



Your Growth,
Our Grip.

PM Securities Pvt. Ltd.

Equities | Derivatives | Depository Services | Securities Lending & Borrowing | Mutual Funds

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Since 1989

Sr. No. : 8200

Date:

RISK MANAGEMENT AND INTERNAL CONTROL POLICY AND PROCEDURES

Registration of Clients

This is on going process and we regularly receive applications for registration as Client for broking business.

At HO and Branches experienced persons are entrusted with the work of Registering New Clients. New Forms received to be checked by one person and to be rechecked by another and then submitted to the Authorized Person to sign the documents. At present Mr. ATUL M THAKKAR & Mr. PANKAJ M THAKKAR, Director, of the Company , Authorised Signatory is authorized to approve the Application and sign the documents in this connection. Further adequate procedure like obtaining KYC and supporting documents etc. is followed to get acquainted with the clients.

All the clients are canvassed through the personal contacts and accordingly the risk of the client is consider as per the profile of the client and the personal relation with the clients.

Our Client Registration Forms are containing complete Notes and instructions for how to fill up the Form.

However we reproduce below relevant part from the Form for ready reference.

Check List / Enclosures to be submitted and Instructions to fill in the CAF

1. Originals of the Documents submitted are required for Due Verification at the time of submission of the CAF
2. Copy of Annual Reports and Balance Sheets for Last 2 Financial Years and Income Tax Return for last 2 Financial Years (Copies Annual Reports & Balance Sheets to be submitted every Year) (for Non-Individuals)
3. Copy of Latest Shareholding Pattern including List of all those holding more than 5% in the Share Capital of the Company and Persons authorized to deal in Securities / Contracts, duly certified by the Managing or Whole time Director or Company Secretary (updated Shareholding Pattern to be submitted every Year) (for Corporates)



Deep rooted relationships.



Timely Ideas.



Immutable Ethics.



Efficient Execution.

PM Securities is the trade name of Pankaj Mangaldas Securities Pvt. Ltd.

Registered Office : 701, PJ Tower, Dalal Street, Mumbai - 400001.

Corporate Office: 411, Atlantic Commercial Tower, R.B Mehta Road, Ghatkopar (E), Mumbai - 400077 .

4. Copy of the Partnership Deed (for Partnership Firms), Copy of Memorandum and Articles of Association and copy of the Board Resolution approving Participation in Equities / Derivatives Trading and naming Authorized Persons for Dealing in Securities (for Corporates)
5. Copy of MAPIN UIN Card / PAN Card / Passport / Driving License / Voter's Identity Card (for Individual / Proprietor / Partners / Directors / Karta / Trustees / Authorized Persons as the case may be as a Proof of Identity)
6. Copy of Passport / Driving License / Voter's Identity Card / Ration Card / Bank Passbook / Rent Agreement / Flat Maintenance Bill / Telephone Bill / Electricity Bill (for Individual / Proprietor / Partners / Directors / Karta / Trustees / Authorized Persons as the case may be as a Proof of Address)
7. Copy of a Cancelled Cheque Leaf / Bank Statement / Bank Passbook containing Name of the Client
8. Details of all the Demat Accounts held by the Client must be mentioned using separate Sheet of Paper. Furnish the Demat Account Detail in which Client wish to receive Securities in Pay-out for the Purchase of Securities in the Space Provided in Client Registration Form
9. Copy of Demat Account Statement / Account Opening Letter for all the Demat Accounts for which Details are furnished
10. Any Overwriting, Corrections, Deletions shall be countersigned and CAF should be filled in Capital Letters only
11. Annexure may be used if the Information does not fit within the space provided
12. Please fill separate CAFs for each Person, ie Individuals, Corporates, Firms, etc
13. While filling in Details of Demat Account, make Sure you enter First 8 Characters of BO Id as DP Id and Last 8 Characters of BO Id as BO Id in the Space provided in CRF for Demat Accounts held with CDSL
14. Sign at place applicable to you wherever marked as "X"
15. Annexure to CRF must be strictly on A4 Size Paper and not on part thereof
16. Do not use Stapler anywhere in the Form or to attach Photograph
17. Forms incomplete in any respect are liable to be rejected, so please be careful while filling up the Form and seek Guidance of Company Official near you, who will help you filling up the Form correctly
18. Additional Information Required
19. IN person verification is done by authorized person for each & every client's.

SEBI has prescribed Uniform Documentary Requirements for registration as a Client for trading on the Stock Exchanges/s.

1. As per SEBI Circular No. SEBI / MIRSD / DPS-1 / Cir-31 / 2004 dated 26th August 2004 (a) Client Registration Form (b) Member Client Agreement (c) Tripartite Agreement among broker, sub broker and client where ever applicable and (d) Risk Disclosure Document are required for registering as client.

AND

2. As per SEBI Circular No.CIR/MIRSD/16/2011/dated/22/August 2011 following documents are mandatory to be taken from client & given to client.

Taken from clients

- (a) Client Registration Form
- (b) Tariff sheet

Given to Clients

- (c) Rights and Obligation
- (d) Risk Disclosure Document
- (e) Do's and Don'ts for trading on exchange
- (f) Policies & procedure of the company

Client Registration Form containing the documents mentioned above which is required to be completed.

Please note that as per SEBI's/Exchange's requirements the above mentioned documents are mandatory.

Further any additional documents submitted to us for the purpose of registration as a Client for trading on the Stock Exchange/s are voluntary and at Client's and ours discretion.

The following documents which are required to be executed by the Clients and to be submitted voluntary and the Client need not execute this document/s if the Client does not wish to use/avail this particular facility. In case at future date the Client decide not to avail any particular facility he/she can terminate the document signed and submitted by them by giving written request/notice and on receipt of their written request that document will be cancelled and facility granted by us may be withdrawn.

[1] Consolidated Letter of Authority

[2] Consent letter for Electronic Contract Note (ECN) and Addendum to the Agreement.

Special Instructions-(i) Under no circumstances incomplete Form is to be accepted (ii) All copies must be verified with the Original documents (iii) As this is permanent record signatures/initials to be obtained as per instructions (iv) Proper witnessing wherever required to be done.(v) Date of Stamp Paper / date of franking must be verified.

While opening new client account's following documents along with the welcome letter is sent to the clients on the postal mention by the clients or through hand delivery once the account of the client is open.

➤ Duly executed client registration kit.

While opening account authorized person checks SEBI debarred list issued by SEBI/NSE/BSE & united nation website at <http://www.un.org/sc/committees> .This

process is done on monthly basis or as on date circular issued by relevant authorities for existing client also.

In case of clients want to avail the ECN facility for sending the Contract Note, daily margin statement, Statement of Fund & Securities and other documents / communication, separate letter is obtained from the client which contain his E-mail ID with UCI code duly allotted to him.

All the documents along with the Account Opening forms are keep in safe custody at our office situated at 411, Atlantic Comm Tower, R.B Mehta Road Ghatkopar (East), Mumbai - 400077. Same is retrieval as and when required.

Closure of Client accounts / Dormat account

When a client or an authorized person on behalf of a client approaches us with a request for closure of account, we after verifying the client's outstanding obligations, if any, and accepting the client's written request, initiate the procedure to close the client's account. However, all the documents/papers obtained at the time of opening the client's account and /or received thereafter from time to time are kept by us for a period of time as prescribed by the SEBI/Stock-Exchanges.

As far as Dormant accounts are concerned, we do not close such accounts, but, mark the same as "inactive" till further action by the concerned client.

a. Deregistering a Client

The Stock Broker may, at its absolute discretion, decide to deregister a particular client. The illustrative circumstances, under which The Stock Broker may deregister client, are given below:

- SEBI or any other regulatory body has passed an order against such client, prohibiting or suspending such client from participating in the securities market or has levied any penalty on the client.
- If a client is charged for or convicted for violation of any law, rule, regulation, guideline by any Exchange, Depository, Self Regulated Organization, Regulator, Judicial body or Quashi Judicial body.
- Such client is suspected of indulging in illegal or criminal activities including fraud or money laundering.
- Such client's name appears in the UN list of prohibiting entities or SEBI debarred list.
- Such client's account has been lying dormant for a long time or client is not traceable.
- Such client has declared insolvent or any legal proceedings to declare him/her as such have been intended.
- Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- Such client has a tainted reputation and any business relationship with such clients is likely to tarnish the reputation of the Stock Broker or may act as detriment to the Stock Broker prospects.
- If the actions of the client are such that create grounds for suspicion or are prima facie illegal or improper or may appear to disturb the normal functioning of the market or appear to be manipulative or deceptive in nature, either alone or in conjunction with others.

- On the death/lunacy or other disability of the Client;
- If there is a reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts to the stock broker or any other person.
- If the Client is in breach of any term, condition or covenant of the broker client agreement.
- If the Client has made any material misrepresentation of facts, including (without limitation) in relation to Security.

b. Treatment of inactive accounts:

Client account will be considered as inactive if the client does not trade for a period of six month. The working shall be done at the beginning of every month and those clients who have not executed any transaction in the preceding 6 months shall be treated as inactive. The Client has to make written request or E-mail from his designated E-mail id for reactivation of his/her/its account. Payout of funds and securities during the period of inactivation will be done only on receipt of written request from the client.

RECEIVING, VALIDATING AND ENTERING THE ORDERS OF CLIENTS IN THE TRADING PLATFORM.

In all offices we have authorized persons who are BOLT operators. These BOLT operators who attend to Clients' Orders have been assigned Clients and Clients have been advised to contact particular person for placing/modifying/canceling their sales/purchase Orders.

Every BOLT operator would first ensure that person contacting personally / over phone is client or his/her authorized representative. Then he will clearly understand the instruction - buy or sell, name of the scrip, code number quantity and rate at which to be done. If it is market it should be done instantly and confirmed to the Client. Otherwise after entering the Order as per Client's instructions After entering the Order as soon it is done you must inform the Client. Care to be taken about name of the scrip and quantity etc.

No sauda to be entered at unrealistic rates even if instructed by the client. In case of mistake/s in making entry matter to be rectified immediately and brought to the notice of the superior.

All passwords used in operating BOLT are strictly confidential and not to be divulged to anybody.

Issuance of Contract Notes, Daily Margin Statement, statement of accounts of clients

As a Trading Member of BSE we are required to issue Contract Note/s to all our constituents for all trades executed by them in the format as may be prescribed by the Exchanges/SEBI from time to time with all relevant details as required therein to be filed in, and issued in such manner and within such time as specified by the Exchange.

It is to be ensured that the Contract Notes are issued within 24 hours of the execution of the contract. This Contract Note is issue to the clients through the ECN on their respective E-mail ID as consent received from the same. In case of clients who dose not opt for ECN

facility than the Contract Note is to be either handed over or posted to their respective address.

A contract note shall be signed by any one of the Company's Authorized signatory. Names of these authorized signatories will be printed on the Contract Notes.

Contract note shall be time stamped with the time of receipt of order and the time of execution of order.

The contract notes shall be numbered with unique running serial number commencing from one which shall be reset only at the beginning of every financial year (viz April to March).

We are having Trading Codes in Contract Notes - which consist of Individual Client Code as per UCC. These Codes are prefixed by Group Code for Location etc.

By using software Dealing Office address would be printed on the Contract Notes. In case of any problem rubber stamp is to be used to have Dealing Office address on Contract Notes..

Contract Notes will indicate total brokerage charged to the Client.

If authorized by the Client Contract Note, daily margin statement, Statement of Fund & Securities and other documents / communication may be issued by us in electronic form, in such format as may be prescribed by the Exchanges from time to time, duly authenticated by means of a digital signature/s as specified in the Information Technology Act, 2000 and the Rules made there under.

We send physical contract note by courier / hand delivery and also send "Electronic Contract Notes" (ECN) at the e-mail address furnished to us by the client in the consent letter. In case, the said e-mail bounces-back, we issue Physical Contract Note within 24 hours of the same.

While issuing Contract Note ECN log for the same is maintain along with the delivery report. In case of contract note send physically than duplicate copy of the same is maintained along with POD.

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

Till today, we have not had an occasion to square-off or liquidate the position of our clients without the respective client's consent. However, following is the procedure we have adopted, should the need arise for such an act.

In case, a client purchases shares in CM segment and does not or fails to make payment for the same, we after perusing the matter with the concerned client and after informing him about the default,

In case of default made by the Sub-broker clients same is dully communicated to the sub-broker and clients.

Policy for internal shortages:

In case of internal shortages, we square-off the buyer's / seller's account for such shortages with the price calculated at 10% above the closing price of the said securities on the day before the day of auction for the concerned settlement.

Transfer of trades :

During the market hours if any error found in client trades same has been transferred to error account

Investor Redressal Mechanism :

To resolve the complaints/grievances of our clients, we have deputed compliance officer for the same, who is obliged to resolve the same within 24 hours, failing which, the client can approach the Director of the Company for further action.

Allotment, Surrender and Operation of trading terminals :

We allot trading terminals either to our authorized employees/sub-brokers or to the arbitragers who have been appointed by us or with whom we have entered into an arbitrage agreement. While issuing the terminals we ensure that the user is certified for the same. We do not allot any trading terminal outside our offices.

Whenever, a trading terminal is not required by the person to whom it is allotted, we surrender the terminal to the Exchange.

All the certificate against whom the terminal are issue is kept safely in the custody of Mr. Ashit Shah. The details of the said certificate is kept in excel format too and same is verified periodically in regards of expiry of the same. As per the our policy and procedure, we ensure to communicate to the respective certificate holder before 3 months of expiry of the same.

Setting of the limit as per the terminal and client

The stock broker may from time to time impose and vary limits on the orders that the client can place through the stock broker's trading system (including exposure limits, turnover limits, limits as to the number, value and/or kind of securities in respect of which orders can be placed etc). The client is aware and agrees that the stock broker may need to vary or reduce the limits or impose new limits urgently on the basis of the stock broker's risk perception and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/ SEBI directions /limits (such as broker level /market level limits in security specific /volume specific exposures, etc) and the stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits.

The client further agrees that the stock broker may at any time, at its sole discretion and without prior notice, prohibit or restrict the client's ability to place orders or trade in securities through the stock broker, or it may put any order placed by the client subject to a review before its entry into the trading systems. It also may refuse to execute/allow execution of orders due to but not limited to the reason of lack of margin/securities or the

order being outside the limits set by the Stock Broker/Exchange/SEBI and any other reasons which the stock broker may deem appropriate in the circumstances. The client agrees that the losses, if any on account of such refusal or due to delay caused by such review, shall be borne exclusively by the client alone.

We have margin based RMS system. Total deposits of the clients are uploaded in the system and client may take exposure on the basis of margin applicable for respective security as per VAR based margining system of the Stock Exchanges and/or margin defined by RMS based on their risk perception.

Monitoring of Branches/ Sub Brokers/DP Operation etc

We have a centralized system for the back office and accounting procedures. The branches are under direct control of the management.

Opening of Branches:- Mr. Atul M Thakkar & Pankaj M Thakkar, Director is duly conduct the survey of the location and identified the requirement and business growth while setup the new Branches. Said survey is on the basis of geographical and financial basis.

Branches:- All Branch Managers are experienced, knowledgeable and qualified. Branch Manager is properly briefed about conducting Share Broking business. Common software programmes have been provided to Branches. All Branch Managers have been instructed to comply with guidelines/instructions of SEBI /Exchanges and ensure best service to our Clients.

Technical matters/problems of the branches are to be attended by the Manger EDP-Mr. Mr.Jatin k Palan and all accounting / administrative and general matters is under supervision of - Ms.Bhakti N Khetiya For Market Development new business and other developments Mr. Karan A Thakkar, Will consult directors.

Sub Brokers:- Registration and Deregistration of the Sub Brokers is done as per guidelines by SEBI/Exchanges. Clients of these sub brokers are registered as per procedure explained at item No.1 above. Sub brokers are links between the Company and their Clients. Our BOLT operators are assigned these sub brokers for carrying out their instructions of buy/sell transactions and any problem in this connection to be immediately brought to the attention of Mr.Jatin k Palan, Compliance Officer.

Closing of Branches :- Mr. Atul M Thakkar & Pankaj M Thakkar, Director along with the respective Branch Head conduct survey braches and accordingly take the decision for the closure of the Braches. While doing the said activity, same is intimated to the clients mapped to the respective Branches through letter and phone at least 2 months before closer of Branch.

Payments to and from clients of sub brokers is attended by Accounts Department. Any delay / cheque bouncing etc problem is to be brought to the attention of Mr.Jatin K Palan.

COLLECTION AND RELEASE OF PAYMENTS TO CLIENTS.

Collection:- Person authorized to collect dues from clients (at HO it is Accounts Assistant and at branches it is Branch Managers) would review outstanding to be received on continuous basis based on Client wise records kept in electronic form. By looking at Bill

Summary they would know from which clients amounts are due. It is imperative that amounts are to be collected on due dates. In case of delay by any client or incase of cheque bouncing Mr. Adinath Sutar, Accounts Assistant to be informed and necessary actions to be taken. All cheque bouncing to be viewed seriously and clients are to be warned.

If necessary BOLT operators are instructed not to make any further purchases for the clients assigned to them if there is continuous debit balance.

Release of Payments:- All Clients to be paid on due date without fail. However those clients who have given Running Account Letter and do not want payments for their convenience need not be paid. Accounting is centralized so all the cheques are printed / manually prepared with due care i.e. name/date/amount etc are correctly written. While handing over the cheque signature with date to be obtained from the Client or his/her representative. All concerned persons will ensure that adequate balance is there in the Bank account before releasing the cheques.

Extreme care is to be taken to ensure that cheque/s issued by the company do not bounce due to *carelessness. If it happens it would be viewed very seriously.*

COLLECTION AND MAINTENANCE OF MARGINS

As and when Margin is applicable to be collected from the Client concerned and his/her account to be credited accordingly. Details of the Margin amounts received to be maintained.

COLLECTION AND DELIVERY OF SECURITIES TO THE CLIENTS

The delivery of securities is made directly to their DEMAT accounts.

The clients are required to sign and submit the instruction slips in case of sale of securities.

PAYMENT OF DIVIDEND

Dividends received on securities of the clients are transferred to them.

Payments to Sub-broker and Remisiers

Brokerage earned from the sub-broker / remisiers clients are shared with the respective sub-broker / remisiers and same is paid to them as per the mutual understating between us.

MARGINS

Though margin requirement is as per the policy of the Broker, sufficient deposit will be taken before registering a client as and when required.

Ensure that payment is made for the trades done promptly within a limited time frame. Delivery of the Securities would be done to the client if the payments are cleared.

If the payment is not received; the delivery will be taken in our client beneficiary account and given to the client only after the payment is cleared.

Sales Practices followed :

We do not solicit clients either directly or indirectly. Over so many years, we have built relationships with our clients and also sub-brokers/authorized persons. It is only when a person is introduced by an existing client and/or our sub-broker/authorized person or friends & relatives of directors, we accept such person as our client after duly verifying the documents and following the "KYC" norms as stipulated by the SEBI/Stock-Exchanges.

OPERATIONS & COMPLIANCE REQUIREMENTS

Due care is taken to see that all compliances and operation procedures are as per those specified by the exchange and are updated accordingly.

CONTINUITY PLANNING / ALTERNATE PLAN IN CASE OF DISASTER

Our corporate and branch are located near to each other. The backup of all our data is maintained at both locations.

Internet Trading

Prior permission in regards of IBT facility is duly taken from the Exchange.

In case any client wish to opt for the IBT facility than ITORS agreement is dully executed before providing such facility to clients.

Dealing with Securities of the Clients

Auto pay-in and pay-out is done for the clients having Demat A/c. with us. And client having DP A/c. with other DPs then securities are received and transferred in / from pool A/c. for pay-in and pay-out from respective client DP A/c.

For the purpose of holding clients securities separate client beneficiary account is maintained. Further the register of securities of clients separate as client wise and scrip wise is maintained in electronic form.

If client having debit balance the shares are hold at client beneficiary A/c. as running A/c. authorization taken from client other wise transferred to respective clients DP A/c.

While opening the client account the details of the clients along with DP details are mapped in the Back-office software. When receiving of transferring the securities from the demat details other than mention by the client than the alert for the same is generated by the system.

Connectivity to Exchange & / to branches / sub brokers / clients Details

- A) Connectivity to exchange:- Lease line
Backup to Exchange: - Backup leaseline / internet
- B) Connectivity to Branch& Sub Brokers:- Channel Lease line.
Backup to Branch: -Internet Connectivity.
- C) Connectivity to Clients:-Internet & Over telephone.

Backup in case of disruption of connectivity

In case connectivity disturbs there is provision for backup Internet Lease line connection with capacity of 2Mbps.

These policy is approved by all BOARD OF DIRECTORS.

For PANKAJ MANGALDAS SEC PVT LTD

A handwritten signature in blue ink, appearing to read 'Atul M Thakkar', with a large, stylized flourish extending to the right.

Atul M Thakkar(Director)