

**RISK MANAGEMENT AND  
INTERNAL CONTROL POLICY  
AND PROCEDURES**

**RDDISIDDHI BULLIONS LIMITED (RSBL)**

## Registration of Clients

This is ongoing process and we regularly receive applications for registration as Client for commodity broking business.

At HO 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. Mahendra Bafna, 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 the clients for opening the commodity broking a/c and to deal in commodity market.

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 last Financial Years (Copies Annual Reports & Balance Sheets to be submitted every Year) (for Non-Individuals)
3. 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)
4. Copy of PAN Card / Valid Passport /Valid Driving License / Voter's Identity Card/ Aadhar card (for Individual / Proprietor / Partners / Directors / Karta / Trustees / Authorized Persons as the case may be as a Proof of Identity)
5. Copy of valid Passport, Copy of valid Driving License, Copy of Voter's Id, Electricity Bill (should not be more than three month old), Any landline Telephone Bills (should not be more than three month old), Bank Pass Book, Rent Agreement (containing the above address), Flat Maintenance Bill (containing the above address), Insurance Policy/ Aadhar Card (for Individual / Proprietor /Partners / Directors / Karta / Trustees / Authorized Persons as the case may be as a Proof of Address)
6. Copy of a Cancelled copy of Cheque or Copy Bank Pass Book/statement (with entries not older than three months contain name of the client)
7. Details of additional Bank Account and/or 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 Commodity in Pay-out for the Purchase of commodity in the Space Provided in Client Registration Form

8. Copy of Demat Account Statement / Account Opening Letter for all the Demat Accounts for which Details are furnished
9. Any Overwriting, Corrections, Deletions shall be countersigned and ensure to not using of whitener on correction.
10. Annexure may be used if the Information does not fit within the space provided
11. Ensure that the separate CAFs for each Person, ie Individuals, Corporates, Firms, etc
12. Sign at place applicable to you wherever marked as
13. Annexure to CAF must be strictly on A4 Size Paper and not on part thereof
14. Do not use Stapler to attach Photograph
15. Forms incomplete in any respect are liable to be rejected, so please be careful while filling up the Form and seek Guidance of trading Member Official near you, who will help you filling up the Form correctly
16. Additional Information Required
17. IN person verification is done by authorized person for each & every client's.

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

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

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 etc. must be verified.

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

At the time of Registration done:

- a. Client code generated, which is, known as Unique Client code.
- b. Full Client detail is updated in Back office software
- c. Such UCC is uploaded to exchange through extranet
- d. Welcome letter and copy of documents send the client and acknowledge the same.
- e. Keep the documents in proper manner in the safe place, same is retrieval as and when required.

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

In all office we have dealer who are TWS/CTCL operators. These TWS/CTCL operators who attend to Clients' Orders have been assigned Clients and Clients have been advised to contact particular person for placing/modifying/cancelling their sales/purchase Orders.

Every TWS/CTCL 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 TWS/CTCL are strictly confidential and not to be divulged to anybody.

## COLLECTION AND RELEASE OF PAYMENTS TO CLIENTS.

Collection: - Person authorized to collect dues from clients 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 Sr. Accounts Assistant to be informed and necessary actions to be taken. All cheque bounced, to be viewed seriously and client to be warned.

If necessary TWS/CTCL operator assigned to Client, to be instructed not to make any further purchases/sale.

While collecting entering the cheque details follow the below mentioned procedure for the identification of the 3<sup>rd</sup> party transaction.

Process to be followed to accepting the cheque and while posting the receipt entry:

1. Check the name mentioned on the Cheque, it should be in the name of the RiddiSiddhi Bullions Limited only.
2. Client Name and Code should be mentioned on the Back side of the cheque.
3. Amount in word should tally with Amount in figure.
4. The cheque must not be post dated or 6 month old.
5. Check whether cheque's are dully signed by the client or not.
6. Obtain the signature of the client whenever correction is done by the client on the Cheque. If any
7. Insert the client code while posting the entry in BO
8. Cheque the bank details, whether already exist in BO or not
9. In case if the Bank from which the client has issued a cheque was not provided by the client at initial stage then obtain addition declaration from the client for additional Bank.
10. Do not post the entry till additional details are not provided by the client
11. Report such types of transaction to superior.

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 to be paid on the special request from the clients. 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.

### Monitoring of debit balances

Collection:- Person authorized to collect dues from clients would review outstanding to be received on continuous basis based on Client wise records kept in computers. 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 Manger to be informed and necessary actions to be taken. All cheque bouncing to be viewed seriously and client to be warned.

### 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 commodities would be done to the client if the payments are cleared.

If the payment is not received; the delivery will be taken in our 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. It is only when a person is introduced by an existing client and/or friends & relatives of officers, we accept such person as our client after duly verifying the documents and following the "KYC" norms as stipulated by the FMC/Exchanges.

## Closure of Client accounts/ Dormant accounts :

When 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 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 FMC/Exchanges.

### Deregistering a Client

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

SEBI/FMC/Exchange's 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 Quasi 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/FMC/Exchange 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 Trading Member or may act as detriment to the Trading Member 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 trading member or any other person.

If the Client is in breach of any term, condition or covenant of the member client agreement.

If the Client has made any material misrepresentation of facts, including (without limitation) in relation to Security.

### Treatment of inactive accounts:

Any Client who has not traded in any segment of any of the Exchanges with RSBL for the last Six Month calculated from the beginning of every financial year or such other period as may be decided by RSBL at its sole and absolute discretion, then such client would be termed as a **Dormant Account/inactive Accounts**.

The broking/trading account of such client shall be de-activated/suspended temporarily by RSBL. If the client wants to activate the broking/trading account then a request for re-activating the broking/trading account should be sent in writing/via e-mail (through e-mail ID registered with RSBL) to RSBL Such request for re-activation should be accompanied along with such documentary evidence as may be specified by RSBL from time to time.

### Allotment, Surrender and Operation of trading terminals :

We allot trading terminals either to our authorized employees/dealer.

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

### Setting of the limit as per the terminal and client

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

The client further agrees that the trading member 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 commodities through the trading member, 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 or the order being outside the limits set by the Trading Member/Exchange/FMC and any other reasons which the trading member 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.

## Square off of positions/ Liquidation of margin deposit without consent of clients :

Ensure that no position will be square-off or liquidate clients without the consent of respective client's. However, following is the procedure we have adopted, should the need arise for such an act.

In case, a client executed trades in particular commodity contract 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, Square off of positions/ Liquidate margin deposited by the client with us.

## 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 Proprietor of the firm for further action.

## Issuance of **Contract Notes, Margin Statement, Statement Of Accounts** To Clients

The organisation sends contract notes and daily margin statements within 24 hours of execution of the trade (ie. Within 1 day) by digitally signed emails to the email id of all the clients, who have an email id. Clients who don't have an email id are send the contract note and daily margin statements by courier or are hand delivered. The quarterly statements are also sent electronically to the email id of the client or hand delivery.

The activity of sending contract notes, daily margin statement and quarterly statement of accounts to clients has not been outsourced to any person.

The log reports are maintained for the documents sent electronically and in case of documents sent by courier the proof of dispatch (POD) is maintained and in case of hand delivery, acknowledged copies of the documents sent are maintained.

Duplicate copies are not required as log reports are maintained for the electronically sent documents.

In case of clients sent by electronic contract notes, the maintenance of log, client consent and copy of contract notes is maintained in non-tamperable form.

In case of clients who does 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.

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 ).



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 Contact Notes.

Contract Notes will indicate total brokerage charged to the Client.

If authorized by the Client contract notes 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 Contact 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.

## 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

RSBL is committed to safeguarding the interests of our clients and customers in the event of an emergency or significant business disruption. This Business Continuity Plan Disclosure (the "BCP") summarizes RSBL effort to mitigate risks inherent with unforeseen business interruptions. The Firm's comprehensive business continuity strategy is designed to enable us to meet our existing obligations to our clients and customers even in the event of an emergency or significant business disruption. This BCP is intended to be best practice being followed by RSBL based on rules Promulgated by leading international exchanges and self-regulating organizations.

In case of Disaster, we have backup for the Trading, we have install exchange TWS for trading from internet from other location and inform our client through SMS Services.

## PMLA POLICY FOR COMMODITY BROKERS

We have drafted the PMLA Policy and strictly adhere to such standard.