



GEPL CAPITAL PVT. LTD.

GEPL COMMODITIES PVT. LTD.

# **INTERNAL CONTROL POLICY**

## INTERNAL CONTROL POLICY

**GEPL Capital Private Limited.**, a SEBI registered Stock Broker and Depository Participant follows a system for internal control with a view to ensure that the rules and regulations of Regulators, Government agencies , Exchange, Depositories and other authorities are complied with and the internal control and risk of the organization is managed in a smooth manner. For this purpose the company from time to time has laid down certain policies and guidelines. GEPL tries to ensure that all the requirements of the Regulators, Exchanges, Depositories, Govt. Agencies etc. are incorporated in respective policies or formulated as a separate policy.

However there may be difference in names or presentations as it also incorporates other guidelines for its internal controls. All care has been taken by the Board of Directors to ensure that there is no lapses in the same. Even if, any guidelines has escaped attention it shall be deemed to have been incorporated in the spirit of such guidelines. In case of any contravention in the policies and guidelines laid here under the policies/guidelines of Regulators, Exchange, Depositors etc. shall prevail. The company has a compliance team led by compliance officer, sales and marketing team, research unit and a suitable back office team to ensure smooth operation. Over and above the company has an internal audit system to commensurate to the size of the operations.

GEPL reserves right to make changes in the Internal Policies and Procedures, as may be required from time to time. Such changes shall be uploaded on GEPL's website. These policies are reviewed in the meeting of Board of Directors from time to time. These policies are applicable across organization wherever applicable.

Various policies/guidelines are as under:

### **1) Client Registration, Documents and Maintenance:-**

#### **Policy for acceptance of Clients**

Opening of Client account is through RM, Sub-Broker, AP (Reminiser), introduce by staff of GEPL and referral Clients. Before we open any trading account we follow all the due diligence as per the guidelines by SEBI and Exchanges, which includes in person verification, income details, net worth of the Client etc. KRA if not done, should be completed with KRA authority.

## **Registration of Clients**

We currently retain newly open KYC form in H.O for three months and thereafter transferred to our Godown situated at Karjat, which has all sort of security and check system.

Before registration of account, we check with the requirements of the various FATF public statements and updated UNSC lists which are circulated by the exchanges.

While opening the account we have a team of 4 people in KYC department whom we have segregated into Checker, Maker & in person verification.

Final Checking by including interview, if required, by KYC team.

We are maintaining the documents duly filled in the prescribed format for all our Clients.

We have 2 people involved in this maker checker process for verification of Documents and forms, maker does the entry part and checker verifies the details along with the form and documents and sends the same for activation.

We do this by taking following measures. We do in person verification of the client; verify all his documents with original, collect appropriate margin.

We do enquire about the annual income for individual client and for non-individual we ask for balance sheet. Also we verify and do the in person verification about his status by seeing his office or residence.

Records are maintained at the Head Office Level and the forms are sent to our office go down at Karjat and arranged there serially. We conduct internal KYC audit and checked the forms.

We send along with the statement of account an income disclosure form annually and ask client to provide all details as mentioned in the form and send it back to us with proof such as recent salary slips or audited Balance-sheet.

## **2) In Person Verification Process**

With regard to the requirement of SEBI and Exchanges of in-person' verification (IPV), to bring uniformity in the KYC procedure across intermediaries, the IPV requirements for all the branches , AP and SB's have now been streamlined as below:

- It shall be mandatory for all the HO employees, Branches, AP's, SB's, etc., to carry out IPV of their clients.
- The employees shall ensure that the details like name of the person doing IPV, his designation, branch, with his signatures and date are recorded on the KYC form at the time of IPV.

- In case of sub-brokers or Authorised Persons (appointed by the stock brokers after getting approval from the concerned Stock Exchanges in terms of SEBI Circular No. MIRSD/DR-1/Cir-16/09 dated November 06, 2009) can perform the IPV.
- In case of Mutual Funds, their Asset Management Companies (AMCs) and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds (AMFI) and have undergone the process of 'Know Your Distributor (KYD)', can perform the IPV.

However, in case of applications received by the mutual funds directly from the clients (i.e. not through any distributor), they may also rely upon the IPV performed by the scheduled commercial banks.

- The employees of the company (HO, branches, Authorised Persons, Sub-brokers, etc.) visits client in person for the account opening requirements and to ensure the completeness of the registration documents. In some cases, client personally visits the broker' office and/or branches to complete the required documentation for the opening of an account.
- Web-cam facility for verifications of the clients will be available where it is practically inconvenient to visit.
- Along with the welcome letter a copy of complete set of KYC documents will delivered to the client immediately on activation of his/her Account to ensure the existence of the client as well as his address and other information's /disclosures provided.

### 3) Dormant/Inactive/Suspended/Closed Clients

#### Dormant-

- a. If Clients does not trade for a period of one year at a stretch, he is mark as dormant. Once a Client is marked dormant in back office and his code is blocked in CTCL/IML system, no order from such client is executed till either a written request for activating his trading code is received or client personally comes and sign the request letter.
- b. For Reactivation of Account of dormant client, we are taking below documents:

Reactivation form  
 Running Account Authorisation  
 Income details  
 Modification form if any

### **A suspended account-**

A suspended account is activated only on receipt of all updated KYC documents or on fulfillment of reason of suspension. An account may be suspended by the compliance officer, if client fails to meet his obligation time & again or has a continuing High Risk profile.

### **Closure process-**

In closure of account we do insist client to give closure letter for the same. In case of one client want to shift from one place to another we facilitate the same.

Branch send request letter received from client to transfer his/her account from one branch to another branch to HO and in HO after confirmation with the same client we allow to transfer client from one branch to another branch.

#### **1. Once the closure received from the client**

**The following details verified:**

- 1. DP ID and Client ID**
- 2. Existing details like name and address - it should match the records.**
- 3. Reason for closing the account. All holders are required to sign the closure request form. POA holder (if any) cannot sign the closure request.**

#### **2. Closure initiated in back office system**

#### **3. Closure confirmation sent to the client via courier.**

## **4) KRA Process**

### **KRA Process- Fresh Accounts**

KRA Process starts once account gets opened in LD System

1. We generate KRA Batch file from Back office system
2. Once data file is exported then save file on desktop
3. Then Upload data file on KRA Site through KYC Bulk upload option

4. Once data file is uploaded SUCCESSFULLY then need to upload Self attested Documents with IPV stamp. Documents like PAN and Address Proofs along with KRA Page.

#### **KRA Process for existing client**

1. Request sent to the client to provide KRA Form along with Pan card and Address proof with self-attested
2. If document not received in prescribe time Account inactivated/suspended by sending notice to the client.

#### **KRA Process- For Modification**

Post client details is Modified in Back Office system, we check and change the details on KRA site if required and then upload relevant documents on KRA.

### **5) CKYC process**

#### **For Fresh Accounts**

CKYC Process starts once account gets opened in LD (Back office System)

1. Check whether client CKYC registered or not in CKYC search option.
2. If not than KYC image scanned and crop as per CKYC requirement
3. We generate CKYC Batch file from Back office system/utility
4. Once Data file created than exported to CKYC portal (File Zilla)
5. Once data file is uploaded SUCCESSFULLY after confirming with response file
6. CKYC Number has been updated in Back office software.

#### **For Modification**

Post client details is Modified in Back Office system, we check and change the details on CKYC site if required and then upload relevant documents on CKYC portal.

### **6) Applicable Brokerage Rate:**

GEPL follows the policy of charging brokerage not more than the maximum permissible brokerage as per the rules and regulation of the exchange/ SEBI. Brokerage shall be charged as

per the rates agreed upon with the client at the time of registration. The brokerage is however subject to change at the discretion of BNK in consultation with the Client.

The brokerage amount debited to the client does not include any exchange related charges, statutory levies and any other charges. Any other applicable taxes imposed by statutory authority including securities transaction taxes, duties, service tax, etc. will be paid by the client separately as may be levied on the transactions from time to time.

## **7) TRADING POLICY:**

Active Client master list should be uploaded in the trading terminal and all the orders from the clients should be checked for the client codes in the list. This will ensure minimal wrong code punching by the dealers.

Dealers should be vigilant in executing the orders of the client. They should check & report to senior authorities if any client is giving order of abnormal quantity or rates or orders for trading in penny & illiquid stocks.

Every client should be contacted after the market hours for trade confirmation. The clients should be asked for the settlement of their obligation before settlement date of the exchange.

However all telephonic communication in the dealing room is record on a voice logger, logs of which are maintained for a reasonable period of time even after settlement of trade.

Staff/dealer should check the margin availability / credit limit of the client before executing any trade on his behalf.

## **8) REPORTING POLICY**

***Sending Contract Notes, Daily Margin Statement and Quarterly Statement of Accounts to clients.***

After the trading time the trade data is imported and the Contract notes are generated at Head Office (HO), Mumbai. Contract note to the Head office clients are sent form HO. Contract note of Branch Clients, sent from respective Branches and POD's are maintained accordingly at HO and Branches respectively. We are issuing physical contract note to every

client. We maintained all duplicate copies of contract note send to client by filing the same in office file.

We send Contract note margin statement & quarterly statement of Accounts physically and maintained POD.

With a view to migrate to digital contract system we are also sending digital contract notes to the clients on request of the clients. We are encouraging the clients to get used to this system. Once they are comfortable with it we propose to migrate to the digital contract system.

### **9) *Monitoring of debit balances***

No trade is allowed if debit balance continues for one week.

No fresh trade is allowed unless old dues are recovered.

We have system of monitoring client debit balances on a daily basis. We have dedicated resources to monitor the debtors as well as collection for the margin cheque. Clients are followed up by tele-calling, sending SMS's and e-mails and remarks are noted for each client. We have a system of sending client confirmations quarterly (calendar quarter) by 15th of the following month. The confirmations are sending in hard copy physically and through e-mail (whatever possible) with the 30 days clause in it.

### **10) *Allotment, Surrender of Trading terminals***

The Terminal User should be NCFM certified. Before allowing the user to operate the terminal, the copy of NCFM certificate will be collected and verified with the original.

The user will be asked to renew the NCFM certificate on its expiry. If the user fails to renew the certificate then he would not be allowed to operate the same any further. The renewed copy of the certificate will be re-obtained and verified with original.

The guidelines laid down by the Exchange for Approved User and Location of trading terminal will be strictly followed. It would be made sure that there is no issue of trading terminals to unauthorized persons or at unauthorized locations.

The data regarding new user as well as modification in existing user should be immediately uploaded and documented on modification or issue to the new user as the case may be.

If any sub-broker is registration we get then we allot the terminal as per guideline of the exchange and uploading the data to the exchange. Till now no surrender of terminal has taken place.



In case of Branch when we setup any branch we give the terminal after completion of the norm set by the exchange.

### ***11) Opening & Closing of branches /sub-broker office/AP's***

For opening new branches we first do the L&L agreement after assessment of the potential place.

After all administration formalities and work we open the branch.

In case of closure we clear all the dues of the landlord if any. Intimate the client for closure or shifting of the branch.

### ***12) Payment, Receipt of funds from/to clients.***

We have dedicated Risk Management team and Debtor management team who look after collection of the cheque.

Once the cheque gets collected then all log entry for the same has been done and finally accounts team enters the detail in our back office software. After that we send to the bank for clearance. In case of payment we generate the payment settlement wise and due wise. Some cheque we give hand delivered, some courier and some cheque we do through RTGS/NEFT transfer.

### ***13) Third Party Payment Policy***

Generally third party payment is not given to any client strictly.

No payment is made through demand draft or pay order. If RTGS / NEFT payment is made, details are verified with back office.

### ***14) Receipt, Delivery of Securities from/ to clients***

Client give the instruction slip to the DP and we get the shares on payin date for payin same way as per the master we transfer the shares on the payout date to the client as per exchange and SEBI norms.

### ***15) Square off of positions/Liquidation of securities without consent of clients***

Clients were informed that its position is surpassing the particular circuit limit or MTM limit through Phone call, sms and other means of communication.

We even say we you are enable to give the amount on time the position will have to be square-up.

All the position if outstanding we insist the client to square-up.

### **16) Transfer of Trades**

Trades are done only on the exchange platform and if any trades need to be transfer become of wrong punching code it is done in the exchange platform System.

### **17) Investor Redressal Mechanism**

*As per Policy*

### **18) PMLA**

*As per Policy*

### **19) RISK MANAGEMENT**

*As per Policy*

### **20) SURVELLIANCE**

*As per Policy*

### **21) Guidelines on Outsourcing of Activities**

*As per Policy*