INTERNAL CONTROL & COMPLIANCE POLICY

Effective Date: As per SEBI Circular | **Classification:** Mandatory Compliance | **Applies to:** All Trading Clients

1. GOVERNANCE & INSTITUTIONAL MECHANISM

The Company has established a governance framework to ensure compliance with regulatory requirements and mitigate risks related to money laundering, fraud, and market abuse.

- A **Designated Director** shall be responsible for compliance oversight under PMLA.
- A **Whistleblower Mechanism** shall be maintained for reporting suspicious activities.
- The **Compliance Officer** shall function independently with direct access to senior management/Board.

2. CLIENT ONBOARDING & KYC

Client onboarding shall be conducted as per regulatory KYC/AML guidelines.

- Beneficial ownership shall be identified for non-individual clients.
- In-Person Verification (IPV) shall be conducted through permitted modes.
- Periodic updating of client records shall be undertaken.

3. MANAGEMENT OF CLIENT ASSETS

The Company ensures proper segregation and handling of client assets.

- Segregation of client and proprietary assets shall be maintained.
- Acceptance of funds only from registered client bank accounts, subject to regulatory guidelines.
- Handling of unpaid securities as per exchange norms
- Client funds shall be managed and up streamed in accordance with applicable regulations

4. RISK MANAGEMENT SYSTEM (RMS)

A robust RMS framework shall be implemented.

- Pre-trade validation shall ensure compliance with margin requirements.
- Dormant accounts shall be subject to defined controls prior to reactivation.
- Appropriate system-based and manual controls shall be implemented.

5. SURVEILLANCE & MONITORING

The Company maintains a surveillance mechanism to detect suspicious activities.

- Alerts shall be reviewed within prescribed timelines
- Suspicious transactions shall be reported to Financial Intelligence Unit-India.

6. INFORMATION TECHNOLOGY & CYBER SECURITY

The Company ensures strong IT and cyber security framework.

- IT systems, including DR/BCP, shall be maintained.
- Data security controls shall be implemented.
- Periodic audits and cyber audits shall be conducted.

7. INVESTOR GRIEVANCE REDRESSAL

Investor complaints shall be resolved within prescribed timelines via SCORES/ODR.

8. COMPLIANCE MONITORING & AUDIT

Periodic audits and compliance checks shall be conducted.

- Records shall be maintained and made available for inspection.
- Audit readiness

9. POLICY REVIEW

This Policy shall be reviewed periodically or upon regulatory updates issued by Securities and Exchange Board of India or other authorities.

ANNEXURE A – RMS MATRIX

- Real-time margin validation
- Exposure and concentration limits
- MTM monitoring
- Collateral valuation and haircut application

ANNEXURE B – SURVEILLANCE SCENARIOS

- Unusual trading activity
- Circular trading / wash trades
- Common identifiers (IP/device/contact)
- Pump & dump patterns
- Off-market irregularities

ANNEXURE C – AML / PMLA TRIGGERS

- KYC inconsistencies
- High-risk clients (PEPs, jurisdictions)
- Disproportionate transactions
- Third-party funding
- Frequent structural changes

ANNEXURE D – SOP FOR STR / CTR FILING (FIU-IND PORTAL)

1. Objective

To establish a standardized procedure for identification, escalation, and reporting of Suspicious Transaction Reports (STR) and Cash Transaction Reports (CTR) in compliance with PMLA requirements.

STR:

- Alert identification
- Review & investigation
- Escalation to Principal Officer
- Decision & documentation
- Filing on FIU-IND portal

CTR:

- Monthly reporting of cash transactions exceeding thresholds.