

**C. D. COMMODITIES BROKING LTD.**

**CONTROL DOCUMENT FOR INTERNAL POLICIES AND PROCEDURES**

**1. CLIENT REGISTRATION**

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
Handling inquiry of the proposed client	Trading Assistant	Trading Manager
Asking for the introduction from existing client or introduction by some reputed/known person (may not be existing client, but is known to the management of the company)	Trading Assistant	Trading Manager / Director
Obtaining duly filled KYC / KRA / CKYC / CERSAI form, RDD, Investor Rights, PAN, Address proof, Bank details, DEMAT details any other document as may be prescribed by commodity exchanges / FMC / SEBI from time to time, towards the client registration formality to be done as per the prescribed time line, from time to time, before starting of actual trading.	Trading Assistant	Trading Manager / Director
Due verification / in-person verification by the concerned officer. Also, verify all the original identification documents as per prescribed guidelines.	Trading Assistant	Trading Manager / Director
Upon due completion of client registration process, along with all the necessary documents, approval from the Company's authorized signatory is done on the client registration documents and the same is uploaded on the commodities exchange platform (UCC Registration). Also, similarly, as per the prescribed time-line, upload the KRA etc. documents on NDML and as per CERSAI or other such agency, as per the on-	Trading Assistant	Trading Manager / Director
Giving copy of executed document to the client and information of his client code	Trading Assistant	Trading Manager / Director
For registration of a sub-broker / authorized person, similar steps should be followed. Also the sub-broker should be apprised of the company's client registration policies, for further registration of clients of the sub-broker.	Trading Manager	Director

Executed client documents should be kept at a secure place, as decided by the Management of the Company, in such a way that they are accessible easily and their management and periodic updation should be done as per the rules of exchange / FMC /SEBI as prevailing from time to	Trading Manager	Compliance Officer
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## 2. CLOSURE OF CLIENT ACCOUNTS / DORMANT ACCOUNT

WORK / AREA / PROCEDURE	PERSON RESPONSIBLE	APPROVING AUTHORITY
<p><b><u>Closure of account</u></b></p> <p>Receiving application from the client for closing of trading account, after knowing the reason for closure of the account from client, verification of details given by the client is done, and account is frozen in the back office system (freeze for all). The client is given written intimation regarding closure of the account. The records of the accounts closed in such a way, are kept for the period as specified by the commodity exchange/ FMC / SEBI from time to time.</p>	Trading Assistant	Trading Manager / Director
<p><b><u>Dormant</u></b></p> <p>Obtaining list of the clients who have not traded (no transactions have been carried out) since last six months. To freeze the client code for the trade in all such cases. The account once termed as dormant, may be made active again, only after written request of client along with the necessary supporting documents, and after receipt of such request / documents and approval of the same by the authorized person from the company, the client may be activated in the back office again as an active account.</p>	Trading Assistant	Trading Manager / Compliance Officer

## 3. ORDER RECEIPT AND EXECUTION

WORK / AREA / PROCEDURE	PERSON RESPONSIBLE	APPROVING AUTHORITY
Once the client registration formalities are complete, if possible, the client/s and the dealer/s are introduced to one another either physically or over phone.	Trading Assistant	Trading Manager
Giving client code to the client and telephone number / dealer's details if necessary, for trade.	Trading Assistant	Trading Manager

On call from the client on the trading line, first ask for the client ode. Upon the dealer being satisfied on the identity of the client, receive the order from the client and execute the trade / put the trade limit as per the client instructions and also consider the risk management procedure as specified by the company from time to time.	Trading Assistant	Trading Manager
If the trade is executed immediately, confirm the trade execution to the client or if it is a limit order, confirm the execution of trade if and as and when the trade takes place.	Trading Assistant	Trading Manager
On completion of trading hours for the day, confirm all trades done during the day for the client, if not confirmed earlier.	Trading Assistant	Trading Manager
If the client comes physically to the dealing office of the company, the dealer upon identification of the client, can execute the trades / put limit orders as per his instructions and also consider the risk management procedure as specified by the company from time to time. For the trades done / limit orders accepted over telephone lines, the company shall arrange to record these telephone lines, so as to safeguard its interests in case of any dispute or mis-communication. Such recorded data shall be preserved by the company for a reasonable period of time or as specified by the commodity exchange / SEBI from time to	Trading Assistant / Trading Manager	Trading Manager

**4. SENDING CONTRACT NOTES, DAILY MARGIN STATEMENTS, QUARTERLY STATEMENTS OF ACCOUNTS FOR FUNDS & COMMODITIES, SETTLEMENT OF ACCOUNTS FOR FUND & COMMODITIES TO CLIENTS.**

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
<b><u>Daily Contract Notes / Daily Margin Statements</u></b> Printing of Contract cum Bill / Contracts and Bills and Daily Margin Statements every day. Giving the same to client every day and obtaining acknowledgement of the same. Giving the detail of the same to the client who has opted for receiving the same documents through Email in addition to the physical document sent to the client. The company shall safely keep the acknowledged	Back Office Assistant / Trading Assistant	Back Office Manager / Trading Manager

copies of the contract notes / daily margin statements, for a period as specified in the regulations of SEBI / Commodity Exchange. In case the client asks for duplicate copies of the same in case of misplacement of the original contract notes / daily margin statements, the same shall be given to clients such that the original number of the original contract note / daily margin statement, does not change, either in soft copy or physical copy.		
<b><u>Quarterly Settlement of Funds &amp; Securities</u></b> Quarterly settlement of Funds & Commodities, to be done, as per the exchange / SEBI guidelines, prescribed from time to time.		
<b><u>Quarterly Statements of Accounts / Quarterly Statement of Commodities</u></b> Printing of the statements of accounts and commodities every quarter and giving the same to the client on quarterly basis, and obtaining an acknowledgement of the same from the client.	Accounts Assistant / Demat Assistant	Compliance Officer

## 5. RISK MANAGEMENT

WORK / AREA / PROCEDURE	PERSON RESPONSIBLE	APPROVING AUTHORITY
Strict Client Registration policy, for direct clients as well as clients through sub-brokers, as approved from time to time shall be followed	Risk Assistant	Risk Manager
All risk management should be centralized, from main office. All exposure, margin, intraday trading, delivery limits should be centralized for all clients.	Risk Assistant	Risk Manager
For all clients single order quantity limit, single order value limit, Pending Limit, MTM loss limits, Exposure Limits, Initial Margin Limits, should be put into place, the initial limit setting should be based on the collateral provided, financial condition of the client, reference provided. Further modifications of the above limits can be based on the business experience with the client, but any modifications should be done in consultation with the Management only.	Risk Assistant	Risk Manager
Periodic review of such client limits should be undertaken and modifications made, if necessary, in consultation with the Management.	Risk Assistant	Risk Manager

<p>For derivatives trading, upfront margin should be asked for and based on the upfront margin / collateral only, trading limits should be set.</p>	<p>Risk Assistant</p>	<p>Risk Manager</p>
<p>Commodities purchased as delivery trades by clients, should be transferred to their respective demat account, only after confirmation of receipt of payment towards the same, from accounts department. Similarly for commodities sold as delivery, payment to be credited into client's bank account, should be done only after confirmation from demat department about receipt of delivery of the commodity.</p>	<p>Risk Assistant</p>	<p>Risk Manager</p>
<p>The provisions of PMLA, Banned entity list from SEBI / Commodity Exchange, other such provisions / data should be uploaded on regular basis into the back office system, to ensure a healthy risk management system. Also check UN and FATF List on UN Website before uploading UCC. We shall monitor the KYCs and trades done, on a regular basis, and if trade is found to be suspicious, we shall try and verify the same at our end, by communication with the respective client, and still, if not found satisfactory, we shall report the same to FINGATE.</p>	<p>Risk Assistant</p>	<p>Risk Manager</p>
<p>The company shall not provide any trading / investment tips to any client, and if any research report / outsourced information is provided, the client should be warned of the risk of commodities markets, along with the same.</p>	<p>Risk Assistant</p>	<p>Risk Manager</p>

## 6. LIQUIDATION OF CLIENT POSITION

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
In case of a situation where the client is not able to meet his financial obligations, after discussions with him / elapse of 48 hours after the pay-in date, the client should be warned and given a short period of time for meeting his financial obligations.	Trading Manager	Compliance Officer
In spite of persuasion and reminders oral or written to the client, if still the client is not able	Trading Manager	Compliance Officer
his financial obligations and if 48 hours have passed after giving of oral / written reminders for payment, only after explicit oral / written approval from the management of the Company, the client position is to be liquidated and/ or the stocks lying as collateral or the stocks lying in the beneficiary account of the company on behalf of the client are to be liquidated and after such an action a written / oral intimation is to be given to the management as well as the client of such any action by the Company.		

## 7. POLICY OF INTERNAL SHORTAGE

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
In case of an internal shortage of delivery, where the purchase and sale of a security is internal between two clients of the company, and if the selling client fails to deliver the security, then on the day of the pay-in of security (after the pay-in has been completed), the same quantity of security shall be bought in the client code of the selling client and on payout of this settlement, the security shall be transferred to the original purchasing client.	Demat Assistant	Demat Manager

## 8. TRANSFER OF TRADES

WORK / AREA / PROCEDURE	PERSON RESPONSIBLE	APPROVING AUTHORITY
<p>Adequate care should be taken upfront, so that there is no punching error, mis-communication of client code and subsequent change of client code/s is not required. The various steps which can prevent this can be proper communication of client code to the client, mapping of authorized and active client codes in trading terminals, removal of inactive/ dormant and closed account client codes from the mapping done in trading terminals and also keeping a master list of client codes which are active near trading terminals, so that they are visible to dealers in case any client</p>	Trading Assistant	Trading Manager / Compliance Officer
<p>dealer requires any confirmation of such client codes.</p>		
<p>However, if there is any error in punching of client codes, if the trade is executed, the same should be transferred to an "Error Code Account" of the company and simultaneously it should be squared off in the same error code account. Also, the new trade / limit should be entered into the trading terminal for the actual trade / limit of the client. In such a situation, it should be ensured that there is no financial loss to any client, and such loss, if any, should be made good to the client in means and ways which are permitted by the stock exchange / SEBI</p>	Trading Assistant	Trading Manager / Compliance Officer
<p>In case of any such situation of error in punching / transfer of trades, under no circumstances, shall any transfer of trade allowed from one trading code to another trading code. The only transfer of trade, that is allowed is to transfer the trade in the ERROR CODE of the company.</p>	Trading Assistant	Trading Manager / Compliance Officer
<p>In no case, the trades will be transferred in the back office. Also, in no case trades shall be transferred from PRO to CLIENT and vice a versa</p>	Trading Assistant	Trading Manager / Compliance Officer

## 9. INVESTOR REDRESSAL MECHANISM

WORK / AREA / PROCEDURE	PERSON RESPONSIBLE	APPROVING AUTHORITY
<p>The company shall take necessary steps to ensure that all its dealing offices / branches / sub-broker offices / main office etc. shall display a notice board which contains the name and address of the Company along with the person in charge of the respective office and telephone numbers of the office. Also all the bills and contract notes shall contain investor redressal email i.e. <a href="mailto:cdhelpcenter@gmail.com">cdhelpcenter@gmail.com</a>, apart from the normal name and address of the company.</p>	<p>Compliance Assistant</p>	<p>Compliance Officer</p>
<p>On receipt of any investor complaint, whether physically or post or through designated email id of the company, a copy of the same should be sent to Compliance Department as well as the Management of the Company. Simultaneously, the details of the same are also entered into the Register of Complaints, to be maintained by the Company.</p>	<p>Compliance Assistant</p>	<p>Compliance Officer</p>
<p>Based on the contents of the complaint, the same should be forwarded to the respective department of the Company and it shall be the responsibility of the Compliance department to gather the facts / data about the complaint, reasons thereof etc. in consultation with the respective department of the Company.</p>	<p>Compliance Assistant</p>	<p>Compliance Officer</p>
<p>An acknowledgement should be sent to the client about the receipt of his complaint within reasonable time and also a broad time frame should be specified for the redressal of the same.</p>	<p>Compliance Assistant</p>	<p>Compliance Officer</p>
<p>Upon redressal of the complaint, the client shall be intimated about the same and shall also be given an option that if he is still not satisfied by the redressal mechanism of the Company, he can address the complaint further to the concerned Commodity Exchange.</p>	<p>Compliance Assistant</p>	<p>Compliance Officer</p>



**10. ALLOTMENT / SURRENDER OF TRADING TERMINALS, OPENING & CLOSING OF BRANCHES**

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
For any allotment / surrender of trading terminals, the same shall be approved either in written or on oral basis by the Head of the Operations / Dealing	Trading Manager	Director
For allotment of trading terminal, details such as NCFM / NISM / MCCP certificate, other personal details of the dealer, location of terminal, unique terminal ids as per the specifications given by the commodity exchange from time to time, shall be gathered. Only after successful upload of such addition / deletion of trading terminals on the Exchange Database, as per the procedures being followed from time to time by the exchanges, shall the actual trading terminal be installed / removed.	Trading Manager	Compliance Officer
For opening and / or closing of branches of the Company, once the management approves the same, it is to be intimated to the exchange as per the rules from time to time, if prior approval is required from the exchange, the same is to be obtained, if the exchange is only to be informed, the same shall be done, and only after such procedure the actual action of opening or closing of a branch can be done after prior notice to all the concern clients of a particular Branch	Compliance Officer	Director
All the compliances, policies and procedures as prescribed by exchange / FMC / SEBI from time to time are to be followed during the period any such branch is in operation and the till the time any such branch has been closed.	Compliance Assistant	Compliance Officer

### 11. BRANCHES / SUB-BROKER, AUTHORIZED PERSON AUDITS

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
The company shall undertake sub-broker / AP audit of at least 20% of its sub-brokers / AP, every year. The broad guidelines for audit of sub-broker / AP shall contain points like : infrastructure and facilities	Compliance Assistant	Compliance Officer
provided to clients is upto the service standards of the company, proper maintenance of books of accounts, other records of the sub-broker, no unauthorized work is going on at the sub-broker premises, proper display of notice board at sub-broker premises and any other audit points as may be mentioned by exchange / FMC / SEBI should be covered in the scope of audit.		
For any of the branch opened by the company, the company may decide on the periodicity of branch audit / branch visit based on the business volume of the branch, but each branch should be visited and audited (from compliance point of view) atleast once in a year.	Compliance Assistant	Compliance Officer

### 12. POWER OF ATTORNEY

<b>WORK / AREA / PROCEDURE</b>	<b>PERSON RESPONSIBLE</b>	<b>APPROVING AUTHORITY</b>
As a matter of policy, the company shall not accept any POA, from any client, to trade / invest on behalf of the client. The company is not into any kind of Portfolio Management Services.	Compliance Assistant	Compliance Officer

### **13. POLICY ON PRE FUNDED INSTRUMENTS AND ELECTRONIC FUND TRANSFER**

If the aggregate value of pre-funded instruments is Rs. 50,000/- or more from client per day per client, we accept the instruments only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank. And the mode of certification may include the following either:

- a. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
- b. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
- c. Certified copy of the passbook/bank statement for the account debited to issue the instrument.
- d. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

The company shall identify the direct receipts of funds into its client account, received through ECS, RTGS, NEFT so that the company is satisfied that such funds have come from the respective client's bank account only, and not from any third party account.

Similarly, the company shall make payout of funds to its clients, through RTGS, NEFT, ECS and upon verification of the client's bank account, as per the bank account master in the back office system and also ECS mandate is taken from the client, who wishes to opt for this ECS facility for pay-out of funds.

### **14. DISSEMINATION OF MARKET RELATED INFORMATION**

- a. The Company follows following steps for Dissemination of Market Related Information
- b. The employees of the company are not allowed to spread any rumor about market as a whole or about any shares or about anything that may affect the market.

- c. Internet access policy well in place and employees are only given to access to the internet through user id control mechanism. Also employees' access to messenger services is restricted from the server and access to blogs is restricted or monitored.
- d. Any news or market related information received is first verified by the Compliance Officer and then circulated outwards.
- e. Logs of any circulation of market related information is maintained.
- f. Also, policies relating to KYC & KRA are as per separate policy drafted for the same.

### ***15. KRA Policy***

KRA is now compulsory for all the clients. The following steps are followed for KRA registration.

- a. When client come for a new account opening, he/she is asked to fill the KRA form.
- b. If he/she is already registered with KRA then he/she is asked to write the KRA registration no. on the KRA form.
- c. Alternatively Online checking on NSDL and CDSL website is done for KRA status for all the new clients.
- d. For old clients new form is filled by clients with relevant proofs.
- e. All collected forms and proofs are uploaded to KRA website and sent to KRA agency on every Saturday. And the status has been checked regularly.
- f. If the status is not approved within specified time form upload date, then client will not be allowed to trade.