

Express Securities Pvt. Ltd.

(Member of BSE, CSE & DSE)

43, Babar Road, Bengali Market, New Delhi – 110001, Ph No. 011-42355271/72,

Fax: 011-42355280, Email: esplshare@gmail.com

CIN No. U74899DL1995PTC064159

INTERNAL CONTROL, POLICY & PROCEDURES

1. Introduction

Express Securities Pvt. Ltd. is registered on dated 6th January 1995 under the provisions of the Companies Act 1956. The company is a SEBI registered Trading Member of the Bombay Stock Exchange Ltd (BSE).

The company has adopted various policies & procedures for internal control measures & tools for compliance of various Acts, rules & regulations of the Exchanges/Depository.

A. CLIENT REGISTRATION POLICY

The agreement along with the Know Your Client (KYC) and Risk disclosure document (RDD) should be signed by the client. The required documents should be collected from the clients strictly as per the documents mentioned in the checklist of the agreement book.

- Thorough checking by back office in charge including in-person verification, tallying the supporting documents with the original and interview of client.
- After Signature of the Director on behalf of Dreams the new Client Code is allotted.
- Uploading the client details to the BSE/MCX-SX/KRA.
- On receipt of Valid Report, accompanying the codes allocated to clients the same is intimated over telephone and Welcome Letter along with Xerox copy of KYC along with documents received from the client is send to the client.
- The KRA duly filled with supporting documents is sent to KRA agency.
- The KYC Filing of Client Registration Kit & updation of Index.
- Periodical Review of financial data
- Deactivation of Client Code on receipt of written documents from Client.
- Intimation in writing to Client regarding deactivation of client code & reason thereof
- All Walk in Clients are required to submit proper references or introducers.

Financial Documentation: All clients are required to submit updated financial data, namely, their Balance Sheet, Salary Income Certificate. In case of re-activation of UCC, the clients are also required to submit written request. Clients, specially operating in F&O Segment are compulsorily required to submit their latest financial position every year without fail.

Maker & Checker Concept: The Company appoints different person for checking CRF/data submitted by client and data entered in computer for uploading to master file & the Exchanges. Even after uploading of data, the compliance officer checks the data entered from the CRF. All blank spaces in the CRF is crossed by the compliance officer, if found not crossed by the client.

Marketing Division: The Company does not have any marketing Division. The Director's/RM's themselves does the marketing.

Closure of Client Accounts/ Dormant Accounts: Clients accounts are closed either by client himself or action initiated by the company. On receipt of written request from the client, the

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compliance officer deactivates the client code in its front & back office. CRF form is marked closed only after proper verification of client's ledger account & clearance received from accounts department regarding dues & margin. Moreover written communication is also sent to client accompanying closure of his account.

Client's accounts are also closed on action initiated by the company in the following cases:

- If client fails to meet his obligation within stipulated time or time provided by the company
- If clients fails to provide proper documents as required under SEBI rules & regulations even after repeated request by the company.
- If client is declared fugitive under any law in India or abroad.
- If client is declared insolvent under any law in India or any criminal cases are filed or pending and such information is not disclosed at the time of registration with the company

The company also mark all inoperative client account as 'dormant' till the same is closed or re-activated after written request is received from the client. UCC allotted to closed account is not used for any other new client.

B. TRADING POLICY:

Active Client master list should be uploaded in the BOLT/FOW trading terminal and all the orders from the clients should be checked for the client codes in the list. This will ensure minimal wrong code punching by the dealers. Dealers should be vigilant in executing the orders of the client. They should check & report to senior authorities / Compliance Officer if any client is giving order of abnormal quantity or rates. Every client should be contacted after the market hours for trade confirmation. The clients should be asked for the settlement of their obligation before settlement date of the exchange. Every client must be attended by the staff allocated for the purpose and in his absence; compliance officer must ensure that client is attended by another dealer. Staff/dealer should check the margin availability/credit limit of the client before executing any trade on his behalf. No trades will be transferred to code other than entered in trading terminal after trading hours unless there is genuine mistake on part of the dealer of client mentioning the UCC at the time of placing the order. Transfer of code can be done only by the 'compliance officer' during the allowable time frame by the exchange on system provided by it. This step will help us to trace any discrepancies in the trade as well as timely receipt of cheques and securities from the clients and provide better service.

C. CONTRACT NOTE:

Contract note generation at Back office: We are sending Electronic contract notes to the clients on daily basis on their registered Email Id's. All the logs are preserved properly for verification and resolving any non-delivery issue with the client. Daily reconciliation is prepared for contract Note generated/sent/returned for better control & compliance.

D. PAYMENT POLICY:

- a. Payments to clients shall be made on Pay out basis. (T+2 day).
- b. For clients who are desirous of keeping the pay out money with us as margin money can

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do so by submitting a letter to that effect mentioning therein not to issue cheques until a written request is made. However, such request at a time will be valid for one financial year only and/or until the same is being revoked by the client as the case may be.

- c. For clients who are desirous of keeping the pay out money with us for future transactions can do so by submitting a letter to that effect mentioning therein to keep their account as 'running account' and periodical cheques may be paid or received. However, the clients are required to neutralize and settle their account once in every one/three months of first transaction.
1. Clients, who have debit balance in one segment and credit balance in other segment, will be paid only if their net balance is credit.
2. Margin Money to the clients will be returned only after adjusting debit balance, if any, in their account and/or if they have not defaulted in their obligation to deliver shares / securities.
3. Payments to the clients will be directly deposited in their account if mandate is given by them to this effect and they have account in the same bank, where the company has its account.

E. RECEIPT POLICIES

- Cheques from clients would be accepted only of those banks whose details have been provided during client registration.
- No third party cheques would be accepted.
- NO CASH PAYMENT IS ACCEPTED.
- The branches should mail the details of the cheques deposited directly to the bank at esplshare@gmail.com. The clients should ensure that the mails should be received by HO by 6 pm so that the benefit of the payment made by the clients can be posted to the ledger on the same day.
- Clients are advised not deposit any cash/cheque directly to company's account. If cheque is deposited then intimation should be given in writing along with pay in slips otherwise credit will not given to client till proper documents are received from client.
- For outstation branches, payments made by the clients would be not posted to the account of the clients unless HO receives credit for the same by the bank since outstation clearing cheque takes a period of 15-20 days to get cleared.
- Local Cheques received within 2 PM will be posted to the ledger on the same day. The effect of the cheques received beyond 2 PM would be given on the next day.
- While receiving RTGS/NEFT from client it must be ensured that the same has been received from clients registered account only. Proper record of the UTR number should be maintained.

F. MARGIN POLICY

Capital Market Segment

1. No Purchase order will be entertained unless 10% upfront margin or credit balance is lying in the client account.
2. If, margin is specifically exempted to any client by the management, the same should be in writing.
3. In case, where margin is exempted to any client, the payment must be received within 48

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hours of the execution of the order or within 24 hours of delivery of contract note, whichever is earlier.

4. No short sale will be allowed.
5. Sale order will be executed only on delivery of shares to 'Ben' account' before orders are executed unless management allows the shares to be sold before receipt of shares.
6. On non-delivery of shares in time due to fault of client, auction charges along with 10% extra fine will be payable by the client.

Future & Option Segment:

1. No trading will be entertained unless up front margin is received in advance for value of trade to be executed on behalf of any client.
2. Margin will be accepted in 'Cheque' only unless management decides otherwise.
3. If margin is accepted in the form of shares, a haircut on and above 40% will be computed on the price at the day end. All short fall will have to be met immediately by the client in cash or before opening of next trading session, whichever is earlier. No letter or written communication in this regard will be sent to any client for shortage of margin. The client will be responsible for any shortage of his margin with us for his outstanding trades.
4. No complain will be entertained for squaring off of outstanding trades or liquidating of margin by the management in absence of short fall of margin at any stage by the client. It will be sole discretion of the management to decide on 'spot' whether to square off outstanding trades of a client and margin be liquidated to meet the short fall.
5. Any amount payable on account of 'Mart to market' has to be paid in cash by the client before opening of next trading session. Amount paid must be in the form of clear bank balance given on the day of trade. If clear balances of margin/ MTM are not available, the management will at its sole discretion square off the trades of any client, which in its opinion can put the company or its other clients to unnecessary market risk.
6. The company reserves the right to liquidate a client's position, if the client fails to maintain proper margin with the company. Further, company also reserves the right to liquidate/neutralize a client's position in extra ordinary fall or rise in market price sensitive index, which in the opinion of the company may have a bearing on the future survival of the company and its business.

G. SECURITIES

Collection of securities:

1. To ensure that clients are delivering the shares from their own account and all the deliveries to/from the clients correspond with the details provided by the client with their registration.
2. The statement should be checked with the securities obligation of the clients. Any third party delivery from the clients should not be delivered to clearing house.
3. No credit to clients should be given even though shares received from third party has been delivered to clearing house due to any technical reasons beyond management's control. If client provides sufficient written proof of ownership of such account/share, than

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after updating client database, client may be given effect of the same.

4. The reports provided by Exchange should be used to check whether there is any short pay-in/ out of securities to/from Clearing house.

Delivery of Securities

1. The company will be making direct pay-out of shares to client account of which details are given in Client Registration Kits.
2. The direct pay-out file should be created by the back office software.
3. The instruction slip for shares delivery from the Pool account in case of client to client transaction or break delivery from the Clearing house should be signed by directors.
4. Pay out shares shall be given to clients only when they have clear balance in their ledger account. (*the clear balance means that cheques issued by clients should have been cleared in bank.)
5. Shares of clients having debit balance will be kept with the company as hold back margin.
6. The hold back margin account will be reviewed twice in a week i.e on Wednesday & Saturday and shares will be credited to the accounts of the client if they have clear balance during the time of periodic review.
7. The value of shares to be kept in the holdback margin shall be to the extent the client is having debit balance calculated after taking hair cut into account i.e if the client is having a debit balance of Rs. 1,00,000/- then the shares of worth Rs 1,40,000/-(approx.) will be retained in holdback margin and any excess shares shall be released to the account of the client.
8. In case shares are sold which are lying in our hold back margin a demat charges would be debited.

H. BACKUP POLICY:

All important data backup is taken on daily basis. Backup is taken to prevent loss of data in the event of equipment failure or destruction.

Backup Storage: There shall be a separate or set of storage for each backup day. The old data is kept for 7 days and after that the storage media is reused.

Monthly Backups: Every month a monthly backup shall be made using the latest backup on the USB hard disk and the same is taken to separate location by the directors.