

**Internal Control Policy  
Ganpati Securities**

# **GANPATI SECURITIES**

## **INTERNAL CONTROL POLICY**

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# Internal Control Policy

## Ganpati Securities

### Internal Controls

1. **Details: Ganpati Securities** \_ was established in 2009 and growing day to day. The Comp[any has outlined various policy to make safe guard from any unwanted situation and to comply the regulatory provisions.

### 2, **Funds: System of Pay in and Pay out of Funds**

- a. Clients payout is released using various modes like Cheque , RTGS, NEFT, FT as and when there is credit balance after considering necessary margin on open positions of clients. However, clients who have requested us in writing that funds should be released on their convenience only are paid on demand only. All payments are released only to registered bank account of client.
- b. Pay in from clients is collected by various modes like Cheque, RTGS, NEFT, FT etc. as and when due and accounts executives are given this responsibility of collection at HO level as well as Branch level. Credit is given after verification of source account.
- c. Funding to clients is not done by us.
- d. In case of default by client or AP, oral, telephonic and written reminders are sent to client / AP and in case of no proper response legal notice is sent and then proceedings for recovery is started.
- e. AP' commission is released on monthly basis after deduction of TDS.
- f. No third party transfers are done at all .

### 3. **Trading/CTCL Terminal & Procedure of Accepting & Placing of orders**

In all offices we have authorized persons who are TERMINAL operators. These TERMINAL operators who attend to Clients' Orders have been assigned Clients

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and Clients have been advised to contact particular person for placing/modifying/canceling their sales/purchase Orders.

Every TERMINAL operator would first ensure that person contacting personally / over phone is client himself. The orders are entered on the trading system with due care regarding the security, quantity, rate etc. Confirmation for execution of market orders is given immediately and limit orders are confirmed upon execution.

No order to be entered at unrealistic rates even if instructed by the client. In case of orders being executed in the wrong code the same is rectified immediately upon identification.

Only orders that meet the risk management parameters are accepted based on the balances of the clients.

Only telephonic order on recorded line shall be accepted in normal course of operation. In case of any emergency, order may be placed and confirmation from clients shall be taken and preserved.

In case of visiting client, written order shall be taken. However if client is pressurizing for order placement due to market fluctuation, order may be placed and post confirmation in writing shall be taken from clients.

However in view of onslaught of nCov-19, regulator has given relaxation for order placement through recorded line or written instruction. Therefore we shall ensure post trade confirmation.

#### 4. Contract Notes

Contract notes are issued to the clients as per the regulatory requirement within 24 hours of execution of the trade. The clients are issued Electronic Contract Notes and/or physical contract notes as per preference.

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In case of bounced mails, physical contract notes are issued to the clients.

A contract note shall be signed by authorized signatory. Names of these authorized signatories will be printed on the Contract Notes.

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

The contract notes is numbered with unique running serial number commencing from one at the beginning of every financial year (v.i.z. April to March).

Dealing Office address is printed on the Contract Notes. Electronic Contract Notes sent logs are maintained and kept at-least for 5 years and Physical contract notes are sent through Indian postal services and acknowledgement of same are kept.

Contract Notes will indicate brokerage charged to the Client.

### 5. **Commodities: System of Pay in and Pay out**

- a. Commodities are received from clients for Pay in and as Collaterals. Credit is given only if commodities are received from registered Demat accounts. If commodities are received from unregistered accounts then commodities are transferred back to the same account.
- b. Delivery for payout is given to the clients in their registered Demat accounts only. The commodities are delivered to the clients within 24 hours of receipt from the clearing corporation except in case of clients that have requested the retention of commodities in writing.
- c. Clients commodities are accepted from and released to clients only in those accounts which are registered with company.
- d. We ensure that a client's commodities are not mis-utilized for own purposes and for any other client. Commodities in excess of those

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received from a client to meet his obligations. **Ganpati Securities** will not debit any other account and return back to client if no request is made for retaining.

### 6. Introduction/Registration of clients

At HO and Branches experienced persons are entrusted with the work of Registering New Clients.

We have a combined Form for registration of clients on various exchanges and segments.

- a. The prospective client is interviewed by our official, who obtains the duly filled KYC form along with the RDD and other supporting documents.
- b. Originals of the Documents submitted are required for Due Verification at the time of submission of the KYC.
- c. 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.
- d. 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.
- e. Copy of a Cancelled Cheque Leaf / Bank Statement / Bank Passbook containing Name of the Client as proof of bank A/c.
- f. Copy of Demat Account Statement / Account Opening Letter for all the Demat Accounts for which Details are furnished.

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- g. 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)
- h. Copy of Latest Shareholding Pattern including List of all those (including their Photographs) holding more than 5% in the Share Capital of the Company and Persons authorized to deal in Commodities / Contracts, duly certified by the Managing or Whole time Director or Company Secretary (updated Shareholding Pattern to be submitted every Year for Corporate)
- i. 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 Commodities (for Corporates)
- j. Copy of financial status with supporting documents also shall be taken.
- k. Any Overwriting, Corrections, Deletions are to be countersigned.
- l. Annexure may be used if the Information does not fit within the space provided.
- m. Signature on all required locations are obtained from the constituent.
- n. Forms incomplete in any respect are rejected and are registered only after ensuring that the same have been completed in all respect.
- o. In person verification is done by employee of the company for every client.
- p. KYC docket along with the supporting documents are sent to concerned branches for final verification, signing and further processing.
- q. The clients are de-duped with the list of persons barred by SEBI and UN Security Council.

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- r. The AML compliance with regards to identification of the client as a high risk client is carried out. Accounts of foreigners are not allowed to be opened.
- s. Client code is allotted to the client and the UCC is uploaded to the Exchange along with KRA and CKYC as applicable.
- t. A copy of the KYC docket containing the KYC Form, the RDD along with the other documents is sent to the client with the welcome letter. The client is instructed to verify the details like the Name, Address, Bank and Demat account details, PAN etc. and report in case of any discrepancy.
- u. An Call about the issuance of the welcome kit is also sent to the client.
- v. We do not outsource client registration process.
- w. We do entertain walk-in clients but do not accept them without proper references and in person verification as mentioned above.
- x. Record keeping and retrieval of client registration documents is handled by a professional agency.

### 7. Internet Trading

- a. Internet trading is allowed to those clients who give written request for the same.
- b. Before commencing of trading through internet

### 8. PMLA:

Annexure attached

### 9. Outsourcing of services and POA

We do not outsource any activity and POA also not being taken from the clients.

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### **10. Opening & Closing of branches**

- a. Whenever any proposal for opening of a new branch is conceived, a projection sheet is prepared depicting the proposed cost revenue analysis, the proposed services to the new clients etc.
- b. The proposal is discussed in the Branch Appraisal committee meeting, consisting of directors and other senior persons of the company. The committee gives its approval to the proposal only when it is fully satisfied about the improved services to the prospective clients.
- c. After the approval is received from the committee, all the activities of opening of new branch are carried out in a professional way.
- d. Whenever any branch is closed a notice to that effect is displayed in the branch premises one month in advance.
- e. There after all the clients are called on telephone/emails informing about the closure of branch, they are given proper information regarding the contact numbers after the branch is closed.
- f. Normally the clients are mapped with our other nearby branch and the clients are informed about the same along with the concerned contact person for future dealings.

### **11. Closure of client accounts / dormant accounts**

- a. Closure of accounts is done on a request letter duly signed by client. Account is settled and cleared and the back office deactivates the client ID. After closure of account a confirmation is sent to client either by e-mail on registered ID or through courier.
- b. In case of dormant accounts having no operation during last 12 calendar months we mark it as inactive account. And no operation is permitted in an inactive account except collection of dividend on commodities and debiting of charges if any. An inactive account can be activated only on written request from client and before reactivation we verify client's particulars again.
- c. In case of dormant accounts for more than 5 years if request for reactivation is not received within two years from deactivation of account we deregister the client after informing him at his last known address.



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### **12. Liquidation of open position/invocation of collaterals**

- a. Without prejudice to the Brokers other right (Including the right to refer the matter to arbitration), The Broker shall be entitled to liquidate/close out all or any of the clients position without giving notice to the client for non-payment of margins or other amounts including the pay in obligation, outstanding debts etc and adjust the proceeds of such liquidation/close out, if any, against the clients liabilities/obligations. The client shall ensure timely availability of funds/Shares/Commodities (WR's) in form and manner at designated time and in designated bank and depository account), for meeting his/ her/its pay in obligation of funds and Commodities. Any and all losses and financial charges on account of such liquidations/closing out shall be charged to & born by the client. In case of Shares lying in margin account/client beneficiary account and having corporate actions like Bonus, Stock split, Right issue etc. for margin or other purpose the benefit of shares due to received under Bonus, Stock Split, Right issue etc will be given when the shares is actually received in the Broker designated demat account. In case the payment of the margin is made by the client through a bank instrument. the Broker shall be at liberty to give the benefit/credit for the same only on the realization of the funds from the said bank instrument etc, at the absolute discretion of the Broker. Where the margin is made available by way of Commodities or any other property, the Broker is empowered to decline its acceptance as margin / Commodity &/or to accept it at such reduced value as the Broker may deem fit by applying haircuts or by valuing it by making it to market or by any other method as the Broker may deem fit in its absolute discretion. The Broker has the right but not the obligation, to cancel all pending orders and to sell/close/liquidate all open positions at the pre-defined square off time or when Market to Market (M-TM) percentage reaches or crosses stipulated margin. The Broker will have sole discretion to decide referred stipulated margin percentage depending upon the market condition. In the event of such square off. the client agrees to bear all the losses based on actual executed prices, the client shall also be solely liable for all and any penalties and charge levied by the exchange(s)

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- b. In case, client has pledged BG and/or FD as collaterals and client has failed to make payment against debit balance/shortage, the BG and/or FD shall be invoked after giving intimation/notice to the clients.

### 13. Risk Management

- a. We have a client level risk management system wherein the deposits of all the clients are uploaded to the front office software of the Company. The clients are allotted exposure based on the deposits available with us.
- b. The deposits are obtained in form of funds and securities.
- c. The clients are allowed to execute transactions and the SPAN/exposure margin is blocked based on the exposure availed by the client.
- d. The clients are required to pay the amount within the stipulated time and regular follow-ups are ensured for recovery of debit balances.
- e. In case of Margin shortage, the clients are called upon to make the payments promptly. Failure in making payments automatically results in blocking the client from increasing the position.
- f. If MTM reaches 70% of the deposit RMS selling can be done even before above stipulates days.
- g. In case of panic market conditions, RMS selling will be done immediately.
- h. The open position will be squared in proportionate of available margin if any.
- i. In case there is ledger debit in client's accounts, collateral stocks to the extent of ledger debit (including MTM) will be sold off.
- j. Further Client will be suspended from Trading on RMS selling day and suspension would be removed after selling.

### 14. Surveillance

- a. Apart from monitoring the availability of margins and recovery of Debit balance we also identify the incidents which in our opinion, require to be scrutinized.
- b. At the end of the day we process the transactions through our offline surveillance system. We monitor the concentration of volume in various commodities executed through us. In case where it is identified that we have executed more than 30% of the market volume in any commodity, the instance is scrutinized in detail.

### 15. Margin Collection And Reporting Policy

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- a. All margins for trades done in any Exchange, Will be collected upfront.
- b. Margin is collected from clients on daily basis. Client is given option to pay by shares or by funds and proper records are maintained.
- c. No Margin will be accepted through third party cheque and in case of Demand Draft / Pay Order, a declaration signed by client, must be accompanied.
- d. In case of securities, Only liquid securities, received from registered DP ID of client will be accepted, and a hair cut as per exchange VAR will be applied.
- e. At the end of the day, Shortage of margin collected, will be calculated and reported to relevant Exchange.
- f. In case of short margin, Follow up for collection will be done, and if margin is not received from client then position will be squared off.
- g. Only MTM and/or other margin received on T+2 days basis and get cleared on T+5 days will be considered and reported accordingly.

### 16. Investor Grievance Redressal

- Investor grievances are coming to us either directly from constituent or through Exchange.
- In case Grievance come to us directly from constituent then we are trying to address his/her grievances if found genuine and inform him/her directly.
- In case Grievance come to us through Exchange then we are trying to address it in inform to Exchange appropriately.

### In House Redressal Mechanism:

- All grievances/complaint directly come to our Company Head office through investor grievance email IG EMIAL ID ganpati\_mittal@yahoo.com and / or through post. The concern customer care executive forward the same to concern department/person like Trade, Depository, accounts etc. as per their nature of complaints and compliance officer to maintain record in register and follow-up.

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- The concern department/person verifies their complaint and inform to company head and compliance officer with their findings.
- Compliance officer maintain records of all complaint and its redressal actions and if needed then he maintain separate file for each complaints.
- If grievances/complaint found genuine then we address their grievances at earliest and inform him/her or Exchange immediately.
- If grievance found false we also inform him/her or Exchange accordingly.

For Ganpati Securities

