

**1. Client Registration:**

In order to register any client with us we ask client to submit Know Your Client (KYC) Form and supporting documents such as PAN, Aadhar Card or any prescribed documents for Identity proof and Address Proof etc are collected. These documents are cross tallied/verified with various records. In-person verification is carried out by our staff or sub-broker. PAN of the client is also verified with the income tax database (<https://incometaxindiaefiling.gov.in/portal/knowpan.do>), upon verification of the PAN, details provided by client are entered into the back office system and then file is generated from the back office system and it is uploaded on the NSE Member Portal for the purpose of updating Unique Client Code (UCC) details. Registration documents are sent to the client & POD is preserved.

We have mandatory system of In-Person verification for all clients. Details like Name of the person doing IPV, Organisation Name, his designation in the organization with his signature and date are recorded on the KYC form at the time of IPV. The IPV carried out by other intermediaries can be relied upon by the company. Only Employees of the company, Sub-broker and Authorised Person are allowed to carry out IPV. All the documents are critically verified with Originals and person executing IPV affixes "Verified with Original" rubber stamp and signs the same along with date.

We have not outsourced client registration process and we do not entertain walk-in clients. Clients are either known to the directors, sub-brokers or authorised person or existing client. Hence, financial capability of the prospective client is known to us while opening of account. Besides, appropriate financial information is collected from client while executing KYC with the clients. In case of F & O clients, proof of income is also obtained and preserved.

Executed copy of Client Registration Document (CRD) along with welcome letter stating client's UCC, registered email ID, bank / demat account details and contact details are sent to clients at their registered address. Besides, soft copy of welcome letter is also sent on email ID provided by client.

All requisite details such as Name, address, e-mail id, contact details along with various proofs is obtained from clients for the purpose updating of client particulars in KYC. All our communications with clients contain a note requesting them to inform us with regards to changes (if any) with respect to various details such address, Telephone number , Income level, Mobile number email etc. Option is also given to clients for receiving ECN and various documents through email and Separate mandate is also obtained from clients for the same.

All records with respect to CRD are kept at our Sion office. Index is maintained box wise - document wise facilitating retrieval of the records in seamless manner. In addition, soft copies of KYC and related supporting documents are maintained in our back office software and it is mapped to respective UCC of the client.

We are also complying with Central KYC (CERSAI) while opening or maintaining client accounts. The said CERSAI Forms are also being uploaded on designated website.

## **2. Closure of Client Accounts / Dormant Account:**

We do not close any dormant account. However, we have separate procedure for inactive clients and it is followed in case client has not traded for prolonged period of time. If a client has not dealt with Member for a continuous period of twelve months then he will become inactive client. In such cases policy for inactive clients is followed.

It has been observed that many a times client stops dealing with Member for a prolonged period of time. This leads to various kinds of risks for Member as well as for the market. Needless to say, it is utmost important to have a policy in this regard to define inactive clients and to deal with them. We have framed the policy under this backdrop.

**Definition of Inactive Trading accounts:** In case of trading account, the term inactive account refers to such account wherein no trades have been carried out since last 12 (Twelve) months across all Exchanges

**Transaction in Inactive Trading accounts:** The inactive accounts identified based on the above criteria shall be flagged as 'Inactive' in UCC database of all the respective Exchanges. It would be ensured that any further trading by such client should be allowed only after undertaking sufficient due diligence (including IPV) and obtaining the updated information related to KYC from the concerned Client. Appropriate corrective actions may be initiated in case of any trades are inadvertently executed in any account flagged as 'Inactive'. Further, correct status of the client code in the UCC database of the Exchanges will be updated prior to the execution of the trades

**Return of Clients assets:** All client accounts are settled on monthly or quarterly basis (as per the client preferences) in the manner prescribed from time to time.

In cases, where it is not possible to settle the client accounts due to non-availability of client's bank account and demat account details and non-traceability of client, proper audit trail for efforts taken to trace the clients and to settle their funds and securities should be maintained. Further, in such cases, following steps would be taken.



Open one separate Client Bank / Client collateral Demat account and immediately set aside the funds and securities of these clients in such account.

Maintain audit trail of UCC wise client funds transferred to/from such bank account and UCC wise / BO ID wise securities transferred to/from such demat account (as the case may be).

Submit UCC wise/BO ID wise and fund/securities information of such account to the Exchange on quarterly basis. The mechanism and the format of the same will be shared in due course.

In case of receipt of any claims from such clients, members are advised to settle the accounts immediately and ensure that the payment/delivery is made to the respective clients only.

**Reporting of client Funds & Securities:** In accordance with NSE Circular NSE/INSP/43488 dated February 10, 2020, requirement of upload of the details of such inactive clients having NIL balances is done away in respect of following submission/upload:

Weekly submission of securities holding to the Exchange as prescribed by BSE/NSE.

Monthly upload of client funds and securities balances to Exchange under Enhanced Supervision prescribed in BSE/NSE

We do not have any independent branch. We have centralized back office and clients are served from the centralized back office at Sion.

### **3. Order Receipt and Execution:**

Every client is allotted a dedicated dealer. The client is identified at the time of his personal visit to the office or in case of phone call; he is identified on the basis of his voice. Also client is required to quote his Code Number and the same is verified from the records. The trade is immediately confirmed after execution of the order. After the day end, all trades executed by the client(s) are confirmed. SMS are also sent to the clients who have opted for SMS confirmation. This is followed by Contract notes. In case the client has instructed for fax or email confirmation, the same is complied with.

If client has authorised any other person on his behalf for the purpose of order execution and other related functions, dealers are apprised about same.

We have telephone recording system for receipt of orders and such records are maintained for the period of Six Months. Trades are confirmed to clients online in case of market order and in case of limit orders, they are confirmed on execution basis. All trade confirmation are done through either electronic communications or Telephone in accordance with convenience of the client. After close of market hours, complete trade detail is also informed to clients through email, Telephone or SMS (as preferred by the client) by respective dealers. Further, SMS are also sent to clients in respect of trades executed and for margin and settlement obligation from back office

#### **4. Sending Contract Notes, Daily Margin Statement, Quarterly Statement of Accounts to Clients**

We have centralized back office and clients are served from the said office. We have not outsourced any of our functions or activities. We send all the documents in electronic mode on designated email ID of the client registered with us. Besides this, physical copies of contract cum bill, outstanding positions and F & O Margin reports with complete trade details are sent on daily basis

either through Courier or hand delivery. We are sending documents at the email id given by the client in writing. We maintain Log report and PODs as the case may be. We are sending all documents in electronic mode and records are preserved and maintained in accordance with guidelines prescribed by SEBI and Stock Exchanges.

Contract Notes and Daily Margin Statement are sent daily as applicable and Monthly / Quarterly Statement of Account along with Retention Statement is sent to clients monthly or quarterly in accordance with mandate given by the client.

E-mail ID is changed only after receipt of written instruction from the client. In case of any change or modification in KYC details including email id of the client, proper procedure is followed to update the KYC related information with KRA.

Statement of funds and securities are regularly sent to clients on quarterly basis to clients who has not opted for running account.

#### **5. Liquidation of Client Position**

We do not liquidate client position on our own notwithstanding that securities are withheld with us against non-payment of funds by the clients in most of the cases. In case of sub-brokers' clients, we have a written understanding with the sub-broker that bad debts will be borne by the sub-broker. Sub-brokerage/deposit is withheld till the time payment is not received from the client.

In case of margin / pay-in default clients are initially restricted to take further exposure and also requested clear outstanding dues of margin and/or settlement obligation. In grave situations, position would be squared off within regulatory



framework. Please also refer to point no. "16. Other Policies & Procedures" hereinbelow wherein we have depicted various reasons which may arise and result into liquidation of client position or client not allowed to take further positions

#### **6. Policy of Internal Shortage**

In case of internal shortage, the client ("Short Seller") who has sold the scrip (without having delivery) buys the same on the next day. Entire purchase obligation is debited to his account. Delivery received from Clearing Corporation is delivered to original buyer.

#### **7. Transfer of Trades:**

We do not transfer trades in back office. We do not transfer trades for one client to another client in the front office also except in few cases at the instance of the clients in respect of punching error. Changes in codes also take place when there is punching error due to miscommunication while executing trades on behalf of the clients. Client codes are modified due to punching errors. Reasons for punching errors could be buying instead of selling or vice versa, buying/selling different scrip other than the scrip ought to be bought/sold, buying /selling excess/short quantities, buying/selling at a different rate etc. are the various reasons. Client Code Modification (CCM) is done only at designated office and Client Code Modification (CCM) rights are not given at any other locations. If there is any punching error attributable to us, position is transferred to Error Account and accordingly squared off in Error Account. Applicable penalties are also borne by us with respect to CCM. We keep strict vigilance on code correction and every possible effort is taken so that code correction is done on exception basis and occurrence of such error is minimal. Besides, Dealers/sub-brokers are informed to be more diligent while entering the orders and reminded

from time to time to ensure correct entry of client code, scrip, quantity and rate. CCM is done only for genuine punching errors and examined critically

#### **8. Investor Redressal Mechanism**

Clients are informed about the e-mail for redressal of investor grievance through our welcome letter and email id for redressal of investor grievances is also mentioned in our communications with clients

Register of complaints is centrally maintained at our registered office. As of now, there are no pending investor complains against us. Any complaints (if any) either received by way of letter, telephonic call, personal representation, e-mail, etc. is recorded in the Register of Complaints. Since inception, we have received only one complaint, which is fully resolved. As per our system, a four-member committee representing 3 divisional heads and one director have to monitor the pending investor complaints and redressal. Veracity of the complaint received is verified based on the documents received along with the complaint and internal enquiries. Every effort is to be made to resolve the complaint. Reply to the client is to be given within 48 hours. In case when client complaint is found to be genuine after due verification, the same should be resolved immediately and amicably irrespective of the amount involved and these types of complaint should not form part of the long pending complaints. In case when client complain is not found to be genuine then the client should be explained the same in person. This should be followed up by a detailed reply along with documentary evidences. If the client prefers arbitration then to co-operate fully in the arbitration and then the matter will be solved in accordance with respective Exchange Arbitration mechanism and legal proceedings.

#### **9. Allotment / Surrender of Trading Terminals and Opening / Closing of Branches**

Terminals are provided only at head office, branch office or at the office of sub broker / Authorised Persons.



Clients are mapped to respective branch or dealing office and in normal circumstances trades are executed from that particular branch only. Correct User name, login id, terminal locations are reported to the Exchange.

We have few dealing offices located in Mumbai as well as one in Pune. We have centralized back office at Sion. Terminals are operated by approved persons/approved users with valid NCFM certification. Correct User name, login id, terminal locations are reported to the Exchange. We keep trail to ensure that the certification of approved users has not expired. Prior permission is obtained by member for providing CTCL. All applicable provisions of CTCL are complied with. Software is updated regularly for new versions. Back up facilities are in place and is followed regularly. Periodic system audit is done and report is submitted to the Exchange within prescribed time limit. Data security is in place. In case of surrender of terminals, procedure laid by the exchange is followed. Similarly, Exchange prescribed procedure is also followed for opening and closing of branches. Procedure as prescribed by SEBI and Exchange for surrender Certificate of Registration is undertaken in case of sub-brokers / Authorised Person(s) who want discontinue business.

**10. Branch /Sub-Broker Audits & Inspection:**

We have system of conducting branch / sub-broker inspection periodically. We have identified certain areas (as advised by SEBI and Exchange) which are to be checked while conducting Branch / sub-broker Audits & Inspection.

Pay-in and pay-out of funds and securities is directly executed from our centralized back office. Similarly, Electronic Contract Notes (ECN), Daily Margin Statement and other daily reports are directly sent to sub-broker's clients. We do not undertake any cash dealings with any of the clients.

All requisite precautions are taken in order to adhere with Compliances related to CTCL Terminals. In case of any change of location, complete procedure as prescribed by the Exchange is followed.

There are checks and balances to verify unauthorised use of trading terminals for illegal or unauthorised activity. Terminals are operated only by approved persons/approved users with valid NCFM or NISM certification. We have not published any advertisement till now, hence code of the Exchange is not violated.

Notice Board and SEBI registration certificate are displayed as per the statutory requirements. We have Internal Audit system and periodic audits and inspections are conducted which commensurate with the nature, scope, size of our business operations. Any irregularities and /or recommendations/ suggestions as pointed out in Internal Audit reports are placed before Board and corrective measures are taken in said regards.

#### **11. PMLA**

We have well documented PMLA Policy. This Policy is revised regularly in accordance with regulatory requirements. KYC and AML policies have been reviewed and synchronized with SEBI Guidelines. We have taken necessary steps to educate investors and our staff with regard to PMLA. Our Staff is also trained take appropriate steps to identify/recognize Suspicious Transactions. We have also categorized our clients on the basis of their risk profile. Our software generates daily reports with respect to transaction of higher value. This report is reviewed by committee of three members including one senior director. Also, thrust is given on Surveillance Alerts received from the Exchange and the same are analyzed in depth. Appropriate action is taken and feedback for the same is uploaded.



Clients are categorized as Low Risk, Medium Risk and High Risk as per their risk profile in accordance with AML guidelines. Requisite information is collected from clients in order to identify and verify the identity of the persons who beneficially own or control the securities. We also take measures to verify the identity of natural person(s) who ultimately own, control or influence a client and/or person(s) on whose behalf a transaction is being conducted or person(s) who exercises ultimate effective control over a legal person or arrangement in accordance with SEBI circulars CIR/MIRSD/2/2013 dated January 24, 2013 and CIR/ISD/AML/3/2010 dated December 31, 2010.

We have circulated written pamphlets to clients to sensitize them in respect of provisions emanating from AML and CFT framework

#### **12. Execution of POA (Power of attorney):**

We have obtained POA for limited purpose of movement of securities in order to meet pay-in and/or margin obligations of the respective client. POA has not been obtained for bank account operations of any client. Client who has given POA are not prohibited from operating the DP account on his own. No POA is obtained in the name of any of our employee or sub-broker. POA contains our specific demat account numbers wherein the securities can be transferred. POA contains a clause for return of excess securities. POA can be revoked anytime by the client. All POAs are executed from software, which has built in checks and balances to avoid misutilisation of securities. The software is protected by password.

Prescribed POA duly franked for stamp duty is executed by the client and the same is notarized. POA is registered in the prescribed manner with depository (Central Depository Services (India) Limited wherein we are Depository Participant. UCC and BO Account numbers are mapped to each other for POA execution. Availing of POA facility is at the discretion of the client.

#### **13. Funds:**



Pay-out of funds is affected by way of NEFT or RTGS within 24 hours of the pay-out unless the client has given Running Account Authorisation in writing. In case of Running Account Authorisation, payout is compulsorily affected as per monthly / quarterly mandate received from the client. Pay-out is never done to a third party. Pay in is recovered from the designated bank account(s) of respective client only. Dividends pertaining to the clients are immediately transferred after identifying the client. Debit balances are monitored on daily basis. Securities are withheld, limits are curtailed and reminders are given to the clients. If default persists, appropriate measures are taken to with said regards.

**14. Securities:**

Pay-in securities are recovered from the client into pool account. Direct Pay out of securities from the exchange is affected except in cases where payment is not received or inter settlement obligation or otherwise intimated by client. Pool account is nullified after each pay in/out. In case, if shares are withheld temporarily then they are transferred to the Beneficiary account. Separate Client beneficiary account & Own Beneficiary Account(s) are maintained. Securities are segregated Client wise and complete records are maintained with regards to the same. We do not accept third party transfers and proper checks and balances are adopted to monitor third party transfers.

**15. Other Policies & procedures:**

- a. Refusal of orders for penny stocks: Penny Stocks will mean all stocks appearing in the list of illiquid securities issued by the exchanges from time to time. Also if the total contribution of the member in particular scrip is in excess of 10% for three consecutive days then it will be deemed to be a penny stock. In case of a penny stock, member may at his sole discretion

refuse to take orders for the clients. This decision will be based on the details available with the member in respect of the following:

- i. Client credentials available with the member
- ii. Prevalent market conditions
- iii. Scrip specific details available with the member
- iv. Trading pattern of the client and the scrip

Member will take all the decisions in good faith and he will not be bound to give reasons for refusal to accept orders in penny stocks.

- b. Setting up client's exposure limits: Member does not guarantee any exposure limit to the client and the same will be at the discretion of the member.
- c. Applicable brokerage rate: Brokerage rate will be decided with the client individually having regard to the volume, services required, infrastructure requirements etc. In any case it will not exceed 1.5% of the transaction value.
- d. Imposition of penalty / delayed payment charges by either party: Notwithstanding the fact that the client has given running balance authorization to the member, the client will be charged 15 % interest p.a. or more on all delayed payment of funds from the date when payment becomes due till the date of payment to the member. The member may waive at his sole discretion, the levy of said interest having regard to the circumstances of each case. In case of delayed payment of funds to the client wherein running balance authorization has not been obtained, the member will pay 15% interest p.a. on delayed payments based on the circumstances of each case and if the member deems it fit. The interest will be paid from the date when payment becomes due till the date of payment to the client.

- e. Member's right to sell client's securities or close client's positions: Member has the right to sell client's securities or close client's positions of the client in the following circumstances.
- i. In case of non-payment of settlement or margin obligation by the client or
  - ii. If the member and/or client has exceeded the limits prescribed by SEBI / Exchange from time to time or
  - iii. Due to illustrative circumstances mentioned at para "h." hereinbelow.

But member may at his discretion and having regard to the circumstances of each case, decide not to sell client's securities or close client's position. Any profit or loss due to the act(s) of the member or otherwise whether actual or notional will be borne solely by the client.

- f. Client not allowed to take further positions or closing of the existing position: The risk management policy of the member takes care of only normal circumstances as it is not practical for member to assume extreme situations while handling risk on a daily basis. Extreme situations might be in the market or it might arise for a particular client due to increase in his individual risk or if market falls drastically in short period of time and the client makes substantial losses or due to any legal action of SEBI / exchange against the Client / Member such as levy of huge penalties, suspension or cancellation of the registration as the case may be or due to huge pay-in obligation of funds & securities on the member or due to happening of any event(s) due to which member is of the opinion that the client should not be allowed to take further position or his existing positions should be closed. The extreme situations described hereinabove are for illustrative purpose and the same are not exhaustive. Hence, whenever extreme situations arise and it is not



possible for the member to allow client to take further positions or if the client is required to close existing position then the member will do so on behalf of the client and profit and loss whether actual or notional arising out of the same will be borne solely by the client.

- g. Temporarily suspending or closing a client's account: If the client wishes to temporarily suspend or close his account then the client will intimate about his willingness to do so in writing to the member at least 7 days in advance. The intimation will indicate start date and end date of the suspension. On receipt of the valid intimation the member will comply with the same.
- h. Deregistering of the client: Member may at his discretion deregister a client whether temporarily or permanently without giving any reasons for the same in the following circumstances. These circumstances are illustrative and not exhaustive.
  - i. If the client fails to meet his obligation towards settlement or margin or when there is a dispute between client and the member.
  - ii. If the client makes losses and which in the opinion of the member is substantial having regard to the circumstances of the case
  - iii. Happening of any event(s) due to which member is of the opinion that deregistration is imperative.
  - iv. The client without intimating the member deals in a company / scrip wherein he is an insider as per the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992

- v. The client indulges into any of the activities whether directly or indirectly as referred to in Regulation 3 and 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 to the extent applicable to him
- vi. Due to any legal action of SEBI / exchange against the Client
- vii. If the client has been introduced by sub-broker /remisier /authorised person / introducer as the case may be and the member is of the opinion that he wants to deregister his relationship with any of the aid sub-broker /remisier /authorised person / introducer as the case may be
- viii. On receipt of notice, letter or order from any statutory body / Government Department or from Local authorities / Income Tax Department / Service Tax department / judicial or Quasi-Judicial authority directing member to deregister the client.
- ix. Client lodges a complaint either directly with Member or through Exchange suspecting unauthorized trades being executed in his account by unknown or unauthorized person.
- x. In case of demise of the client.
- xi. In case of action taken either by FIU or any other competent legal entities or client being part of list of debarred entities published by SEBI or any other regulatory body.

- xii. Member may also initiate action for deregistering a client on basis of information found on various websites such as CIBIL, Watch out Investors, United Nations Security Council etc. We may deregister the client if he is found to have suspicious or dubious back ground or linked with suspicious organization or illegal activity.

For & behalf of  
Unique Stockbro Private Limited



Chetan P. Mehta  
Compliance Officer



Date: September 25, 2021

Place: Mumbai

**End of Report**

*Disclaimer: Internal Systems and Procedures as depicted above are subject to change from time to time having regard to change in circumstances & regulatory guidelines. These Internal Systems and Procedures shall be reviewed periodically in accordance with regulatory guidelines and management perception.*