



# **FAIR INTERMEDIATE INVESTMENT PVT. LTD.**

## **Procedures and policies followed by the company**

We are following the procedure for different areas of operations as under:

This procedure has been explain to all concern dealing officials and no deviations are permitted at their level if any deviations required they have to obtain approval from the chairman.

### **1. Client Registration and Documentation and Updation**

The Branches and Authorised Person given duly stamped empty client agreement forms similarly at head office stamped empty KYC forms are kept ready. as and when the client approaches for account opening the due diligence of the client is carried out by the executive directors at head office and by the branch head or by the Authorised Person at their offices.

The required copies of documents like PAN Number, address proof and bank details DP details etc. are collected and verified with original and originals are returned back to the respective clients. PAN numbers is verified to Income Tax web site. The action taken report data is checked before activating the client. Further in person verification is carried out by concern officials mentioned above. The client is made to understand risk in dealing in capital market during in person verification.

Then only the client is activated in UCC and concern client is informed about the Client ID and make to understand the risk dealing in the Equity market.

Any updation in address, bank details, DP details etc. the dealing officials collect the proof and verifies with originals and update in back office and these papers are kept with respective KYCs.

All KYCs are stored client code wise Branch wise and easily accessible

We verify the financial details from his bank account.

We have adopted the concept of maker and checker while dealing with KYC in order to avoid any mistakes.

The copy of client registration is given to the client and ack. is obtained.

We do not offer any promotional schemes nor offer any thing free to the clients.

### **2. Sales Policies followed by the member:**

We do not have the sales personnel or relationship managers as such and we do not educe any client to trade nor do we give our views about market movements. We also do not provide any market tips. All trades exclusively incurred at the instances of the clients .Whenever we decide to consider for opening any new branches or accepting any new Authorised Person details market survey is conducted and complete due diligence of Authorised Person is carried out.

### **3. Order receipt and execution:**

Orders are received either on phone or in person at head office, branch office or at Authorised Person office. They are punched in to the systems carefully as instructed by the client. In case of client trading by telephone, concern operators recognize client's voice. In case of doubts operators are instructed to reconfirm by calling the client at the registered contact numbers with us. We have telephone-recorded system for orders and confirmation. We convey over telephone in case trade has taken place against his limit orders.

### **4 Sending contract notes, daily margin statement quarterly statements of accounts to the clients**

The contract notes are printed in duplicate at head office and send to the branches / clients and the acknowledge is obtained on the second copy and this second copy is filled at head office.

We send quarterly statements of fund and securities to the clients and obtained the acknowledge

We send on daily basis the outstanding positions along with M-To-M, margin paid and short fall in margin (if any) to each client. The Compliance officer on daily basis monitors the margin shortfall.

We usually send above all mention documents digitally and if client required physically we adopt above mention process.

### **5 Collection of pay in , margin , limits setting for exposures & turnover for clients, terminals, Branches & Authorised person level( Risk Management )**

The compliance officer continuously monitor for ensuring each and every clients makes the PAY IN in time. In case of delay from client's side in PAY IN appropriate action is taken by the compliance officer. The trading limits are reduced or zero in till such time the full PAY IN is received. Similarly the branch limits are also reduced or closed. Normally we face the issues of timely PAY IN the clients when market is falling, in such event the e compliance officer calls of each and every client to either square up their position or make the PAY IN on next day morning. In the event of any doubt the positions are squared up if the market is continuously falling and most of the times our clients have buy positions.

We have written down policies for risk management and which is also exhibited to the clients.

### **6. Monitoring debit balances**

The compliance officer continuously monitors debit balances from the clients and the follow up is need at client level as well as at branch level and every day the statement of outstanding is send to each dealing offices. The old debit balances over 15 days are watched and trading limits are closed. In the event net debit over 90 days are treated as bad and appropriate action is taken for recovery thereof.

## **7. Liquidation of client position:**

In case when client do not pay shortfall in margin on T + 3 basis we telephoned the client and squared up of his/ her positions. If client do not assure for the payment in a day or two.

Client will not authorize the square up his position we have maintain the record of telephone calls made for margin calls. However, such actions are resorted to in emergencies only.

## **8. Transfer of trades:**

We do not transfer any trades in back office. The transfers of trades on account of mistakes done by dealing operators are only transfer as per the system lay down by the exchange. However, such transfer of such trades are very few and on account of mistakes done by operators. The operators are trained and warned for more than one such mistake.

## **9. Investor's redressed Mechanism**

Any complain is received on phone or orally the first thing we ask them to give in writing. Complain is entered in complain register and put up before the M.D. The M.D. is issues appropriate instructions and the resolution is arrived at. However there are no complains as such during the period.

The complain register is maintained at Head Office clients are informed about the E mail for investor's grievances through contract notes.

The Compliance Officer monitors the pending investor complains and also calls the client and the branch in charge immediately after market hours and appropriate action is taken for redressal and necessary instructions are issued to the concerned officials. The directors handle the complaints however there is no complain as on the date.

The director during the personal hearing with the client examines all aspects and also verifies relevant records and payments made by the clients.

We do not maintain more than one back office software.

## **10. Allotment, surrender trading terminals.**

We have CTCL .We have allotted client id and default password to all our Authorised Persons and branches.

All CTCL IDs are uploaded on exchange portal and after successful up-loadation, branches are allowed to Log in. The limits are set based on the deposits given by clients.

We carry out surprised inspection of the branches / Authorised Person and ensure that no unauthorized use of the trading terminal is done by the branches / Authorised Person

The procedure for opening and closing of branches is explained at Point No. 02

We convey to the clients of the closed branch by in written letter and telephonically. In case client desirous to trade he is conveyed over telephone. We have a checklist which list downs the steps followed for opening and closing of the branch.

In case of closing the business with Authorised Person the cancellation procedures adopt as per the exchange guidelines.

### **11. Payments, receipts of fund from / to clients**

The payouts are made and pay in received from the clients through a designated bank account declared by the clients. Any PAY- IN cheques is received from any other accounts is rejected and if the client is produces the proof of account, in such case the additional bank details is uploaded to the back office after verification of documents.

### **12. Branch / Authorised Person Inspection**

We carry out Branch / Authorised Person inspection every year and check all aspects as laid down by SEBI like sign board , display of notice board , SEBI certificate , contact person name and telephone number.

Further, we also verify that the branch/ Authorised Person do no cash dealing.

We further verify that the Branch / Authorised Person are not trading outside the trading system.

We check from the clients that they receive statement of accounts, contract notes etc.

We have appointed internal auditor as prescribed by the exchange with detailed scope as specified by the exchange. Any adverse remarks made by the internal auditors are placed before the board and corrective action are undertaken immediately.

### **13. Outsource Activity Policy**

We are not involved in any outsourcing activities.

### **14. PMLA**

We have a separate a written down policy, which has been explained, to all our dealing officials. The directors regularly review the policy. Due diligence is carried out for

- a. Opening a client account
- b. Entering in to a Authorised Person agreement
- c. Appointing any personnel

We carry out in person verification of the clients and therefore there are no benami accounts.

We do not have any accounts as specified entities in guideline for anti-money laundering by SEBI.

In due diligence of the clients we also ask the client to fill up the introducers column and signature of the introducer is obtained.

We are in the process of establishing automated alerts for dormant and suspicious transactions in the back office software.

We have appointed the principal officer and the Anti-Money Laundering Policy has been forwarded to FIU.

We make aware our clients and branch in charge about Anti Money Laundering Policy and impart training to them from time to time.

## **15. Client Code Modification and Error Code Policy**

The main objective of the company to frame a policy for modification of client code for post trade execution. Further educate the dealer and create awareness among them about this policy.

Trade are executed in respective clients account and are not transferred from one client code to another client code or from client code to pro or vice versa in the back office.

Modification of client codes of trades on exchange platform, if any are done to rectify genuine error in entry of client code at the time of placing/modifying the related order.

Error account is created and UCC is uploaded to exchange to rectify the genuine error.

Any trade on account of genuine error is shifted to "Error" account and further square up in the market in the Error account.

Trades transferred to error account are reviewed/Monitor properly to check the genuineness and to prevent the mistake.

Policy would be modified time to time as per circular of SEBI/Exchanges.