

## **Policy On Internal Control System**

### **Introduction**

The company is Securities and Exchange Board of India (SEBI) registered Stock broker of the National Stock Exchange of India Ltd. (NSEIL) & BSE LTD.

### **Background**

To protect the risk arising from any unforeseen events that may occur, it is required by the exchanges to frame an Internal Control Policy.

### **Registration of Clients**

We follow dual check registration of clients, in Trading Segments. All the client registration kits along with necessary documentary proofs are being checked with original documents at our registered office. All these registration kits are being dual checked at our corporate office before allotment of UCC.

The Exchanges and SEBI are issuing circulars mentioning the names of clients who have been suspended for trading in the securities market. We block that name in our back office software. If any clients of the same name apply for allotment of client code, our system generates a pop up at the time of making entries in the software. This ensures that no defaulted / suspended clients get registered with us.

A regular training programme is being arranged for training and orientation of front office staff, which receive and check the client registration kit.

Only after successful upload of the UCC file, the client gains the active status in our back office software. All the clients are being mapped for trading only after verification from back office software.

### **Following Activities are done before Registration of Clients:**

- **Client Visit:** Client is visited by our representative to prove the existence of the client and address provided by the client.
- **Documentary Evidence:** Proper documentary evidence is taken from clients and is verified with original evidence to prove the actuality. Evidence is rechecked by the designated person sitting at Head Office.
- **KYC Norms:** We always comply with the KYC norms prescribed by SEBI and

exchange and comply with all the documentary requirements.

- **PAN:** PAN is verified with the Income Tax website for its authenticity.

### **Receiving, Validating & Entering the orders of clients in trading platform**

All the clients are mapped to the trading terminals of respective dealers only. One client cannot enter trades from multiple locations except from the surveillance department. Most of the orders are received over telephone and entered in the respective client code as instructed by the client. All the trades are being confirmed after-market hours with the respective clients by the dealer who is executing his / her trade.

### **Collection and Release of Payments**

Collection from clients is being done on a T+2 basis. However, if the client has a liquid position in another segment / exchange, payment flexibility may be allowed. Daily reports of the portfolio valuations are being made to control the risk. Limits of clients are being set on the basis of the portfolio of clients with us.

Payment to the client is being made on the request of the client. We are maintaining a running account of clients for which we have authority from the respective clients. This authority letter forms part of our client registration Kit.

### **Collection and Delivery of Securities of Clients**

Collection of securities is done as per pay in requirements. For delivery of securities to the clients we maintain the same procedure as in case of payments.

### **Operations and Compliance Requirements**

The Compliance officer is looking after operations and Compliance requirements of the Exchange/s. Circulars issued by the exchanges are being taken care of by the compliance officer. All the relevant circulars are communicated to the respective departments / branches automatically on a daily basis. The Compliance officer, to ensure compliance at branch level, conducts regular visits to all the branches. Further, test check is done of all the client registration kits and acknowledgement on contract notes.

### **Payment of Dividend**

Dividend is distributed among the clients within 7 days of receipt of the same. Proper record of entitlement and distribution is maintained both in soft and hard form. Test check is done on these records on a regular interval.

**Continuity Plan / Alternate plan in case of disasters etc.**

We have fully operational offices at different locations as backup in case of disaster at any particular office. We periodically take back up all the data and are safely preserved for recovery in case of disaster. Power failure is the most common factor that interrupts the continuity of trading. To ensure uninterrupted power supply we have following infrastructure:

- Power KVA UPS/ KVA Generator at our registered office.
- To ensure connectivity we have alternate sources of connectivity. In case there is interruption in the lease line there is appropriate back up of V Sat for the entire user lds.

For R K Global Shares & Securities Limited

Sushil Kumar Dhancholia  
Compliance Officer