

MEFCOM SECURITIES LTD.
INTERNAL CONTROL MANNUAL



A) Client Registration, Documents maintenance :

Account opening Process and documents maintenance is taken care by our back office division at Head Office The process is maintained in such a manner that from verification to uploading the UCC to Stock Exchanges and K.R.A. Different persons are involved and responsible for each step so that proper control and checks are exercised. Forms received at difference locations (branches/sub-brokers' office) and after the checking of the account opening kit and in-person verification of documents/proofs received are received at Head Office in back office department.

After allotting the Trading code, welcome kit & copy of complete documents executed is sent by the post/by hand to the address given in the account opening form along with our telephone nos. and email ID where the client can make his queries/complaints along with the details entered in the Client Master.

After opening of accounts we also do periodic review of the client and obtain their financial & other details. Particulars of client's or change in client master details of the client's are done as per the specific written request of clients after receiving documentary proofs, if required.

All the documents are kept in such a manner so that it can be retrieved whenever required after opening of the account.

B) Closure of Client Accounts/Dormant Account :

Accounts are closed on request of the client or after giving intimation from our side to the client. In case of client request accounts are closed only after verification all the documents & settlement of all the dues & securities etc.

For closure of client account, we receipt the letter from client, who wants to close their trading account. We make this client code inactive in our back office, so that no trade can be done/punched in his/her client code. A daily file is generated from our back office to verify whether any trade has been done in any code which is dormant in nature & if any such case is found then it should be verified from the concerned clients to ensure that said trade is done by the respective client only.





C) Order Receipt and Execution :

Orders are received from the clients telephonically or personally and are executed as per the instructions of the clients. Dealers receiving the telephonic orders make necessary verification before executing the orders. No discretionary powers are exercised at any location to execute client orders, Controls like executing orders by personal visits and voice confirmation by the dealers are adopted for receipt of order from respective client only.

D) Sending Contract Notes, Daily Margin statement, Quarterly Statement of Accounts to clients :

All the Contact notes along with daily margin statement, where applicable, for the trades executed are centrally sent by Electronically (ECN) on daily basis within 24 hours trades executed to our clients and logs are maintained. The quarterly statements for Funds and Securities are sent, within the stipulated time, by Electronically and logs are maintained. All clients are provided access to the web based back office where all the reports including contract notes, settlement obligation, financial ledger, etc are provided to the clients.

E) Collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level :

We take the clients pay in only by first party cheque or through DD which is self authorized by the client. Similarly the upfront margin for Future and options is taken in the form of First party cheque or DD (Self authorized). Clients can deposit the cheques at local branches & we provides its credit to the clients after receiving the confirmation from the client.

The limits and exposure is provided as per the clients debit and credit positions, along with stocks lying with us, margin requirement for the open positions in F&O segment, MTM check and ageing report is also taken in consideration. Payments are made to clients as per the request of client, in case of running account and in any other case payment is to clients through cheques in compliance of exchange norms.

F) Square off of positions / Liquidation of securities without consent of clients :

The Clients are informed of any increase in margin, or any increase in MTM losses beyond their collaterals through emails/phones. We provide opportunities to the clients to bring in adequate margin to such extent so that their position does not remain uncovered. If payment is not received despite reminders then we square off the positions after giving prior intimation to the clients and the details is communicated by telephone and email.

G) Transfer of Trades :



The trade is not transfer to one client to another client account. If in rare case a trade occurred from dealer, the same is settled as the Stock Exchange norms.



H) Policy of Internal Shortage

We have followed the policy prescribed by the Exchange in case of internal shortage

I) Investor Redressal Mechanism :

Investor Satisfaction being of utmost importance, investor Redressal mechanism is the most important activity for which necessary mechanism and systems are in place. All the investor grievances are monitored and redressed by the Compliance Officer of the Company who reports directly to the Board of Directors. The clients can email their grievances on the email id investor.grievance@mefcom.in which is displayed on our website, Client Registration Kit and the same is also mentioned on the Contract Notes etc. sent to the client. All the mails received are duly monitored and redressed by the Compliance Officer. The register of grievances is centrally maintained for better control and monitoring, thus the grievances received in writing, mail, verbally, etc. are centrally monitored and redressed and recorded with all the necessary steps taken for redressal of the same. Proper analysis is undertaken to analyse the nature of complaints received, pattern of complaints and concentration if any at a particular location, so that every effort is taken to remove the root cause of grievance by the client. Usually complaint is solved within 3 working days from the date of received form complaint, in case any complaint takes more than 3 working days client is informed accordingly stating reason for the delay.

Necessary visits and inspections are undertaken for the branches and sub brokers to get the feedback of clients on the issues like receipt of contract notes, trade confirmation, SOA & margin statements etc. Depending on the feedback received necessary corrective steps are introduced into the system. For ensuring that the funds received from the particular clients are properly accounted for.

Thus every attempt is made to redress the grievance/problems of the clients and introduce systematic changes into the processes so that such instances are avoided.

J) Allotment, Surrender of trading terminals, Opening & Closing of Branches :

- a) Every client gets limits for trading as per their funds and stocks available with us. Moreover we keep a watch on the trading activities of each and every client and the dealer ID's. In case we find any discrepancy with the norms and compliances we take immediate actions which depend on case to case basis. Information pertaining to allotment & surrender of trading terminals are submitted to the Exchange through the software provided by the exchange in this regard. Our Risk Management & Compliance department keeps records that terminals provided to Branches & Sub-Brokers could not be used for unauthorized/ illegal purpose. We also



ensure that every dealer must have NCFM / BCSM certificate and date of issue not expired.



- b) Branch is opened at a particular location after the feasibility study is positive. All the steps decided in the opening procedure from compliance perspective are taken care by the Compliance Department. Sub brokership registration is also taken care by the Compliance Department. In case of surrender of sub brokership, the procedure prescribed by the Exchange is followed. In case of closure, as per the procedure the financial ledger confirmation is taken from the clients and all the clients are informed that in case of any disputes they have 1 month's time to come out with discrepancies, if any.
- c) All the requests for allotment and surrender of trading terminals are processed centrally from the Head Office. After due verification, the Back Office Department which is continuously in touch with the branches and sub brokers forwards the details to the Compliance officer for the submission of information to the Exchange.

K) Branch & Sub-Brokers Audits :

We have designated Compliance officer for regular inspection of Branch & Sub-Brokers office. We ensure that all the areas as per the exchange norms are covered under the inspection and a report is also prepared for the same. We also ensure that Notice Board & SEBI Registration Certificates are displayed at the Head / branch / sub-brokers office.

