

Internal Controls

INTERNAL CONTROLS: Internal controls are in place at all levels in the organization. The activity wise details are as under:

Registration of Clients: A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is allowed to the clients only after successful upload of "Unique Client Code". Receiving, Validating & entering orders of the clients in the trading platform: Orders are received on phone. The orders are placed in the trading platform and confirmed immediately on phone itself. Some preferred clients are also informed as and when their order gets executed.

Sales Practices followed by the Trading Member: Not Applicable

Closure of Client accounts/Dormant accounts: On receiving request from clients for closure of accounts the staff members are instructed to verify their accounts and once the client account is clear in all respect the account is closed from our end and the same is intimated to the client.

For dormant accounts, the clients who have not done any transactions for a period of one year are temporarily suspended from our end and will be de-activated from back office. The account will be activated only once we receive a written request along with proof of identity and all other details from the concerned client.

Order Receipt and Execution: Orders are received from the clients telephonically or personally and are executed as per the instructions of the clients. Dealers receiving the telephonic orders make necessary verification before executing the orders. At most of the locations, the telephone lines are recorded for which logs are maintained for a period of 1 month. There is system of trade confirmation telephonically on the numbers given by the clients in the Account opening form. No discretionary powers are exercised at any location to execute client orders and if any client is interested for the same, he has to register for PMS which is a separate department. Controls like executing orders by personal visits and voice confirmation by the dealers are adopted for receipt of order from respective client only.

Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts to clients: All the Contract notes along with daily margin statement for the trades executed are centrally sent by email on daily basis within 24 hours trades executed to our clients. Log file are maintained for the contract notes sent to the clients. The quarterly statements are dispatch within the stipulated time by email. All clients are provided access to the web based back office where all the reports including contract notes, settlement obligation, daily margin reports, etc are provided to the clients.

Collection and Maintenance of Margins: We adhere to strict compliance in maintenance and collection of margins. Our RMS department keeps track of margin requirement of every client on continuous basis. Everyday the margin requirement as per MG13 is matched with margin available in cash as well as collateral received from clients and in case of shortfall duly collected from the respective clients in time and reported accordingly.

Monitoring of debit balances: Accounts department will send intimation to clients about their debit balances and they do weekly follow up. Clients whose debit balances are for more than six months they are given written letter to settle their account immediately.

Allotment, Surrender of trading terminals: Allotment of terminals will be done strictly on basis of NCFM/BCDE certificates of the user. On expiry of certificate validity the user is instructed to renew the certificate at the earliest. On resignation or in case the user is not renewing the certificate then we will surrender the trading terminals through NSE Enit.

Payment, Receipt of funds from/ to clients: Funds payment to clients will be done on the day of T+2 as per SEBI/Exchange rule. If clients requests for running account then the client account will be settled on quarterly basis.

All clients are requested to make their payments latest by T+1 day. On debit balances weekly reminders will be sent to them.

Receipt, Delivery of Securities from/to clients: Most of the clients are given Auto Payin/ Payout facility. For those not registered for Auto Payin/ Payout delivery of securities will done after considering debit/credit ledger balance in their respective accounts.

Power of Attorney: No POA is taken from any of the client/investor.

Square off of position/ Liquidation of securities without consent of Clients: We never square off of position/ Liquidation of securities without consent of Clients. If there is any debit balance or violation of margin from client we intimate them and with their consent we square off of their position/ liquidate their securities.

Policy for internal shortages: In case of internal shortages the purchaser will be credited with closing price on T+2 day and the seller will be debited with the same rate.

Risk Management: The Company has a separate Risk Management Policy.

Transfer of trades: Transfer of trades are not allowed. But in case if trades are to be transferred first we will intimate the exchange about the changes through NSCCL Clearing Management system and on receipt of modification confirmation successfully the trades will be transferred in our back office.

Monitoring of branches/Sub-brokers/DP operations etc: Branches are kept under continuous surveillance through our RMS and Coordination Department. Regular branch visits and internal reviews are carried out to ensure smooth functioning and proper management of the branches. As regards operations at branch level, all the back office related activities have been centralized at the corporate office of the company. The operations at the branch level are restricted to trading and collection of payments only. All other activities are controlled from corporate office only. Feedback from all the branch managers is received on continuous basis to analyze the status of operations at the branch.

Continuity Planning / Alternate plan in case of disasters etc: The Company has a CTCL server located at Head office and another Back up CTCL server is also located at our Head office. If any server is down, users can be shifted to the other server. Back up of the previous day is being restored to Back Up CTCL server which is running live to reduce down time in case of hardware failure. Further the databases are backed up daily & stored at remote location.

Compliance: We are committed to comply with all the requirements issued by exchange and other market intermediaries from time to time. We have compliance department in place for continuous monitoring of various compliances. In the preceding paragraphs, we have elaborated the various internal controls put in place to ensure strict adherence to all the rules and regulations. Department wise allocation of various compliances is also done to ensure day-to-day compliances.

PMLA: It is the policy of the company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Detailed PMLA policies & procedures have been drafted.

Investor Redressal Mechanism: Investor Satisfaction being of utmost importance, investor Redressal mechanism is the most important activity for which necessary mechanism and systems are in place. All the investor grievances are monitored and redressed by the Compliance Officer of the Company who reports directly to the Board of Directors and this essentially takes care of the necessary escalation in case of any long pending and serious complaint, otherwise the same are taken care of by the Compliance Officer with the support of the Compliance team. The clients can email their grievances on the email id 'investorgrievances@pumarth.com' which is displayed on our website and the same also mentioned on the contract notes and other correspondence if any sent to the client from time to time. All the mails received are duly monitored and redressed by the Compliance Officer. The register of grievances is centrally maintained for better control and monitoring, Thus the grievances received in writing, mail, verbally, etc. are centrally monitored and redressed and recorded with all the necessary steps taken for redressal of the same. Proper analysis is undertaken to analyse the nature of complaints received, pattern of complaints and concentration if any at a particular location, so that every effort is taken to remove the root cause of grievance by the client.

Branch & Sub-Brokers Audits: We have designated a Compliance team which is headed by the Compliance Officer for periodic inspection of Branch & Sub-Brokers Audit on periodic basis. We ensure that all the areas as per the exchange norms are covered under the inspection. After the inspection a report is provided to concerned office with findings of the inspection along with the suggestions for better compliance. We also ensure that Notice Board & SEBI registration certificates are displayed at the branch/ sub-brokers office. We have appointed the internal auditors as per the exchange norms. Findings & suggestions of the Internal Auditors are referred to audit committee which is designated to comply with the findings of the internal & rectify the discrepancies if any found.

Systems

Capacity of Systems with reference to volume: NEAT/FASTRADE 80 MSG VSAT – CAPACITY IDs 40.

Connectivity to Exchange & /to branches: We provide connectivity through VSAT.

Backup in case of disruption of connectivity: In case of disruption of VSAT connectivity full back up of alternate VSAT will be provided.