

SHARDA COMMODITIES PVT. LTD.

201, SANGHI MANOR 6/2, Y.N. ROAD INDORE - 452001

Ph. - 0731 4042642, 4200561

Internal control Policy

- Sebi Registration No. : INZ000077631
- MCX Trading Membership No. : 16430
- NCDEX Trading Membership No. : 00532

Objective:

The objective of the policy is to set internal control for employees, departments and to define code of conduct for employees and the management

1. Details

Membership in Exchange: MCX AND NCDEX

2. Fund

- ❖ System of pay in and pay out of funds from / to clients :
 - ✓ Funds pay-in/pay-out done through cheques/RTGS/NEFT/ONLINE
- ❖ System & source of pay in and pay out of funds in case of Own trading
 - ✓ Own trading OR Pro trading not done.
- ❖ Procedure of Margin collection, if any from clients & maintenance of records thereof:
 - ✓ Collaterals collected if any, are entered in the system
 - ✓ Both cash and non-cash collaterals are accepted from clients
- ❖ Credit / transfer of Dividend to the clients
 - ✓ Done by passing credit note vouchers on receipt of dividend in the bank account.
- ❖ Procedure followed in case of default by client/ sub broker's client
 - ✓ In view of the strict RMS system no such instance observed.
- ❖ Any third party transfer of funds? If yes , policy in this regard
 - ✓ No third party transfers are allowed

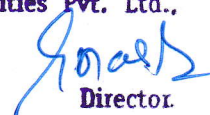
3. CTCL Terminal / Exchange TWS Terminal

- ❖ Procedure of accepting & placing of orders
 - ✓ The dealers are authorized to receive and place the orders.
- ❖ Factors determining the trading limit for clients
 - ✓ Limits would be granted based on the client track record and payment history ;

4. Contact Note

- ❖ Procedure for issuance of CN
 - ✓ Electronic / Physical Contract Note issued as per client's choice.
- ❖ Basis of numbering
 - ✓ Financial Year beginning
- ❖ System for maintaining duplicates & acknowledgement for CNs
 - ✓ Logs maintained.

Sharda Commodities Pvt. Ltd.,


Director.

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5. Securities

- ❖ System of pay in and pay out of securities from / to clients
 - ✓ Pay-in and Pay-out of securities are received from/sent to the Designated DP a/c of the clients;
- ❖ Client wise segregation of securities maintained or not
 - ✓ The system gives us the track of the entire transaction and it is segregated client wise and scrip wise
- ❖ Whether Clients' securities maintained with Member
 - ✓ Yes, whenever there is debit balance in client ledger, such securities would be moved to the Broker's Ben or House A/c or Client's Unpaid Securities A/c
- ❖ Procedure for check on Third party security transfer/ acceptance
 - ✓ Back-office software does not allow third party securities and if any such entry is observed, system will throw a mis-match report, by which the respective client would be traced and the delivery, if any for meeting Exchange obligation would not be honoured and the resultant auction would be passed on to the client.

6. Internet Trading

- ✓ Prior Approval is taken from the client

7. PMLA

- ❖ Compliance w.r.t. Principle Officer and adoption of written policy is maintained
- ❖ Measures taken with regard to Anti money laundering Act
 - ✓ Yes
- ❖ System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.
 - ✓ Yes, but this is a little discretionary as clients hesitate in giving the financial statements citing reasons that big brokers and other brokers are not insisting on the same. But any unusual pattern noted is generally queried with.
- ❖ Any Suspicious Transaction Report (STR) sent to FIU
 - ✓ No
- ❖ Risk categorization of clients.
 - ✓ Manual (High Risk, Medium Risk, Low Risk)

Sharda Commodities Pvt. Ltd.,


Director