

### **Internal Controls**

#### **Registration of clients**

1. Client should be registered only after receiving KYC, Member Constitution Agreement & risk disclosure documents duly completed and filled up with all supporting.
2. Verify the documents given by the clients from original documents.
3. Verify the PAN detail from the site of Income Tax Department.
4. Verify whether client name appearing in SEBI / RBI Black & defaulter list.
5. Client should be introduced by any existing client, Sub Broker, Authorised Person or employee of the company.

#### **Receiving, validating & entering the orders of clients in the trading platform**

1. Order from client may be received on phone, fax or in physical presence of clients.
2. Order should be received directly from clients or person authorized by him for giving order.
3. In case of big order i.e. more than Rs. 5.00 lacs, reconfirm from the clients before placing the order.

#### **Collection and Release of Payments to clients**

1. Cheques against purchase should be received from the client's Bank A/c and no third party cheques will be accepted.
2. Amount to be received only in cheque, no cash will be accepted from clients.
3. Payment should be made only in the clients Name.
4. No cash payment will be made to any client.
5. Payment should be made after pay-out by the exchange only.
6. Pay-out to client should be made after confirming that client has delivered the share in pay-in.

#### **Collection and Maintenance of Margins**

1. Margin from client may be collected in the form of cash or security.
2. In case of large order upfront margin should be collected from clients.
3. If client gives big order, which have some risk in the opinion of Management, then upfront margin should be collected from client.

**Collection and delivery of Securities to the clients**

1. Security should be received from client's Demat A/c only for margin as well as for pay-in obligation.
2. Security should be given to client in his/her Demat A/c only. Security should not be delivered to third party on behalf of clients.
3. Security to client should be released only after receiving the pay-out, except in certain cases where management does not feel any risk.

**Operations & Compliance Requirements**

1. The Compliance officer who is responsible for all the routine compliance.
2. Compliance officer should go through all the circulars and directives of exchange / SEBI.
3. Compliance officer will be responsible to comply with the directive of exchange / SEBI within the time frame set by the exchange.

**Payment of Dividend etc.**

1. Dividend should be credited in client A/c to which share belongs.
2. Dividend should be credited in client A/c as soon as it comes to Woodstock Broking Pvt. Ltd. knowledge either through advice received from the company or amount received in bank.

**Continuity planning / Alternate plan in case of disasters etc**

1. Woodstock Broking Pvt. Ltd. should keep the back-up of all critical systems i.e. back office operation, Leased Line and Trading terminal to handle the unforeseen circumstance.
2. Back-up should be taken daily and kept at a safe place outside the office premises.
3. In case of power failure, the company should have a UPS with a capacity of 3 to 4 hours so that trading will not be affected.
4. In case of IML server goes down, the company should have a back-up server, which can be replaced within 10 minutes.
5. In case of leased line goes down, the company should have an ISDN line so that trading will not be affected.

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SEBI Regn. No. INZ 000242835

### **Risk Management System**

1. Collect the margin from clients in cash or securities.
2. Limit should be set of all users of branches & sub-brokers.
3. Set the value of order and quantity limit of all users to avoid the big losses from errors.
4. Payment to client should be made only after pay-out and confirm that the securities have received from clients in pay-in.
5. Clients should not be allowed to take huge position without collecting sufficient upfront margin.