

INTERNAL CONTROL POLICY

SPA Securities Limited is a corporate member of BSE, NSE, MCX-SX, USE and OTCEI having pan India presence at around 30 locations across India. The Company is a registered depository participant for CDSL and NSE and also is a registered portfolio manager. The company is a registered mutual fund advisor and have enabled itself for the BSE's STARMF and NSE' MFSS (Being online platforms of the exchanges for dealing in mutual funds).

The company caters to more than 200 institutions (viz. Banks, FIs, FIIs, and MFs etc.) and over 6000 retail clients across India.

CRITERIA FOR CLIENT CODE MODIFICATION

- Wrong trade which has occurred due to any genuine error or mistake in order Entry, while punching the order by any dealer of SPA.
- Wrong Trade which has occurred due to any miscommunication from the Client/authorized representative of the client.

PMLA

- Company has appointed Mr. Ramesh Sharma as principal officer and a due intimation whereof has already been given to FIU India.
- KYC and AML policies have been reviewed in line with SEBI Guidelines on the regular intervals.
- Company has formed Anti money laundering policy to deal with the AML issues.
- System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC is done on the daily basis .
- Any Suspicious Transaction Report (STR) if any are reported to FIU
- Risk categorization of clients has been done based on the criteria mentioned in the applicable acts and rules.

INTRODUCTION/REGISTRATION OF CLIENTS

- Various measures are taken to check the genuineness and prudence of the client like checking with income tax database, CIBIL database of Defaulter, SEBI banned entities, UN List of United Nations Security council's Al-Qaida and Taliban Sanction committee, other information's from free search engines like Google. Com etc.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients is being carried out in accordance with the SEBI and exchange guideliens.After doing in-person verification, The details thereof like name of the employees who conducted IPV, date of IPV, Emp. Code etc. are recorded on the KYC form and / or the identity documents provided by the clients.

FUNDS

- System of pay in and pay out of funds from / to clients: Most of the clients are maintaining running ledger accounts with us by giving us a running account authority letter. Hence, pay-out of funds are done at the request of the client. Regarding pay-in of funds, the monies are received from the client on T+day.
- System & source of pay in and pay out of funds in case of Own trading: Own trading is happened and is being handled from company's own account which is kept separate from the client account. Generally, trades of institutional clients which are either not-accepted or are partially accepted by institutional clients are transferred to PRO account.

- Regarding margin for capital market segment, trading limits are given based on client's funds/Securities lying with the company and monies are received as stated above.
- No funding is done to the clients.
- Dividend etc. received on behalf of the client are transferred/credited to the client's account within 7 days from the date of receipt of the same.
- There are No Sub broker/Remisers.
- No third party Transfer of funds are entertained only in certain exceptional conditions.

TERMINAL

- Procedure of accepting & placing of orders: The orders from the clients are accepted in the following ways telephonically at any of our branch/offices. In that case, the Identity of the client is first ascertained before putting any order on behalf of the client.
- Trading limit for each terminal / client and user id have been set.
- Control over operator to ensure that he is entering authorized trades only
- The company has policy to hire the services of only experienced dealers who have hands on working experience of dealing. Further, we have call recording systems implemented at selected locations. Further, we have strong trade intimation system to intimate the clients about the trades done in their account via sms,e-mail,tele calling.
- No Terminals are located abroad

CONTRACT NOTES

- We have two locations from where Contract Notes are printed. Delhi and Mumbai.
- We are sending ECN to most of our clients after taking due authorization from the clients. Upon non-delivery of any such ECN, Physical contract notes are sent to the respective client(s) as per SEBI/Exchange guidelines. Additionally, we distribute the physical contract notes to most of the clients through our branches on weekly basis.
- Number of CN are Reset every year from 1st April.
- Company sends ECNs to the clients and ECN sent log for such CNs are maintained. For Physical CNs, proper proof of dispatch/acknowledgements from clients are maintained.
- Consent for change in e-mail id is obtained through physical letter only from the clients

SECURITIES

- Pay-in of securities are received from the respective client's account within the specified time period. In case of Pay-out, Securities are transferred to the respective client's account upon receipt of the Securities from the exchange.
- Separate Own Beneficiary Account maintained
- Separate Client beneficiary account maintained
- Client wise segregation of securities maintained
- Clients' securities maintained with Member in Exceptional cases only where Client offers the Securities as margin.
- Securities are received from those demat accounts only which are mapped to the respective clients in back-office system.
- Client Securities are kept separately from own account. Proper Audit trail are maintained to ensure that the clients Securities are not mis-utilized for own purposes or for any other client.

STATEMENTS OF ACCOUNTS

- Statement of accounts for funds and securities are issued on quarterly basis.
- Statement of accounts is issued physically or and a soft copy is also send on the client mail id.

EXECUTION OF POA (POWER OF ATTORNEY)

- The company accepts only a limited purpose POAs from the clients for the purpose of meeting their Pay-in/Margin obligation. Such POA is obtained strictly in accordance with the SEBI guidelines. Further, POA is obtained for demat account only and not for trading account of the clients.

OPENING & CLOSING OF BRANCHES

- In case of closure of branches, One Month Notice is to be served to the clients for closure and Transfer of branch

CLOSURE OF CLIENT ACCOUNTS / DORMANT ACCOUNT

- For documentation (both inward and outward) undertake for closure of account a duly signed account closure form is obtained from the client. After receipt of the form/request from the client, the Account closure is processed after taking into all credit/debit balances lying in the account of the client. If there is any credit balance lying in the ledger account of the client, then the same is returned to the client and in case of debit balance in the ledger of client, the same is recovered from the client before closing the account.
- Policy for dormant account is in place.

RECEIVING AND EXECUTION OF ORDERS

- Orders are accepted at HO/Branches/Sub-brokers office/AP's offices over phone or by personal visits by clients or their authorized representatives.
- Orders should be taken on call from Client registered mobile number

BROKERAGE CHARGED

- No Brokerage schemes provided to the client, brokerage is charged after due discussion with the client by sales person.

To prevent the misuse of confidential information a "Chinese Wall" policy is adopted in terms of SEBI (Prohibition of Insider Trading) Regulations, 1992.