

VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member: National Stock Exchange of India Ltd. (NSE)

Corporate Office: 301-308, 3rd Floor, Bhagwati House, A/19, Veera Desai Road, Andheri (West), Mumbai - 400 058
Tel.: 91-22-26732602/03/04/5570 4167/68/69/70/71 Fax: 91-22-26732642

RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURE

AN OVER VIEW

The increasing complexity of financial risk, the increasing recognized value of financial intelligence in combating crime, risk management and internal procedure must required to control over the risk associated from the client as well as outside in respect of financial risk, operation risk, and other risk.

The following procedure has been laid down to conduct business smoothly and covering or risk associated with the business.

1. Client Registration Procedure:

The company has set requirements for a registration of new client for the purpose of trading in Stock Exchange. The requirement for a new client as per Stock Exchange and SEBI are;

- Know Your Client Form,
- Client – Member Agreement,
- Risk Disclosure Document,
- PAN Card, and
- Banking and other documentary.



VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member: National Stock Exchange of India Ltd. (NSE)

Corporate Office: 301-308, 3rd Floor, Bhagwati House, A/19, Veera Desai Road, Andheri (West), Mumbai - 400 058
Tel.: 91-22-26732602/03/04/5570 4167/68/69/70/71 Fax: 91-22-26732642

The management has set requirement to maintain apart from the above requirement from time to time for new client as well as existing client. (for e.g. Audited Balance Sheet, Income-tax Return, and etc.)

2. Margin Collection:

The core of the risk management system is the liquid assets deposited by the client with the Broker in term of margin deposit. The management has adopted timely margin collection policy (not in cash) as per requirement of SEBI and Stock Exchange and consideration of incapable of financial fulfillment due to trade executed on behalf of the client. With reference to past record and performance of the client and current business with the Broker, Broker has determined the portion of margin to be collected from the client as per minimum requirement of stock exchange and other regulatory before the sauda to be executed. It has been mutually decided to kept margin in the form of cash or equivalent to cash.

3. Periodical Review of Client A/c:

The management has adopted a policy of periodical review of client account within time frequent interval. The management has considering the fact of trading frequency and confirmation from the client, has decided to send quarterly statement of account to the client with the confirmation of above client. The management also lay down instruction in case of large due amount pending by client or amount due for a longer time, and also



VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member: National Stock Exchange of India Ltd. (NSE)

Corporate Office: 301-308, 3rd Floor, Bhagwati House, A/19, Veera Desai Road, Andheri (West), Mumbai - 400 058
Tel.: 91-22-26732602/03/04/5570 4167/68/69/70/71 Fax: 91-22-26732642

considered the frequency of trade on or after the due is pending. In such case a management has followed the strict step toward due pending.

4. Pay-in / Pay-out of securities and fund:

The management has adopted the policy regarding Pay-in / Pay-out of securities in Capital Market Segment and Margin in Derivatives Segment for proper clearing and settlement of the trade of client and own. The company has kept separate settlement account, distinct from his/its own account or account of any other client. The company has an agreement with Dolat Capital Market Pvt. Ltd. for clearing of client trade as well as own trade. With the consideration of volume of trade of client and timely clearing and settlement cycle of trade, the company has taken consent from the client regarding funds and securities due to client are not to be paid immediately on payout, but is to be retained in our Demat Beneficiary Account until and unless specifically demanded by the client, and may be used for their future settlement obligation, margin liabilities.

5. Banking Account Operation:

For better management in term of separation of money between client and own, clear understanding of the account management, and faster movement of money when needed, the company has opened at least following account;

- Client Account :- The company is strictly following policy of maintaining client money in a separate Client Account. Further the company has set rules relating to receipt from the client for margin or



VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member: National Stock Exchange of India Ltd. (NSE)

Corporate Office: 301-308, 3rd Floor, Bhagwati House, A/19, Veera Desai Road, Andheri (West), Mumbai - 400 058
Tel.: 91-22-26732602/03/04/5570 4167/68/69/70/71 Fax: 91-22-26732642

obligation of fund purpose not in cash, it can be through internet or cheques or any other mode other than cash. The same, the company shall not be paid through cash for margin or pay-out of fund.

- Current Account :- The company is maintaining current account for the business purpose other than movement with the client of pay-out of fund with NSCCL.
- Exchange Due Account: The company is also maintaining exchange due account for the purpose of payment of due with the different Stock Exchange.
- Settlement Account: For the purpose of clearing and settlement of trade and pay-in or pay-out of fund, the company is maintaining a separate Settlement Account.

6. Issue of Contract Note:

The company have been strictly following the rules and regulation of SEBI and Stock Exchange regarding issue of Contract Note within 24 Hours of the trade. The company also considered the volume of trade of the client, and therefore the company has taken voluntary consent from the client regarding issuance of Contract Note through e-mail and same is not required to post due to large volume of trade. Further the management has laid down the policy in case of bounced of e-mail, in such case the Contract Note to be posted within 24 Hours of the trade on request of client.



VAIBHAV STOCK & DERIVATIVES BROKING PVT. LTD.

Corporate Member: National Stock Exchange of India Ltd. (NSE)

Corporate Office: 301-308, 3rd Floor, Bhagwati House, A/19, Veera Desai Road, Andheri (West), Mumbai - 400 058
Tel.: 91-22-26732602/03/04/5570 4167/68/69/70/71 Fax: 91-22-26732642

7. Valan Control Regulatory:

The management has set hard policy relating to Valan checking and obligation of client and own. The company has followed the system of Checking of Valan of Broker and separate client as soon as receiving of file from Stock Exchange, and margin obligation of client and own for the day.

8. Trading Terminal Operation:

The management has set policy for authorized used of trading terminal, all the user must be either BCFM certified or NCFM certified. No unauthorized use is allowed, and if such found then heavy penalty would be levied to the person who has used unauthorized.

The company has laid down some internal procedure to minimize the risk associated with the trading in Capital Market Segment and Derivative Segment. Further the company is in process to further minimize the risk and step toward internal procedure for better management of business.

