

CONSORTIUM CAPITAL PRIVATE LIMITED

Internal Control

Overview

The internal control policies defines the measures to be adopted by the organization to facilitate the day to day operations of the company. These measures will aid and assist the employees in their work

Scope

This policy shall apply to all the employees of Consortium Capital Private Limited in all locations including the non-executive directors, temporary employees and contracted staff.

Policy

The policies of the organization with regards to its various operations are detailed below:

CLIENT REGISTRATION

The internal control procedure regarding client registration has be

- a) Procedure that needs to be observed at the time of registration
- b) Procedures to be followed after registration.

A. Internal Control procedures to be observed at the time of Client Registration

- (1) At the time of registering a client, the client shall be informed in writing about mandatory and any additional clause or documentation.
- (2) Additional documents shall state at the beginning in bold that the document is voluntary.
- (3) However, if such documents are required in order to ensure smooth functioning of special facility such as internet trading offered by the company, the client shall be informed in writing clearly that such documents are voluntary and the client need not execute such documents if he / she does not wish to use that facility.
- (4) Such documents shall also recognize specifically the right of the client to terminate the document. In such an eventuality, the company may terminate the special facility.
- (5) No documentation shall give any exclusive right or control to the company or third party over the DP account or ledger account or bank account of the client except to the extent of and restricted to the client's obligation to the company in respect of the transactions done or to be done (like up-front margin) by the company on behalf of the client on the Exchange.
- (6) In-person' verification should be done by office employee while registering the clients, including clients of their branches and sub brokers, and that this function is not outsourced. Further the date of verification; name and signature of the official who has done in-person verification and the stamp of the member should be incorporated in the client registration form.

B. Internal Control procedures to be observed after Client Registration

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- (1) Upon registration of a client, company shall deliver to the client a copy of the duly completed documents viz. Client registration form (KYC), Member Constituent Agreement/Tripartite agreement, Risk Disclosure document and also a copy of any other document executed by the client.
- (2) The trading code and the unique client code allotted to a client and the email id furnished by the client for the purpose of receiving electronic contract notes and other details, shall be communicated by the company through the KYC form or otherwise in writing to the clients.

CONTRACT NOTES

The following procedures needs to be observed with regard to Contract note:

1. The contract note shall be issued in such format as specified in the NSE (Capital Market) Trading Regulations.
2. The Contract Note shall be send note to the client within 24 hours of the transaction day.
3. Proof of delivery of such physical contract notes shall be maintained.

Mode of payment and delivery

There should be no acceptance of cash from the client whether against obligations or as margin for purchase of securities and / or issuance of cash against sale of securities to the clients.

1. All transactions with the clients shall strictly be done using account payee crossed cheques / demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI.
2. Only cheques drawn by the clients shall be accepted. Similarly, cheques shall be issued in favour of the clients only, for their transactions.
3. Similarly, in the case of securities also giving / taking delivery of securities in "demat mode" shall be directly to / from the "beneficiary accounts" of the clients.

STATEMENT OF ACCOUNTS

1. Complete 'Statement of Accounts' for both funds and securities in respect of each client in such periodicity not exceeding three months shall be sent to clients within a month of the expiry of the said period. The Statement shall also state that the client shall report errors, if any, in the Statement within 30 days of receipt thereof to the Company.
2. Complete 'Statement of Accounts' for both funds and securities in respect of each client in such periodicity not exceeding three months (Calendar quarter) shall be sent to clients within a month of the expiry of the said period. The Statement shall also state that the client shall report errors, if any, in the Statement within 30 days of receipt thereof to the Company."

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DEALINGS WITH CLIENTS

Financing of securities transactions and transfer of securities & funds

1. The Company shall not be a party to any agreement or arrangement, directly or indirectly, entered into between its clients and any person including their subsidiary / holding company or group company, to fund the transactions executed by the company on behalf of their clients, or recognise or act in accordance with any such agreement or arrangement entered into by the clients with any person.
2. The Company shall not entertain, any instructions to trade in securities or transfer funds or securities, from any entity other than the clients, by prior arrangement or otherwise to facilitate financing clients' transactions.
3. The Company shall not obtain any authorisation or power of attorney, for operating the depository and / or bank accounts of clients who avail financing facility for securities trading, conferring rights for operation of such accounts exclusively by the company.
4. The Company shall not also otherwise finance or act as a conduit or front for financing any secondary market transactions entered into by their clients, directly or indirectly except in accordance with the regulatory provisions of Margin Trading Facility and Securities Lending and Borrowing.

DEALINGS WITH INTERMEDIARIES

Dealings by branches, intermediaries, authorised persons etc

1. The employees/ Directors shall ensure that receipt or payment of funds and securities are only from or to the respective clients and not from other person (including sub-broker, branch official, authorised person, dealer, etc.,)
2. The employees/ Directors shall ensure that the persons operating the terminals, while placing orders on behalf of a registered client, do not use the 'remarks column' without proper explanation or to put codes which could later suggest the existence of one or more ultimate clients;
3. The employees/ Directors shall ensure that the persons operating the terminals use proper client code in respect of the orders received from such clients and do not combine orders of different persons;
4. The employees/ Directors shall ensure that the no margin/pay-in obligation/pay-out adjustment is done among clients or between clients and sub-brokers, authorised persons, branch officials, dealers, etc.,
5. The employees/ Directors shall ensure making and receipt of payments only by 'Account Payee' cheque or by direct bank debit/credit and not dealing in cash;
6. The employees/ Directors shall ensure that the sub-broker, branch official, authorised persons, dealers, etc., do not issue any contract note, bill, confirmation memo, debit/credit note etc., to the clients, unless it is issued in the name of the Company under written authorisation from it;

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7. if the Company is also a Depository Participant for the client, sub-broker, authorised person, branch official, dealer etc., then to watch for unexplained, frequent or large off-market transfers.
8. The employees/ Directors shall ensure that the clients using or frequenting such premises do not indulge in such activities using the premises, name or accounts of the Company or their sub-brokers etc.
9. The employees/ Directors should undertake surprise inspections of such places to ensure prevention of any activity in violation of the Regulations.

Guidelines for location of CTCL terminals and usage thereof

The Compliance Officer/ Principal Officer of the company must ensure that the trading terminals are located only in the main / branch offices of the company or in the office of a registered sub-broker of the company for the operations of the company.

Use of terminals, placing of notice boards

The Company shall display, in all their offices / offices of their registered sub brokers where trading terminals are located, notice boards/plates at prominently visible locations, painted / printed in a permanent manner, in a font and colour which enables easy reading of the subject matter and containing details as prescribed.

BOOKS OF ACCOUNTS AND OTHER DOCUMENTS

Maintenance of client wise, scrip wise Register of Securities

The company shall maintain for both CM and F & O segments a documents register (Register of Securities) including full particulars of shares and securities received and delivered, for a period of five years.

The company shall maintain a Register or ledger account of Securities, clientwise and securitywise, giving inter alia, the following details viz. date of receipt of the security, quantity received, party from whom received, purpose of receipt, date of delivery of the security, quantity delivered, party to whom delivered and purpose of delivery”.