



STAR Finvest Pvt. Ltd.

MEMBER : NATIONAL STOCK EXCHANGE OF INDIA LTD.
BOMBAY STOCK EXCHANGE LTD
DEPOSITORY PARTICIPANT - NSDL & CDSL
REGD : OFFICE : 311-314, ARUNACHAL BUILDING : 19, BARAKHAMBA ROAD, CONNAUGHT PLACE
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Internal Control Policy

Mr. S.K. Gupta, Director of the company is responsible for smooth functioning of business.

Risk Management Policy (RMS)

Default Intraday limit is 5 times of available margin. The exception approval hierarchy /limits are as below :

Levels	Total Approval limit
Dealer	1,00,000/-
Branch Manager	10,00,000/-
Management	Above 10 lacs

- Default trading limit is Rs 0/-for all client, except online clients & Direct clients.
- Eligible securities will be accepted as margin. It will be valued @ 70% on closing price. Stock list will change from time to time. The stock list is uploaded on the website every month.
- All the stocks except NSE illiquid item issued by the exchange from time to time are eligible stocks. These eligible stock will be valued at 75%. The updated stocks will be considered for margin.
- Unclear cheque will not be accepted as margin.
- All clients need to maintain 30%+ combine margin at end of the day. Except client who are trading in both Cash & F&O Segment. It will be calculated on 30% in cash market +(SPAN+Exposure margin) in F&O segment. The same is done because required margin (%) is less in Index future and selected stocks future too. The option margin calculation (SPAN + Exposure Margin)/Initial premium methodology is also different.
- No limits allowed against receipt of third party cheque and stock.
- Client level margins will be will be set automatically in the trading system. Following example will give more clarity
 1. If client "ABC" has given 1lacs cheque, on getting the clearance from accounts dept, margin of 1 lacs shall be set and client will be able to take exposure upto 5 lacs.
 2. 2. Second scenario-If client has ledger credit of 1 lacs + eligible stock worth of 5 lacs and + non eligible stock worth of 2 lacs, the margin available for trading would be 4.5 lacs (1 lacs ledger credit + 3.5 lacs eligible stock of 5lacs valued at 70% + 0 lacs Non-eligible stock valued at 0%).
- TT/ S/TS (Trade to trade & other segment) trade to be done only from HO.
- Trading in B2 is restricted.

- Scrip limits to be reviewed at periodical intervals (30 – 45 days) by Mr. S.K. Gupta, Director.
- Trading in Z group is not allowed.
- Mr. Ajay Goel, Accounts Manager, to inform Dealer/Branch Manager/Management about client margin/ Exposure. Dealer/Branch Manager/Management should communicate with the client directly. Mr. Ajay Goel, Accounts Manager, will also communicate with the client directly. Mr. Ajay Goel, Accounts Manager, to take a final call on client exposure. The cut off margin % is 20%. It means that if client margin goes below 20%, then Mr. Ajay Goel, Accounts Manager, will give alert calls to respective Dealer/Branch Manager/Management.
- Client positions can be liquidated when margin falls below 10% without any further intimation. However, the respective Dealer/Branch Manager/Management should be informed.
- Single order transaction limit (client / Dealer) is Rs 50 lacs (value) or 50000 shares whichever is lower. Any deviation has to be approved by Mr. S.K. Gupta, Director.
- F&O margin are to be collected on the basis of Span + Exposure margin + any additional margin, if any.
- No trading in scrips (In F&O) which has reached 95% market wide limit. All these contracts are to be blocked.
- No transactions allowed in illiquid contracts in F&O. Far month contracts are to be locked from RMS.
- Span margin will be charged for option spread position.

Collection and maintenance of Margins.

- a. The requirement of collection and maintenance of margins in Cash/Capital Market segment is waived in general. However, after taking into account the conduct of the account, size and frequencies of trades, category of scrips and financial standing of the client, Mr. S.K. Gupta, Director may decide to collect the margins in any form on a case to case basis.
- b. In case of the clients having relatively large volume and regular trading activities, at the option of the Client, the payout of funds and securities shall be retained towards the upfront and daily margins under the written authorization from the clients.

Code Modification:

- The modification to the client code is to be done only in exceptional cases and not as a routine one.
- The reason for modification has to be ascertained and analysed and genuineness is to be established and also it's impact on the clients should be studied before the modification.

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- Normally as a principle, other than for punching errors, no modification to the client codes be allowed.
- Therefore, it is imperative that the issue should be reported to the Compliance officer and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interests of the client.
- Hence the facility to modify the client codes should be available only at the Compliance Officer level and should not be given to the branches/franchise/sub-brokers.
- Training program should be conducted to all the Dealers and they should be explained how code modification can be misused and what steps should be taken to avoid the same. It also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors'/typing errors'.
- A register is to be maintained for recording all the code modifications with details like error code, correct code, scrip name quantity, client name, the name of the dealer who punched the code, the explanation of the Dealer/Branch Manager, the 'analysis / study' of the authorised Manager and his approval/disapproval for modification.
- Finally the decision of the Compliance Officer should be ratified later by the Director.

RMS liquidation policy :

1. Client intimation / notice by the branch, if margins fall below 20% in cash segment. Please note in case of F&O, it will be SPAN+ Exposure margin. Also note that if client is having exposure in index Future then effective margin (%) is much less. However, for client who is having exposure in cash & F&O segment, if margin falls below required margin level (which is 20% in cash +F&O (SPAN margin)), clients needs to be informed in case of such shortfall.
2. Client positions are liquidated when margin falls below 10% and post trade confirmations should be given.
3. Everyday auto stock selling on the basis of RMS shortfall.
4. The T+5 cutting is not part of Risk management policy.
5. Time based auto square off is at 3.15pm every day in online segment, when started.
6. Margin based auto square off are @ 80% erosion in margin in online segment, **when started.**

Saada after risk management policy

- Single stroke limits as Defined in the RMS Policy.
- Reconfirmation of deals with clients on daily basis after market hours.
- Immediate square off on detection
- Contract acknowledgement/ day end confirmation/ compulsory digital contracts
- Co-ordination with back office for pay in shortages.

RMS Advise

- Accuracy rather than Speed should be given priority for any dealer.
- One should use option as a hedging tool for client exposure.
- Always use voice logger for Client trade & as well as confirmation. Avoid use of Mobile
- Phone in dealing room
- Give periodic confirmation about Ledger & stocks to the client.
- Try to keep Stop loss against intraday exposure.

Pay in Pay out of funds and securities to clients

- (a) The client shall be asked to make the full payment as per the daily debit obligation on T+1 basis.
- (b) The pay-out of funds shall be made on T+2 basis after confirming the successful pay-in of securities by the client.
- (c) The exchange/segment wise segregated ledger account shall be maintained with an option to view the all exchange/segment merged position.
- (d) Under written authorization from the client, the pay-out of funds can be retained for margins and/or future pay-in obligation and for collection and release of funds the account shall be maintained on a running account basis with all exchange/segment net balance criteria. The inter exchange/segment Journal Entry shall be passed when required.
- (e) Pay-out of funds is made to clients only after pay-in of securities from clients and after adjusting all types of Margins.
- (f) Pay-out of Securities is made to clients only after pay-in of funds from clients.
- (g) The pay-in of shares /funds from client comes only from their Demat Account and Bank Account declared in the KYC form. In case the shares are received for the Account other than designated Account then such shares are returned / rejected.
- (h) The company receives the deliveries of securities from the clients in the pool accounts / or Exchanges early pay-in account which intimated to the clients.
- (i) The company has received authority from clients to maintain shares on their behalf to avoid trouble of receiving / giving shares on daily basis. And in most of case we deliver the shares in clients demat a/c directly from exchange (Direct Pay out). Proper record for securities received / given to the clients is maintained.
- (j) POA is also given by clients, but POA is only used for pay-in Purpose of Shares or delivery of securities company has activated auto pay-out facility in clients demat account.
- (k) Cash payment is not made to client / accepted from client.
- (l) Further some of the clients have given consent to the company to maintain running accounts on their behalf to avoid trouble of receiving / paying funds on daily basis.



- (m) The accounts department keeps proper co-ordination with settlement Department regarding Payin of shares by clients and then releases the Pay-out cheques to the client. Company releases payments of the clients either by hand delivery to the authorized persons intimated by the clients or by courier to the client's address. In some cases cheques are directly deposited into client's account.
- (n) We accept the cheque only from bank account of clients which is mapped in our system. Our Branches / Franchisees deposited the Cheques in our account at their local branch and make entry in the system. Payment to client is centralized through system and local Cheques. Cheque issue authority is not given to branches / franchisees.
- (o) Deliveries of securities to the clients shall be effected within 24 hours from the pay-out.
- (p) Collection of deliveries of securities from clients shall normally be called from the clients on T+1 basis.

Deregistering a Client

The Company may, at its absolute discretion, decide to deregister a particular client. The illustrative circumstances, under which The Company 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 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 debarred list.
- ◆ Such client's account has been lying dormant for a long time or client is not traceable.
- ◆ Such client has been irregular in fulfilling obligations towards margin or settlement dues.
- ◆ Such client has declared insolvent or any legal proceedings to declare him/her as such have been intended.
- ◆ 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.

Treatment of inactive accounts:

- ◆ Client account will be considered as inactive if the client does not trade for a period of twelve months. The working shall be done at the beginning of every month and those clients who have not executed any transaction in the preceding 12 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.
- ◆ The process for reactivation shall be afresh, all sets of documents shall be taken as a proof of identification and financial status.

Code of Conduct of Employees /Temporary Staff/ Voluntary Workers etc.:

- ◆ Employees do not encourage or circulate rumours or unverified information obtained from client, industry, any trade or any other sources without verification.
- ◆ Access to Blogs/Chat forums/Messenger sites etc. are under the supervision of Compliance Officer or access should be allowed under the supervision of The Compliance Office.
- ◆ Logs for any usage of such Blogs/Chat forums/Messenger sites (called by any nomenclature) shall be treated as records and the same should be maintained as specified by the respective Regulations such as SEBI and Stock Exchanges.
- ◆ Employees are directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the Compliance Officer. If an employee fails to do so, he/she shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for actions.

For Star Finvest Pvt Ltd.



(S.K.Gupta)
Director