

Frontline Capital Services Limited
B-22 Sector – 4 , Noida – 201301

INTERNAL CONTROL POLICIES AND PROCEDURES

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Acceptance of Client and Client Identification

- KYC procedures as prescribed by SEBI/Stock Exchange / Depositories are to be followed while ascertaining the identity of the clients and opening the new accounts.
- While opening the depository and trading account the title of the account shall be maintained in the same style and pattern as it appears on the PAN Card.
- At the time of account opening the name of the client may be searched through the Internet search engines and the results, if any may be reviewed in the context of PMLA guidelines.
- Identity Proof of Banking Account and demat account shall be obtained before entering the details of bank and demat account in the client master database.
- PAN number and a Copy of PAN card will be compulsorily obtained from the client. No trading will be allowed unless the proof of identity and Address is submitted by the client.
- All the documents collected will be verified with original by the Client Registration Department and a stamp "Verified with Original" will be affixed and signed 'by the person verifying it.
- In person verification should be carried out by staff member.

Issue of Trading Terminal

- The guidelines laid down by the Exchange for Approved User and Location of trading terminal will be strictly followed. It would be made sure that there is no issue of trading terminals to unauthorized persons or at unauthorized locations.
- The data regarding new user as well as modification in existing user should be immediately uploaded and documented on modification or issue to the new user as the case may be.

Margin Collection

- Any exposure to the client will be subject to the collection of adequate margins from the clients.
- The margins collected would be as per the requirements of the Exchange.
- Margins collected would be in the form of Shares, Cash or Credits.
- In cash segment margin would be collected at the discretion of management.

Transactions of Clients

- The senior person shall periodically generate and review the exception report by processing the transaction and master database with a view to filter out the clients and transactions which may fall under the category and nature as mentioned in this document.

Placement of Order

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the priced put up should not be unrealistic or not representing the correct market price.
- Generally before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.
- The clients are identified by asking them the Unique client code assigned to them by us.

Collection and release of payment to Clients

- On shortage of Margin / pay-in clients are informed on T day and payments are received on T+ 1 day.
- On non payment of Margin/Pay-in, clients are not allowed to trade.
- Generally clients are authorising us to hold their payout through running account letter.
- However, on specific request of clients payout is made on T+2 basis.
- Third party payment of funds and delivery shall not be accepted or given.
- No cash shall be received from or paid to the clients towards the settlement obligation except under the abnormal and special circumstances and with the written permission of any of the director.
- In case of payment being received by way of demand draft, pay order or any other mode where the identity of the account holder effecting the payment is not available, such payment instrument shall be accepted along with the covering letter from the person tendering the payment.
- Payment of funds shall be given only by account payee cross cheques in favour of the account holder.

Collection and Delivery of Securities to the Clients

- Deliveries of demat shares shall be given only to the demat account Id registered in the master records.
- On shortage of securities for Pay-in, clients are informed on T + 1 day and securities are received on **T+1** day. On non receipt of securities for Pay-in, clients are informed for shortage and auction.
- Back office software shall give alert and restrict the entry of demat deliveries if source details is not matching with the master records.
- clients security payout is made on T+2 basis.

Operations and Compliance requirement

- Generally exchange/SEBI byelaws, **rules**, regulations and circulars received from time to time for conducting operations and following compliance stipulated by exchanges/SEBI will be followed.
- Annual compliance requirement of all Exchanges will be submitted regularly.
- All the compliance requirements will be submitted in time to all the exchanges.

Payment of Dividend

- Dividend received for the shares in Beneficiary account, should be passed on to the client within 30 days from receipt of the Dividend.

For Frontline Capital Services Limited

Director

