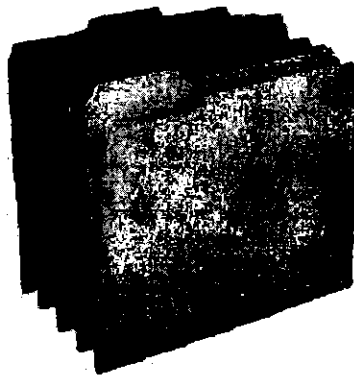


Member of the
Bombay Stock Exchange

Risk Management Policy



Version No.: 2.09
Date: 30.06.2020

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NEEL B DALAL – SHARE BROKER**RISK MANAGEMENT POLICY**

Amendment Record					
Amendment Record Section / Page No.	Description of Amendment	Reason for Amendment	New Revision No and Effective Date	Amendment done by	Approved by
NA	NA	NO CHANGE	2010-2011 VER.1.01		NEEL B DALAL
NA	NA	NO CHANGE	2011-2012 VER.1.02		NEEL B DALAL
NA	NA	NO CHANGE	2012-2013 VER 1.03		NEEL B DALAL
NA	NA	NO CHANGE	2013-2014 VER 1.04		NEEL B DALAL
NA	NA	NO CHANGE	2014-2015 VER 1.05		NEEL B DALAL
NA	NA	NO CHANGE	2015-2016 VER 1.06		NEEL B DALAL
NA	NA	NO CHANGE	2016-2017 VER 1.07		NEEL B DALAL
NA	NA	NO CHANGE	2017-2018 VER 1.08		NEEL B DALAL
NA	NA	NO CHANGE	2018-2019 VER 1.09		NEEL B DALAL
NA	NA	NO CHANGE	2019-2020 VER 2.09		NEEL B DALAL

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Policies and Procedures

Contents

1. INTRODUCTION.....	4
2. RMS POLICY	4
3. CASH SEGMENT - (NSE AND BSE)	5
4. F&O SEGMENT - (NSE).....	7
5. COMMODITY SEGMENT-(MCX)	8
6. FUND AND SHARE PAYOUT SYSTEM FOR CLIENT:	12
7. MANAGEMENT RESERVATIONS:.....	13
8. REMISIER/SUB BROKERAGE SHARING - CALCULATION & PAYMENT.....	13
9. SUB BROKERAGE PAYMENT	14

Policies and Procedures

1. Introduction

Securities market, across the world, is characterized by volatile price movements. Any intermediary, including the broker, has to effectively manage the after effects of the erratic price / index movements. If we fail to monitor the volatility, there is a consequent risk of losing money and subsequent default in pay in obligations. This policy encompasses the procedure followed by the management & staff to control the risk. For the sake of brevity, Risk Management System is called RMS.

Efforts have been made to simplify the policy. In case of doubt, Branch Managers are requested to clarify to their respective constituent the contents and intention of the policy set out herewith. They are also requested to adhere strictly to the policy and enforce the same among their constituents.

2. RMS Policy

It has to be understood that the risk has to be managed on an online/real-time basis till the client-level. Any client registered is given an overall exposure on the basis of ledger balance and the collaterals in the form of securities. The figures are uploaded to ODIN beginning of day based on parameters specified. Management reserves the right to change these parameters without notice and assigning a reason.

3. CASH SEGMENT - (NSE and BSE)

A client registered under the CASH segment can take a gross exposure to the extent of 5 times of his eligible balance for BUY and 7 times of his eligible balance for SELL.

Eligible balance is calculated as under:

Final Ledger balance	xxx
+ Value of stock lying in Beneficiary / Pool Account/ Margin Account with Hair cut of 25% or % of Var Margin as specified by the respective Exchange whichever is higher	xxx

In case Client's M2M crosses 50% of his eligible balance, further trading will be stopped and if it crosses 75% all open position will be squared up.

Explanations:

- a) The stock in Beneficiary / Pool account or Margin account of VSBL belonging to the clients will be valued as per last closing price of respective Exchanges
- b) Any illiquid or ineligible stock may not be included for calculation of eligible balance. Management reserves the discretion to treat any stock as illiquid or ineligible.
- c) Any stock lying in the beneficiary account of the client (held with VSBL, with or without POA or otherwise) will not be taken into consideration.
- d) Any expected delivery of shares may be taken into calculation on credit into the beneficiary / pool account

Policies and Procedures

- e) Value of Undelivered Stock (Stock sold by the client but not delivered for pay in) by the client will be deducted by 120% from the stock valuation. Value of undelivered stock will be derived using latest closing price of respective Exchanges.
- f) Any overdue account for over a period of 5 days will be put on SQUARE OFF mode. Square off mode is an option in which client can only sell his holding. The management reserves the discretion to sell the shares up to the overdue amount without approval/intimation of the client.
- g) For setting up of limits, final ledger balance will be considered i.e. ledger balance including unsettled vallon.
- h) Any unclear cheques will be deducted from the ledger balance.
- i) Company neither deal in physical shares not accept the same for collateral purpose.
- j) In case of cheque return and non delivery of shares which resultant into auction, management reserves the discretion to stop the trading with the client or change the exposure limit to any extent
- k) Client can give an authorization letter to transfer his/her/its credit balance to any other Exchange/Segments and take exposure accordingly. Unless and until company receives an authorization letter, it will allow exposure in the Exchange/Segment where the credit balance is lying.

4. F&O SEGMENT - (NSE)

A client registered under the F&O segment can take a gross exposure to the extent of 2 times of Initial (Span) and Exposure Margin of his eligible balance.

Eligible balance is calculated as under:

Ledger balance as on date

+ Value of stock lying in Margin / Collateral A/c for F&O Segment with VSBL with Hair cut of 25% or % of Var Margin as specified by the respective Exchange whichever is higher

- Initial and Exposure Margin Specified by the Exchange on the open position

In case Client's M2M crosses 50% of his eligible balance, further trading will be stopped and if it crosses 75% all open position will be squared up.

Explanations:

a) Any credit of stock may be allowed subject to approved securities list released on the company's website and updated from time to time. The list is identical to NSE's approved list.

b) Value of stock lying in the Beneficiary / Pool account in Cash segment WILL NOT BE CONSIDERED.

c) The clients have to maintain a ratio of 1:1 on Ledger balance and Stock value.
Eg. A client has a credit of Rs.100 in his ledger account. He has some stock to the tune of

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Policies and Procedures

Rs.200. Since he is required to maintain a 1:1 ratio, he can take the credit of only Rs.100 value of stock. If he has to take the full value of Rs.200 stock, then he will have to bring in an extra credit of Rs.100 to his ledger account.

- d) No limit will be allowed in case of DEBIT in ledger balance.
- e) Any overdue account for over a period of 2 days will be put on SQUARE OFF mode. Square off mode is an option in which client can only square up his open position and collaterals. The management reserves the discretion to square up client's open position and sell the shares lying in collateral up to the overdue amount without approval/intimation of the client.
- f) For setting up of limits, final ledger balance will be considered i.e. ledger balance including unsettled vellan.
- g) Any un cleared cheques will be deducted from the ledger balance.
- h) In case of Cheque return, management reserves the discretion to stop the trading with the client or change the exposure limit to any extent.
- i) Client can give an authorization letter to transfer his/her/its credit balance to any other Exchange/Segments and take exposure accordingly. Unless and until company receives an authorization letter, it will allow exposure in the Exchange/Segment where the credit balance is lying.

5. COMMODITY SEGMENT-(MCX)

A client registered under the commodity segment can take a gross exposure to the extent of

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Policies and Procedures

2 times of margin utilized for his eligible balance.

Eligible balance is calculated as under:

Ledger balance as on date	xxx
- Margin Specified by the Exchange on the open position	xxx

In case Client's M2M crosses 50% of his eligible balance, further trading will be stopped and if it crosses 75% all open position will be squared up.

Explanations:

- a) Stock/Securities will not be for collateral purpose against Exchange margin.
- b) Any overdue account for over a period of 2 days will be put on SQUARE OFF mode. Square off mode is an option in which client can only square up his open position. The management reserves the discretion to square up the open position without approval/intimation of the client.
- c) For setting up of limits, final ledger balance will be considered i.e. ledger balance including unsettled vallon.
- d) Any uncleared cheques will be deducted from the ledger balance.
- e) In case of Cheque return, management reserves the discretion to stop the trading with the client or change the exposure limit to any extent.
- f) Client can give an authorization letter to transfer his/her/its credit balance to any other Exchange/Segments and take exposure accordingly. Unless and until company

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Policies and Procedures

receives an authorization letter, it will allow exposure in the Exchange/Segment where the credit balance is lying.

Illustrations

Calculation of Exposure in Cash Segment:

S.No	Ledger Balance	Stock Value after Haircut	Eligible Balance	Explanation
1)	Rs.2,00,000 Cr.	–	Rs.2,00,000	Gross exposure limit may be set as 6 times x Rs.2 Lacs (for Cash seg. Buy) OR 8 times x Rs.2 Lacs (for Cash seg. Sell)
2)	Rs.35,000 Dr.	–	–	Since Ledger is DEBIT, NO LIMIT
3)	Rs.2,00,000 Cr.	Rs.60,000	Rs.2,60,000	Rs.60,000 + Rs.200,000 = Rs. 260,000
4)	Rs.45,000 Dr.	Rs.2,00,00	Rs. 1,55,000	Since Ledger is DEBIT, ledger balance will be reduced from Stock Valuation after haircut i.e. Rs.200,000 - Rs.45,000 = Rs. 1,55,000

Calculation of Exposure in F&O Segment:

S.No	Ledger Balance	Margin(Initial+Exposure)	Collateral Value after Haircut	Eligible Balance	Explanation
1	Rs.2,00,000 Cr.	---	---	Rs.2,00,000 Cr.	Exposure limit may be set as 4

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Policies and Procedures

					Lacs of Exchnage Margin i.e. 2 time of 2 Lacs.
2	Rs.35,000 Dr.	---	---	---	Since Ledger is DEBIT, NO LIMIT
3	Rs.2,00,000 Cr.	Rs. 75,000	Rs. 60,000	Rs. 1,85,000	Ledger Credit - Margin + Collateral subject to Limit i.e. 1:1
4	Rs.45,000 Dr.	Rs. 60,000	Rs. 2,00,000	---	Since Ledger is DEBIT, NO LIMIT (Stock Value will not be considered as ledger balance is debit)
5	Rs.90,000 Cr.	Rs. 60,000	Rs. 4,00,000	Rs. 1,20,000	Value of stock qualifying for credit, due to 1:1 law, is Rs.90,000 i.e. to the extent of ledger credit. So Eligible Amount will be Rs. 90,000 - Rs. 60,000 + Rs 9,0000

Calculation of Exposure in Commodity Segment:

S.No.	Ledger Balance	Margin (Initial + Exposure)	Eligible Balance	Explanation
1)	Rs.2, 00,000 Cr.	---	Rs.2,00,000	Exposure limit may be set as 4 Lacs of Exchnage Margin i.e. 2 time of 2 Lacs.

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Policies and Procedures

2)	Rs.35,000 Dr.	—	—	Since Ledger is DEBIT, NO LIMIT
3)	Rs.2,00,000 Cr.	Rs.75,000	Rs.1,25,000	Ledger Credit - Margin + Collateral subject to Limit i.e. 1:1

The above illustrations are provided for better understanding of the policy. They are just illustrative and not exhaustive.

6. Fund and Share Payout System for Client:

Company is having payout system for fund and securities on the following Basis:

1. **Direct Payout:** - Company will transfer the fund and securities in client's default Bank and Demat Id on the settlement day itself, if the client is having clear credit balance in his ledger. If the client is not having clear credit balance on the settlement day then the company will process his payout on the coming Saturday.

2. **On Demand:** - Company will transfer the fund and securities in client's default Bank and Demat Id when the client will demand for the same. After receiving client's request, company will transfer fund or securities if client is having clear credit balance in his ledger. Partial Transfer of securities in case of debit balance will not be done unless it is authorized by the branch manager. Selection of Scrip in case of partial transfer will be on the sole discretion of the Management of the company.

Explanatory Note:

a) Unless and until the Branch Manager instructs for any client to give Direct Payout, it will

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Policies and Procedures

be set as **On Demand Category** Client.

b) Request for Fund or Securities Payout will be accepted through Trade net (Browser based Back Office System) only.

c) In case of Emergency or System Failure Payout request can be given through Fax Letter in the prescribed format only.

d) Third Party Shares and Cheque will not be accepted in any case.

e) If shares or cheque is being given by the client other than the account which is mapped in Back Office System, credit will be given after receiving the account proof for the same.

f) Payout of Fund and Securities will be given in Default Id (given in KYC) only.

g) Cases where request of Partial Transfer in case of debit balance is made by the Branch Manager, retention of shares with the company will not be less than 150% of the debit amount.

7. Management Reservations:

The above policy is applicable with effect from 1st February 2010. The management reserves the discretion to alter fully or any part of the policy, based on facts and circumstances, with or without approval and without assigning any reason. All Branch Managers / Franchisees / Business Development Managers / Business Associates are earnestly requested to adhere to the foregoing policy at all times, failing which the limits would be marked to ZERO.

8. Remisier/Sub Brokerage Sharing - Calculation & Payment

Sharing for Remisier and Sub brokerage will be processed on a daily basis that can be viewed in Back Office. Monthly calculation will be forwarded to respective Sub broker/ Remisier latest by 15th of the next month with the list of their clients whose debit balance

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Policies and Procedures

is older than 15 days. If Sub Broker/Remisier is having any queries relating to sharing of brokerage, they can revert back to HO within 10 days from the date of receiving the calculation.

9. Sub Brokerage Payment

Payment of Sub brokerage will be done on a monthly basis using the following formulae:

Particulars

Final Outstanding of Remisier/ Sub broker's Share:

Less: Total of client's debit older than 15 days

Less: Any Other Dues like Connectivity Charges, Admin Charges
Etc.

NEEL B. DALAL

Member of the
Bombay Stock Exchange

Policies & Procedure for Prevention of Money Laundering



Version No.: 2.09
Date: 30.06.2020

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head office : 39 a/b, alli chamber, tamarind lane, fort, mumbai - 400 001.
telephone: back office: 22656678/79
trading room: 22656680 / 81 mobile: 8879996670, direct : 91-22-22657687
email: neelbkdalal@rediffmail.com

NEEL B DALAL – SHARE BROKER**POLICIES AND PROCEDURES FOR PREVENTION OF MONEY LAUNDERING**

Amendment Record					
Amendment Record Section / Page No.	Description of Amendment	Reason for Amendment	New Revision No and Effective Date	Amendment done by	Approved by
NA	NA	NO CHANGE	2011-2012 VER.6.01	SURYAKANT	NEEL B DALAL
NA	NA	NO CHANGE	2012-2013 VER.6.02	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2013-2014 VER 6.03	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2014-2015 VER 6.04	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2015-2016 VER.6.05	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2016-2017 VER 6.06	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2017-2018 VER 7.07	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2018-2019 VER 7.08	SURENDER	NEEL B DALAL
NA	NA	NO CHANGE	2019-2020 VER 2.09	SURENDER	NEEL B DALAL

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**Neel B Dalal - Share Broker
Policies and Procedures**

Contents

1. FIRM POLICY	4
2. PRINCIPAL OFFICER DESIGNATION AND DUTIES	4
3. CUSTOMER IDENTIFICATION AND VERIFICATION	4
4. MAINTENANCE OF RECORDS.....	5
5. MONITORING ACCOUNTS FOR SUSPICIOUS ACTIVITY	6
6. REPORTING TO FIU IND	8
7. AML RECORD KEEPING	9
8. TRAINING PROGRAMS	9
9. PROGRAM TO TEST AML PROGRAM.....	10
10. MONITORING EMPLOYEE CONDUCT AND ACCOUNTS	10
11. CONFIDENTIAL REPORTING OF AML NON-COMPLIANCE	10
12. APPROVAL.....	10

Neel B Dalal - Share Broker

Policies and Procedures

1. Firm Policy

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

2. Principal Officer Designation and Duties

The firm has designated Mr. Neel B. Dalal as the Principal Officer for its Anti-Money Laundering Program, with full responsibility for the firm's AML program. He is qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the firm's compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU – IND)

The firm has provided the FIU with contact information for the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The firm will promptly notify FIU of any change to this information.

3. Customer Identification and Verification

At the time of opening an account or executing any transaction with it, the firm will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	1. PAN Card	1. Copy of Bank Statement, etc	1. N.A.
Company	1. PAN Card 2. Certificate of incorporation 3. Memorandum and Articles of Association 4. Resolution of	1. As above	1. Proof of Identity of the Directors/Other s authorized to trade on behalf of the firm

**Neel B Dalal - Share Broker
Policies and Procedures**

Constitution of Client	Proof of Identity	Proof of Address	Others
	Board of Directors		
Partnership Firm	1. PAN Card 2. Registration certificate 3. Partnership deed	1. As above	1. Proof of Identity of the Partners/Others authorized to trade on behalf of the firm
Trust	1. PAN Card 2. Registration certificate 3. Trust deed	1. As above	1. Proof of Identity of the Trustees/ others authorized to trade on behalf of the trust
AOP/ BOI	1. PAN Card 2. Resolution of the managing body 3. Documents to collectively establish the legal existence of such an AOP/ BOI	1. As above	1. Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

2. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our firm will not open the new account.
3. All PAN Cards received will be verified from the Income Tax/ NSDL website before the account is opened
4. The firm will maintain records of all identification information for ten years after the account has been closed

4. Maintenance of records

The Principal Officer will be responsible for the maintenance of the following records

- all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
- all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- all suspicious transactions whether or not made in cash. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith -

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Policies and Procedures

- gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- appears to be made in circumstances of unusual or unjustified complexity; or
- appears to have no economic rationale or bonafide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

The records shall contain the following information:

- the nature of the transactions;
- the amount of the transaction and the currency in which it was denominated;
- the date on which the transaction was conducted; and
- the parties to the transaction."

The records will be updated on daily basis, and in any case not later than 5 working days

5. Monitoring Accounts for Suspicious Activity

The firm will monitor through the automated means of Back Office Software for unusual size, volume, pattern or type of transactions. For non automated monitoring, the following kind of activities are to be mentioned as Red Flags and reported to the Principal Officer.

The customer exhibits unusual concern about the firm's compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.

The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.

The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.

Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.

The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.

The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.

The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.

The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.

Neel B Dalal - Share Broker

Policies and Procedures

The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the firm's policies relating to the deposit of cash.

The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the Rs.10,00,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.

For no apparent reason, the customer insists for multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.

The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.

The customer requests that a transaction be processed to avoid the firm's normal documentation requirements.

The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as Z group and T group stocks, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)

The customer's account shows an unexplained high level of account activity

The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.

The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

When a member of the firm detects any red flag he or she will escalate the same to the Principal Officer for further investigation

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

Identity of Client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities

Suspicious Background

- Suspicious background or links with known criminals

Multiple Accounts

- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- Unexplained transfers between multiple accounts with no rationale

Activity in Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business

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- Account used for circular trading

Nature of Transactions

- Unusual or unjustified complexity
- No economic rationale or bonafide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

Value of Transactions

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated/deflated

6. Reporting to FIU IND

For Cash Transaction Reporting

- All dealing in Cash that requiring reporting to the FIU IND will be done in the CTR format and in the matter and at intervals as prescribed by the FIU IND

For Suspicious Transactions Reporting

We will make a note of Suspicion Transaction that have not been explained to the satisfaction of the Principal Officer and thereafter report the same to the FIU IND and the required deadlines. This will typically be in cases where we know, suspect, or have reason to suspect:

- the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any the transaction reporting requirement,
- the transaction is designed, whether through structuring or otherwise, to evade the any requirements of PMLA Act and Rules framed thereof
- the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or
- the transaction involves the use of the firm to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities.

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Policies and Procedures

All STRs will be reported quarterly to the Board of Directors, with a clear reminder of the need to maintain the confidentiality of the STRs

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

7. AML Record Keeping

a. STR Maintenance and Confidentiality

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests or other requests for STRs.

b. Responsibility for AML Records and SAR Filing

Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required

c. Records Required

As part of our AML program, our firm will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least ten years.

8. Training Programs

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least an annual basis. It will be based on our firm's size, its customer base, and its resources.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will develop training in our firm, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

9. Program to Test AML Program

a. Staffing

The testing of our AML program will be performed by the Statutory Auditors of the company

b. Evaluation and Reporting

After we have completed the testing, the Auditor staff will report its findings to the Board of Directors. We will address each of the resulting recommendations.

10. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Board of Directors

11. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the firm's AML compliance program to the Principal Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to the Proprietor, Shri Ramakant R Chokhani. Such reports will be confidential, and the employee will suffer no retaliation for making them.

12. Approval

We have approved this AML program as reasonably designed to achieve and monitor our firm's ongoing compliance with the requirements of the PMLA and the implementing regulations under it.

NEEL B. DALAL

Member of the
Bombay Stock Exchange

Code of Internal Procedure & Conduct for Prevention of Insider Trading

**Version No.; 04.06
Date: 30.06.2020**

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head office : 39 a/b, alli chamber, tamarind lane, fort, mumbai - 400 001.
telephone: back office: 22656678/79
trading room: 22656680 / 81 mobile: 8879996670, direct : 91-22-22657687
email: neelbkdalal@rediffmail.com

NEEL B DALAL – SHARE BROKER**CODE OF INTERNAL PROCEDURE & CONDUCT FOR PREVENTION OF INSIDER TRADING**

Amendment Record					
Amendment Record Section / Page No.	Description of Amendment	Reason for Amendment	New Revision No and Effective Date	Amendment done by	Approved by
NA	NA	NO CHANGE	2011-2012 VER.3.01	SURENDRA	NEEL B DALAL
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NEEL B. DALAL

Member of the
Bombay Stock Exchange

CODE OF INTERNAL PROCEDURE AND CONDUCT FOR PREVENTION OF INSIDER TRADING

**These guidelines are applicable for all the persons dealing in securities through/for us.
Meaning of various terms that should be known to the persons dealing in securities
through/for us:**

- a) "Act" means the Securities and Exchange Board of India Act, 1995 (15 of 1992);
- b) "body corporate" means a body corporate as defined in section 2 of the Companies Act, 1956 (1 of 1956);
- c) "Connected person" means any person who-
 - (i). is a director, as defined in clause (13) of section 2 of the Companies Act, 1956 (1 of 1956), of a company, or is deemed to be a director of that company by virtue of subclause(10) of section 307 of that Act; or
 - (ii). occupies the position as an officer or an employee of the company or holds a position involving a professional or business relationship between himself and the company and who may reasonably be expected to have an access to unpublished price sensitive information in relation to that company;
- d) "dealing in securities" means an act of buying, selling or agreeing to buy, sell or deal in any securities by any person either as principal or agent;
- e) "insider" means any person who, is or was connected with Neel Dalal or is deemed to have been connected with the us, and who is reasonably expected to have access, by virtue of such connection, to unpublished price sensitive information in respect of securities of the company, or who has received or has had access to such unpublished price sensitive information;
- f) "investigating authority" means any officer of Neel Dalal or any other person, not being a firm, body corporate or an association of persons, having experience in dealing with the problems relating to the securities market and who is authorised by us;
- g) "officer" means any person as defined in clause (30) of section 2 of the Companies Act, 1956 (1 of 1956) including an auditor of the company;
- h) "person is deemed to be a connected person", if such person-
 - (i). is a company under the same management or group, or any subsidiary company thereof within the meaning of subsection (1B) of section 370, or sub-section (11) of section 372, of the Companies Act, 1956 (1 of 1956), or sub-clause (g) of section 2 of the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969), as the case may be; or
 - (ii). is an official or a member of a stock exchange or of a clearing house of that stock exchange, or a dealer in securities within the meaning of clause (c) of section 2, and section 17 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), respectively, or any employee of such member or dealer of a stock-exchange;
 - (iii). is a Member of the Board of Directors, or an employee, of a public financial institution as defined in section 4A of the Companies Act, 1956;
 - (iv). is an official or an employee of Self-regulatory Organisation recognized or authorized by the Board of a regulatory body;
 - (v). is a relative of any of the aforementioned persons; or
 - (vi). is a banker of the company

head office : 39 a/b, alli chamber, tamarind lane, mumbai - 400 001.

telephone: back office: 30286678 / 80, 30205134/35,

trading room: 30205136/37, 30286681/83, mobile: 9321024747, fax : 91-22-22657687

email: neelbkdalal@rediffmail.com

- i) "relative" means a person, as defined in section 6 of the Companies Act, 1956 (1 of 1956);
- j) "stock exchange" means a stock exchange which is recognized by the Central Government under section 4 of Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- k) "unpublished price sensitive information" means any information which relates to the following matters or is of concern, directly or indirectly, to a company, and is not generally known or published by such company for general information, but which is published or known, is likely to materially affect the price of securities of that company in the market –
- (i). financial results (both half-yearly and annual) of the company;
 - (ii). intended declaration of dividends (both interim/final);
 - (iii). issue of shares by way of public rights, bonus, etc.;
 - (iv). any major expansion plans or execution of new projects;
 - (v). amalgamation, mergers and takeovers;
 - (vi). disposal of the whole or substantially the whole of the undertaking;
 - (vii). such other information as may affect the earning of the company;
 - (viii). Any changes in policies, plans or operations of the company.

PROHIBITION ON DEALING, COMMUNICATING OR COUNSELING

Prohibition on dealing, communicating or counseling on matters relating to insider trading.

- (i). either on his own behalf or on behalf of any other person, deal in securities of a company listed on any stock exchange on the basis of any unpublished price sensitive information; or
- (ii). communicate any unpublished price sensitive information to any person, with or without his request for such information, except as required in the ordinary course of business or under any law; or
- (iii). counsel or procure any other person to deal in securities of any company on the basis of unpublished price sensitive information.

Violation of provisions relating to insider trading:-

Any insider who deals in securities or communicates any information or counsels any person dealing in securities in contravention of the provisions of regulation 3 shall be guilty of insider trading.

Obligation of insider on investigation by the Board

- (i). It shall be the duty of every insider, who is being investigated, to produce to the investigating authority such books, accounts and other documents in his custody or control and furnish the authority with the statements and information relating to the transactions in securities market within such time as the said authority may require.
- (ii). The insider shall allow the investigating authority to have reasonable access to the premises occupied by such insider and also extend reasonable facility for examining any books, records, documents and computer data in the possession of the stock-broker or any other person and also provide copies of documents or other materials which, in the opinion of the investigating authority are relevant.
- (iii). The investigating authority, in the course of investigation, shall be entitled to examine or record statements of any member, director, partner, proprietor and employee of the insider.
- (iv). It shall be the duty of every director, proprietor, partner, officer and employee of the insider to give to the investigating authority all assistance in connection with the investigation, which the insider may be reasonable expected to give.

Directions by Neel Dalal "NBD"

On receipt of the explanation, if any, from the insider under sub-regulation (2) of regulation 9, the NBD may without prejudice to its right to initiate criminal prosecution under section 24 of the Act, give such directions to protect the interest of investors and in the interest of the securities market and for due compliance with the provisions of the Act, rules made there under and these regulations, as it deems fit for all or any of the following purposes, namely:

- a) Directing the insider not to deal in securities in any particular manner;
- b) Prohibiting the insider from disposing of any of the securities acquired in violation of these regulations;
- c) Restraining the insider to communicate or counsel any person to deal in securities.

NEEL B. DALAL

Annexure-III

Member of the

Bombay Stock Exchange

NEEL B. DALAL

POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING

(Issued as per the requirements of the PMLA Act 2002)

1. Firm Policy

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

2. Principal Officer Designation and Duties

The firm has designated Mr. Neel B. Dalal as the Principal Officer for its Anti-Money Laundering Program, with full responsibility for the firm's AML program. He is qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the firm's compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU - IND)

The firm has provided the FIU with contact information for the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The firm will promptly notify FIU of any change to this information.

3. Customer Identification and Verification

At the time of opening an account or executing any transaction with it, the firm will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	1. PAN Card	2. Copy of Bank Statement, etc	3. N.A.
Company	4. PAN Card 5. Certificate of incorporation 6. Memorandum and Articles of Association 7. Resolution of Board of Directors	8. As above	9. Proof of Identity of the Directors/Others authorized to trade on behalf of the firm
Partnership Firm	10. PAN Card 11. Registration	13. As above	14. Proof of Identity of the

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	certificate 12. Partnership deed		Partners/Others authorized to trade on behalf of the firm
Trust	15. PAN Card 16. Registration certificate 17. Trust deed	18. As above	19. Proof of Identity of the Trustees/ others authorized to trade on behalf of the trust
AOP/ BOI	20. PAN Card 21. Resolution of the managing body 22. Documents to collectively establish the legal existence of such an AOP/ BOI	23. As above	24. Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

25. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our firm will not open the new account.
26. All PAN Cards received will be verified from the Income Tax/ NSDL website before the account is opened
27. The firm will maintain records of all identification information for ten years after the account has been closed

4. Maintenance of records

The Principal Officer will be responsible for the maintenance of the following records

- all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
 - 1) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- all suspicious transactions whether or not made in cash. Suspicious transaction means a transaction whether or not made in cash which, to a person acting in good faith -
 - gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or

- appears to be made in circumstances of unusual or unjustified complexity; or
- appears to have no economic rationale or bonafide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

The records shall contain the following information:

- the nature of the transactions;
- the amount of the transaction and the currency in which it was denominated;
- the date on which the transaction was conducted; and
- the parties to the transaction."

The records will be updated on daily basis, and in any case not later than 5 working days

5. Monitoring Accounts For Suspicious Activity

The firm will monitor through the automated means of Back Office Software for unusual size, volume, pattern or type of transactions. For non automated monitoring, the following kind of activities are to be mentioned as Red Flags and reported to the Principal Officer.

- The customer exhibits unusual concern about the firm's compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.
- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the firm's policies relating to the deposit of cash.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the Rs.10,00,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer insists for multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.

- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed to avoid the firm's normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as Z group and T group stocks, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- The customer's account shows an unexplained high level of account activity
- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

When a member of the firm detects any red flag he or she will escalate the same to the Principal Officer for further investigation

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

Identity of Client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities

Suspicious Background

- Suspicious background or links with known criminals

Multiple Accounts

- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- Unexplained transfers between multiple accounts with no rationale

Activity in Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business
- Account used for circular trading

Nature of Transactions

- Unusual or unjustified complexity
- No economic rationale or bonafide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

Value of Transactions

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated/deflated

6. Reporting to FIU IND

For Cash Transaction Reporting

- All dealing in Cash that requiring reporting to the FIU IND will be done in the CTR format and in the matter and at intervals as prescribed by the FIU IND

For Suspicious Transactions Reporting

We will make a note of Suspicion Transaction that have not been explained to the satisfaction of the Principal Officer and thereafter report the same to the FIU IND and the required deadlines. This will typically be in cases where we know, suspect, or have reason to suspect:

- the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any the transaction reporting requirement,
- the transaction is designed, whether through structuring or otherwise, to evade the any requirements of PMLA Act and Rules framed thereof
- the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or
- the transaction involves the use of the firm to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities.

All STRs will be reported quarterly to the Board of Directors, with a clear reminder of the need to maintain the confidentiality of the STRs

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

7. AML Record Keeping

a. STR Maintenance and Confidentiality

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests or other requests for STRs.

b. Responsibility for AML Records and SAR Filing

Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required

c. Records Required

As part of our AML program, our firm will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least ten years.

8. Training Programs

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least an annual basis. It will be based on our firm's size, its customer base, and its resources.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will develop training in our firm, or contract for it. Delivery of the training may include educational pamphlets, videos, intranet systems, in-person lectures, and explanatory memos.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

9. Program to Test AML Program

a. Staffing

The testing of our AML program will be performed by the Statutory Auditors of the company

b. Evaluation and Reporting

After we have completed the testing, the Auditor staff will report its findings to the Board of Directors. We will address each of the resulting recommendations.

10. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Board of Directors

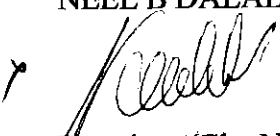
11. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the firm's AML compliance program to the Principal Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to the Proprietor, Shri ~~NGEL B. D.~~ Such reports will be confidential, and the employee will suffer no retaliation for making them.

12. Approval

We have approved this AML program as reasonably designed to achieve and monitor our firm's ongoing compliance with the requirements of the PMLA and the implementing regulations under it.

NEEL B DALAL


Proprietor(Clg. No. 518)
Mumbai

NEEL B. DALAL

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INTERNAL CONTROL SYSTEM

Version No.: 06.07

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**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

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**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

Contents

1. Client registration, documents maintenance	4
2. Policy for unauthentic news circulations.....	4
3. Closure of client accounts / dormant accounts / inactive accounts.....	4
4. Order receipt and execution	4
5. Sending contract notes, daily margin statement, quarterly statements of accounts to clients	5
6. Collection of pay in, margin, limits setting for exposure & turnover for clients, terminals, branches & sub-broker level	5
7. Monitoring of debit balance.....	5
8. Allotment, surrender of trading terminal.....	5
9. Opening & closing of branches / sub-broker office	5
10. Payment, receipt of funds from/ to clients	5
11. Receipt, delivery of securities from/ to clients.....	6
12. Square off of positions / liquidation of securities without consent of clients	6
13. Policy of internal shortage.....	6
14. Transfer of trades	6
15. Investor redressal mechanism	6
16. Plma	6
17. Power of attorney	6
18. Refusal of orders for penny stocks.....	6
19. Brokerage rate.....	7
20. Imposition of penalty / delayed payment charges	7
21. Setting up clients exposure limit.....	7
22. Deregistering of client. Temporary suspending or closing of client	7
23. Insider trading policy	7
24. Sales practices followed by the trading member	7
25. Client code modification.....	7
26. Error account.....	8
27. Kra registration.....	8
28. Systems.....	8

**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

1. Client Registration, Documents Maintenance

- Checklist
- Documents verified by officer and signed by Director
- Registration of all Constituents as format prescribe by Exchange/ SEBI
- Mandatory & Voluntary documents
- In-person verification of clients
- Allotment of UCC to clients
- Delivery of copy of duly completed client registration form to client
- Updation of client's financial information at regular intervals
- Proper documentation in punch folder for long preservation

2. Policy for Unauthentic News Circulations

Checks and balances are in place to govern the conduct of employees and none of the employee is allowed to open / access any such sites / chat forums / messenger sites without approval of Compliance Officer of Company.

3. Closure of client accounts / dormant accounts / Inactive Accounts.

We maintained records of dormant account. Accounts become inactive if no transactions are done during last 6 months. For activating fresh KYC compliance of the clients are done before activating the same client code

4. Order Receipt and Execution

Order Book is maintained. Wherever as per request of clients has authorized to take verbal instruction without noting in order book and same are executed as per verbal orders on telephone

**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

5. **Sending Contract Notes, Daily Margin Statement, Quarterly Statements of Accounts to clients**

Contract Notes are issued to client by hand delivery/ personally/ Couriers on daily basis along with Daily Margin Statement. Quarterly Statements of accounts are send to clients at every quarter by hand delivery/ personally / Couriers.

6. **Collection of pay in, margin, limits setting for exposure & turnover for clients, terminals, branches & sub-broker level**

On transaction day we informed verbally aftermarket hours, contract notes issued on same day and all other information is available online to clients. Regular follow-up is done with clients for collection. Limits are set as per accounts balances and all other limits are monitored by Directors and Accounts Department.

7. **Monitoring of debit balance.**

Debit balance of clients is monitored by Director and Accounts Department on daily basis. If debit balance dealer refer to director or accounts department.

8. **Allotment, surrender of trading terminal**

All trading terminals are allotted after due diligence. We make the application in prescribe format to exchange for allotment and surrender for trading terminal and we maintain all documents in regard to allotment and surrender of trading terminal

9. **Opening & Closing of branches / sub-broker office**

We intimate exchange on opening of branches and closing of branches.

10. **Payment, Receipt of funds from/ to clients**

As per instruction of Client all payments, receipt of funds from / to clients are done through clients' bank account. In case Demand Draft the letter from bank to be taken giving details of client account debited for making DD.

**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

11. Receipt, delivery of securities from/ to clients

Receipt, delivery of securities from / to clients are done through settlement account and client beneficiary and sometime direct payout to client from exchange.

12. Square off of positions / liquidation of securities without consent of clients

Normally clients are known to us and we have collateral in one form or the other. Till dates we have no bad debts as such situation has not raised yet, but we will not square off of positions / liquidation of securities without consent of clients

13. Policy of internal shortage

We make auction bill as per market auction rate for client giving shortage and give credit bill to buyer clients

14. Transfer of trades

We do not do any transfer of trades

15. Investor redressal mechanism

We maintain investor complain register book and email ID printed on contract note as well as on our website for investor to make complains if any.

16. PLMA

Separate write up given.

17. Power of Attorney

We have not taken any power of attorney for operating client bank accounts or for trading on behalf of clients.

18. Refusal of orders for penny stocks

NEEL B DALAL – SHARE BROKER POLICIES AND PROCEDURES

The order for penny stocks may only partially executed or not executed at all depending upon liquidity

19. Brokerage Rate

Before beginning of trade obtain clear explanation for brokerage levied.

20. Imposition of penalty / delayed payment charges

Penalty / delayed payment charges may be levied

21. Setting up clients exposure limit

Clients' exposure limit will set as per account balance and margin account balance

22. Deregistering of Client. Temporary suspending or closing of client

Deregistering of client or closing of client can be done at request of client.

23. Insider Trading Policy

No employee of organization is allowed to trade in any of the listed companies on the basis of insider information and oral/written undertaking is obtained to this effect.

24. Sales Practices followed by the trading Member

Mouth publicity and through references.

25. Client Code Modification

We maintain Client Code Modification Register and all client code modification are authorized and entered in register and prior approval for the same is to be taken from Authorized Director(s) only. No personnel is authorized to make any client **code** modification without entering the entry into register and prior approval of authorized director(s) is must.

**NEEL B DALAL – SHARE BROKER
POLICIES AND PROCEDURES**

26. Error Account

If any Error occurred during trading same shall be immediately reported to the Senior Authorized Person / Director. The said error shall transferred to Error A/c

27. KRA Registration

KRA Registration of client should be done as per guideline of SEBI/ Exchange time to time. All new client registration with effect from January 01, 2012 should be done through KRA.

28. Systems

a. capacity of systems with reference to volume

Our systems are of latest technology and we have in house engineers for trouble shooting

b. Connectivity to Exchange & / to branches / sub-brokers / clients

We have lease line / vsat connectivity to exchange and to branches

c. Back up in case of disruption of connectivity

We have installed UPS and also we have VSAT in case of disruption of connectivity