research report of a listed company shall not trade in securities of that company for thirty days from preparation of such report.

D. PENALTY FOR CONTRAVENTION OF CODE OF CONDUCT:

Any employee/ director who trades in securities or communicates any information or counsels any person trading in securities, in contravention of the code of conduct may be penalized and appropriate action may be taken by the organization.

Employees/directors of the organization who violate the code of conduct may also be subject to disciplinary action by the company, which may include wage freeze, suspension, etc.

The action by the organization shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Policy on Investor Redressal Mechanism

CRKSSBPL has designated E-mail ID investors@crksons.co.in which should be availed by the client for conveying grievances. Investor grievance register is maintained and compliant are recorded as soon as they are received. Complaint if received is immediately attended by Compliance Officer & if not resolved within 7 days then the same is escalated to Directors.

Policy on Margin collection and Reporting

Following practice is generally observed in respect of collection of mandated margin from clients in respect of F & O segment.

1. It is the policy of the company to collect mandated initial margin from clients in respect of F & O segment before allowing any exposure to any of clients.
2. Most of the time, this margin is collected by way of cheque but if any client is desirous of depositing approved securities then the same is transferred from his BO account to Company's BO account.
3. In respect of old trading clients with long period or with good payment records:
 - a. Exposure is allowed on receipt of physical instrument being either cheque or Demate shares Delivery Instruction slip(DIS)
 - b. The cheque so collected is posted in client's accounts and credit balance of his ledger after considering said cheques is informed to dealers for allowing him to take exposure in F & O segment
 - c. Such all cheques along with other regular cheques of clients for various obligations in various segments are accumulated during the day and are deposited in banks for realization on the same day or by next working day.
 - d. Likewise such DIS so collected are sent to his Depository Participants for getting his shares transferred to Company's beneficiary demate account dedicated for margin.
4. In case of new client, exposure is allowed only after cheques are deposited in the Bank.
5. While reporting margin to Exchange in MG13, if there are any shortfall in mandated initial margin, following credit balance are considered and the same are transferred in end of day (EOD) process.
 - a. BSE Cash segment
 - b. BSE F & O segment
 - c. SLB Segment