



Bhogilal Trikamlal Securities Pvt. Ltd.

MEMBER: BSE LTD. & NSE LTD.

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Internal Control Policy

INTRODUCTION:

This is a policy document for guiding the operations of the organization. This Document is for internal use and not for 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: which is used to identify the client.
 - b. Residential Address is taken with the address proof which are the document specified by exchange i.e. Ration Card, Pass Port, Voters ID or Driving License.
 - c. Also taking photo identity proof of Pass Port, Voter Ids, 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 of all Clients.

All these document 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 is 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 DOCUMENT:

Trading in securities market involves risks of various nature. 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 & PAYMENTS 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 by 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 or as per the SEBI guideline changes at regular time intervals.

Refusal of orders for Penny Stock

- The broker reserves his right to accept orders for buy or sell of stocks that quote at a relatively low price or have low floating stock or are referring to Z group/T group restriction or restrictions on ASM/GSM securities appearing in SMS list. He will not be held responsible for any loss of opportunity by the client.

B. Setting up client's exposure limit:

- The Client is aware and agrees that trading exposure limit provided to each client may not be of same multiple, and it is discretionary prerogative of the broker to allow distinct permissible exposure to each client. The broker may seek upto 100% margin before accepting any order.

C. Brokerage rate:

- Brokerage will be charged to the clients at rates not exceeding the limit prescribed & permitted by the Exchange & SEBI. Other charges like exchange transaction charges, STT, GST, Stamp Duty, KRA charges, Cheque return charges may also be recovered.

D. Imposition of penalty / delayed payment charges by either party, specifying the rate and the period not resulting in funding by the broker in contravention of the applicable laws

- The Client has executed a 'Running Account authorisation' in favour of the broker with intent to have ready margin to meet his or her or their trading needs. No interest is payable by the broker on credit balances, if any. Moreover, the broker is not into the business of funding client positions, hence delayed payment charges will not be charged.

E. The right to sell client's securities or clients' positions, without giving notice to the client, on account of non-payment of client's dues (this shall be limited to the extent of settlement / margin obligation)

We refer to the SEBI circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75 on "Handling of Clients' Securities by trading Members/ Clearing Members" dated June 20, 2019 read in line with the updated FAQ's dated 27th Sep 2019, which will be in effect from 1st October 2019. To view this circular SEBI Circular, it has necessitated a change in policy and procedures with respect to retention/ handling of securities and square off policy. We hereby communicate the modification in our existing policies and procedures.

Securities handling/ retention policy:

- 1) Entire Securities received in settlement payout will be transferred to the client beneficiary owner account (BO), if the total amount outstanding from the client is

realized in full by way of receipt of clear funds, considering the future obligation of unsettled transaction and margin payable on the same.

- 2) In case of partial payment, all the securities shall be retained, however, based on client instruction subject to retention of securities as a collateral for the amount outstanding, excess securities will be transferred to client BO account after applying prevailing haircut as per scrip category as determined by Bhogilal Trikamlal Sec Pvt Ltd. (BTSPL).
- 3) (a) Clients' securities shall be transferred to the CLIENT BENEFICIARY a/c via direct payout or transferred to the "Client Unpaid Securities Account" (CUSPA) depending on the discretion of the stock broker. No securities shall be kept in the CUSPA beyond 5 days from the date of payout.
(b) We may, however, at our discretion, transfer the unpaid securities to Client BO account in case the client is having BO account with BTSPL and has executed POA of the Demat account for transferring securities against obligation, in favour of BTSPL.
- 4) In the event of non-payment, within 5 trading days from the date of pay-out., in proportion to the amount not received and after taking into account any amount lying to the credit of the client, it will be the Broker's discretion to either DISPOSE - OFF/SELL the securities. The balance shall be transferred to the Client Beneficiary Account.
- 5) As the SEBI Circular No.CIR/HO/MIRSD/DOP/CIR/P/2019/75 dated June 20th 2019 read in line with the updated FAQ's dated 27th Sep 2019 mandates liquidation of securities in case of non-payment within 5 working days from the pay-out date, NO PRE-ORDER TRADE CONFIRMATION is required for the same. The Shares lying in the CUSPA shall be sold on FIFO basis.
- 6) The client may want to sell some other securities lying in their respective Demat account within the 5 days from the payout instead of the securities lying in the CUSPA. In this case the client shall do an EARLYPAYIN of these securities to the "Pool Account" of the Broker and give a written consent duly signed by the Trading Account holder for the same. Only after these securities are disposed-off and the formalities are completed to the satisfaction of Bhogilal Trikamlal Securities Pvt. Ltd., the securities in the CUSPA shall be transferred to the "Client Beneficiary Account".
- 7) It shall be noted that Bhogilal Trikamlal Securities Pvt. Ltd. shall not allow the client to initiate a buy trade as further exposure shall not be allowed if the old debit is not realized in full by way of receipt of clear funds in the bank account of Bhogilal Trikamlal Securities Pvt. Ltd. or by way of realized payout as a result of liquidation by the Trading Member read in line with the para 2(d) of the SEBI Circular ref No.CIR/HO/MIRSD/DOP/CIR/P/ 2019/75 dated June 20th 2019 and the FAQ dated 27/09/2019 pt 19 page 7.
- 8) "Client unpaid Securities Pledge a/c" shall be used for the purpose of holding clients' securities for margin purposes or for transferring to the Clearing Members. These securities held in the "Client unpaid Securities Pledge a/c" shall be released to the clients along with their funds' settlement (i.e. once in every 30/90 days after making the necessary retention in accordance with NSE circular NSE/INSP/36889) dated Feb 2nd 2018. The broker shall retain 225% of securities in client margin a/c in case of debit.
- 9) In case there is a shortfall after the selling of securities from the CUSPA the client shall

be liable to pay the balance.

- 10) Securities can be transferred from "Client unpaid Securities Pledge a/c " or " CUSPA" to the "Pool Account" for selling these securities.
- 11) In exceptional scenario, where inter-depository transfer is not available i.e. SGB, G-sec,... the client will have to open an account in the relevant Depository.

Square off policy:

- 1) Open positions in CM segment may be squared off on T+7 days in either of following circumstances to the extent of due debit and unsettled obligation amount if any;
 - Ledger Account is in debit for 5 continuous days and payment is not realized by the T+6th day, or
 - Securities Remain unpaid on clear fund basis for T+7 days, or
 - Total asset cover (Including shares in BO POA account offered as collateral) to debit falls below 120% on realtime basis)
- 2) Payment made to Bhogilal Trikamlal Sec Pvt Ltd. will be recognized and credited on real time basis. Such payments made need to be informed with proof by sending email to investors@btsec.co.in and will be considered only on realization on next working day.
- 3) In case of square off, securities available in unpaid securities account/ Client unpaid Securities Pledge a/c(s) may be sold proportionate to the outstanding amount or based on liquidity/ depth in market on a FIFO basis.
- 4) On the day of square off, Client will be put on square up mode/100% margin without collateral margin benefit. No fresh exposure will be allowed on square off days unless on receipt of clear funds.

Ledger balance for the purpose will be considered on the basis of realized balance excluding unclear cheque credit.

However, management at their sole discretion may take any informed decision to deviate from the aforementioned policy in certain instances on a case to case basis.

F. Shortages in obligations arising out of internal netting of trades:

- There could be instances when a client does not deliver shares against the sale position, and coincidentally another client is to receive shares of the same scrip. In such a scenario the position will be subject to the broker's discretion:
- (i) The Settlement positions will be closed by the broker at valuation rate above 20% then the market rate.
- (ii) The benefit calculated during the next days price after the payment day shall be recovered from the defaulting client & passed on to the respective beneficial client.
- (iii) Process of self-auction shall be followed through the ICCL.

G. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client (as per SEBI circular No. CIR/HO/MIRSD/DOP/CIR/P/2019/75, dated 20th June, 2019 and the FAQ dated 27/09/2019)

- Under any of the circumstances, such as, client's failure to meet pay-in or margin obligations or clearance of outstanding/debit balance with broker before permissible time limit or beyond such period as may be allowed by broker as per its RMS policy, the Client may not be permitted to take any fresh or further position until the full clearance of earlier dues, obligation, outstanding etc. Even, broker can firstly set-off or adjust the payment

or securities towards various dues and obligation of the client and until the full clearance of the same, shall not allow the client to take further / fresh position.

Further, it would be the duty of the client to monitor his/her/its position with the Broker from time to time. In case of any delay or failure in meeting any obligation, margin requirements etc. from client side, broker might close the existing position or open position WITHOUT ANY FURTHER INTIMATION to the client as per RMS policy. Such Circumstances may include (but not limited to):

- (i) failure to meet pay-in obligation on T+1 day,
- (ii) delay in meeting the pay-in or margin requirement,
- (iii) delay or failure in clearance of outstanding or dues to the broker,
- (iv) returning or frequent returning of cheques of the client,
- (v) Unnecessary / Unwarranted dispute from client without any substantial cause / reason,
- (vi) Client's attitude of not coming to the amicable settlement for any dispute that can be settled without involvement of Exchange and / or SEBI.
- (vii) As per prevalent RMS policy of the Broker,
- (viii) Any direction from SEBI/Exchange or such other authorities,
- (ix) Under such other circumstances as the Broker might think just and proper on case to case basis.

H. Temporarily suspending or closing a client's account based at the client's request

- The Broker and/or client may suspend Client's Trading Account from further dealing in the securities market through the broker in following circumstances:
 - (a) as per Client's prior written request along with account closing form duly signed by him and submitted to Broker at its Mumbai H.O. duly acknowledged by Broker (subject to clearance of entire outstanding/obligations) at least 3 days in advance,
 - (b) Dormant or in-active status of client beyond specified time limit as may be prescribed by Broker,
 - (c) Under any circumstances mentioned in (i) to (ix) above.
 - (d) For reactivation of the account all the new compliance/formalities of SEBI along with a new account opening form.

I. Deregistering a client

The stock broker shall be entitled to deregister a client with immediate effect or at the absolute discretion of the member by giving 30 days' notice in any of the following case:

- (i) Regulatory actions of the SEBI or any of its arms;
- (ii) Commencement of a legal process against the client under prevailing laws of land;

- (iii) Death or lunacy or disability resulting in inaction of the client.
- (iv) Breach of any term, condition;
- (v) Detection of misrepresentation of facts by the client;
- (vi) The client having voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking;
- (vii) If any covenant or warranty of the Client is incorrect or untrue in any material respect;
- (viii) When the activities of the client are not justified by its profile.

J. Dormant / Inactive Client Account:

It is the broker's discretion to treat a client account as dormant / inactive if there is no activity in an account for more than two years from the last trade. In such cases, the client has to make a written request for reactivation of his trading account, with recent proofs and any upgradation in the KYC form.

- K. Return of client assets: When a client is declared as inactive all the securities of the client are transferred to the Demat account of the client. The funds belonging to the client shall be returned to the client. If for any reason the funds and securities of the client cannot be transferred to the client's bank account or Demat account then the same shall be transferred into a separate account of the organization. The funds will be held in our bank a/c no: **008620100002387 (Client a/c)** and securities will be held in our Demat a/c no: **1204170000029408 (Client unpaid Securities Pledge a/c)** until organization hears from the client or their representatives.

I/We have fully understood the above and do hereby sign the same and agree not to call into question the validity, enforceability and applicability of any provision/clauses of this document. These policies and procedures may be amended unilaterally by the broker, provided the amendment is informed to me / us. These policies and procedures shall always be read and shall be compulsorily referred to while deciding any dispute or claim between me / us and broker before any regulator or arbitrator or court of law.

- L. Code Modification Policy: BTSP does not allow modification of client codes except in cases as mentioned in the Policy for Error Account