

## **Error Policy – for client code modification**

**(Applicable for all exchange/segment)**

### **Modifications to client code post trade execution**

#### **On Line Modification:**

- Genuine punching errors in client codes while placing orders shall be allowed to be modified.
- Client code modification facilities shall be disabled from all the dealer terminals.
- Client code modification shall be carried out only after prior permission from the **Compliance Officer** of the Company.
- While carrying out code modification, genuineness of the punching errors shall be verified against corroborative circumstantial evidences like similarities of codes, trades in immediately preceding codes, square off trades without holdings or position or any such other evidences shall have to be taken into account.
- Complete records of daily online trade modifications shall be maintained in soft form.
- All such Genuine Error code modification shall be carried out through UCC registered 'ERROR' account. Any rate difference including transactions costs shall be settled between the concerned accounts by passing JV of appropriate amount.
- The Penalties, if any charged by the Exchange/Any Regulatory authorities shall be passed on to the concerned client/sub-broker if the reason of the error is attributable to any negligence on their part else shall be born by the company.

#### **Off Line back office modification:**


- Genuine punching errors in client code, if detected after the end of post closing sessions may be allowed to be modified subject to the verification of genuineness as narrated above.
- For F&O segment, as far as possible, the errors would be rectified by reversal trade in next trading session and the rate differences shall be set off by passing a JV entry in the ledgers of affected clients. In case the client do not agrees to keep such wrong trade record in his account, such trades may be rectified by

moving both legs of the trades to the UCC Registered account of actual client or 'Error A/c.' instead of settling it through JV entry.

- For Cash segment any such errors would be rectified after verifying genuineness.
- Any such back office client code modification shall be carried out by **Compliance Officer** of the company.
- A register containing required details shall be maintained for all such modifications. Concerned dealer/sub-broker shall enter the required details and sign in the register which shall be approved by counter signature of the **Compliance Officer**.

**As approved in the Meeting of Working Committee on compliance and operations**

For Allied Financial Services, Pvt. Ltd.

  
Authorized Signatory

## **POLICY REGARDING TREATMENT OF INACTIVE ACCOUNTS**

ALLIED FINANCIAL SERVICES PRIVATE LIMITED as a matter of policy accepts and realizes that the investor community is the combination of traders as well as investors. Whereas traders trade frequently, the investors trade with long gaps. The inactive client policy is framed keeping the same in mind:

### **What happens when a client is declared inactive?**

On a client being declared inactive,

1. All the securities of the client are transferred into the last known demat account of the client.
2. All the funds of the client are returned to the client.
3. Trading in the client account is stopped.

### **Client declared inactive voluntarily**

A client may write to the company stating that he wishes to transfer his account into an "inactive" status, based on which the account will be marked as such.

### **Client declared inactive by passage of time**

Any client who has not traded continuously for a period of 5 years and has also not renewed his running account authorization for 5 continuous years will automatically be moved to the "inactive" category.

### **Client declared inactive by law**

Any client will be moved to the "inactive" category if required by law.

### **Procedure to activate the client**

To reactivate the account, the client is required to write to the TM requesting for activation of the account, based on which the account would be activated after due diligence by the TM.

**ALLIED FINANCIAL SERVICES PRIVATE LIMITED****Internal control****1. Details**

- Date of starting of business :24-01-1995
- Background of company: The Company was incorporated by Sh. R.P.Basia, a fellow member of the Institute of Chartered Accountants and fellow member of the Institute of Company Secretaries of India, on 24<sup>th</sup> January 1995 in the state of NCT Delhi with the object of carrying on the business of merchant bankers, under writers, brokers, financial consultants, management consultants, and to carry on the business of the share broking and general brokers for shares, debentures, bonds etc. company obtained the Registration Certificate from the SEBI to become the trading member of the National Stock Exchange of India on 30<sup>th</sup> August 1995 having the Registration No. INB230769237. Company also made the application with the SEBI to become the Depository participant of NSDL and thus obtained the Certificate on 08<sup>th</sup> February 2000 having the Registration No. IN-DP-NSDL-126-2000.
- The core business of the company at present is the trading of shares and acting as the Depository Participant of NSDL.

**We introduce ourselves as one of the established Stock Brokers in India; Global in vision, rooted in Indian Values and the group is driven by a performance ethic pegged on value creation for its multiple stakeholders.**

The company was established on 24-01-1995, the company has taken the memberships as per the table below:

S. No.	Name of the Exchange	Date of membership	of SEBI registration number
1.	National Stock Exchange of India Ltd.	30-08-1995	INB230769237

For Allied Financial Services Pvt. Ltd.

*[Signature]*  
Authorised Signatory

## 2. Funds:

- System of pay in and pay out of funds from / to clients :

**We receive and pay the funds from / to clients only within the prescribed time frame through account payee Cheques only and from designated banks accounts only.**

- System & source of pay in and pay out of funds in case of Own trading

**We source the pay in and pay out of funds in case of Own trading through our own resources.**

- Procedure of Margin collection, if any from clients & maintenance of records thereof

**Mode of collection:**

**We accept Funds, Securities , FDR and Bank Guarantee favoring ourselves as Margin.**

- Any funding is done to the clients :  
**NO**

- Credit / transfer of Dividend to the clients / own dividend:

**Credit / transfer of Dividend to the clients / own dividend within the prescribed time frame.**

- Procedure followed in case of default by client/ sub broker's client:

**We follow up the defaulting clients and if the matter is remains unresolved arbitration case is filled.**

- Payment to sub brokers / remisiers :  
**Not Applicable**

- Any third party transfer of funds? If yes , policy in this regard  
**Not done & allowed**

## 3. Terminal

- Procedure of accepting & placing of orders

**Generally orders of the direct clients are taken on**



phone. Yes we confirm the trades being done by the direct clients by sending confirmation to them. There is proper system for identification of order placed by the respective client only to our trading terminals operators duly authorized to take the orders on behalf of the company.

- Factors determining the trading limit for each terminal / client

**Trading limit is determined by the margins and deposits maintained.**

- Control over operator to ensure that he is entering authorized trades only

**We have proper trade confirmation procedure, as in the evening after the trades are done we send contract notes to the clients for confirmation of trades done by them**

- System in place to check certification of approved users has not expired

**Yes**

#### **4. Contract Notes**

- Whether printing of contract note is centralized? If not, Place from which CN are printed.

**We issue physical contract note to the clients and printing is done at the registered office of the company.**

- Procedure for printing CN in case of outstation clients / sub broker clients

**Not Applicable**

- Basis of numbering

**From April every year**

- System for maintaining duplicates & acknowledgement for CNs  
Duplicate copies are maintained properly and kept safely.

#### **5. Securities:**

- System of pay in and pay out of securities from / to clients



We receive and pay the securities from / to clients designated DP Account only within the prescribed time frame.

- Separate Own Beneficiary Account maintained or not:  
**Yes**

- Separate Client beneficiary account maintained or not  
**Yes**

- Client wise segregation of securities maintained or not  
**Yes**

- Whether Clients' securities maintained with Member

**Yes**

- Procedure for check on Third party security transfer/ acceptance

For monitoring the securities received from the respective clients we have proper system to get the thorough check by matching the depository details with the data base available with us. If there is any mismatch then we give the credit of the shares only when the client updates the depository account details with us and same is updated in our data base also.

- Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.

We have proper system in place to monitor and segregate the securities of client and PRO and in no case client securities are mis-utilised for own purposes or for any other client.

## 6. Introduction/Registration of clients

- Basis of accepting as client

We are taking following safeguards while accepting the clients:

1. We have instructed our account opening section not to open account in a fictitious / benami name or on an anonymous basis in any circumstances.
2. We have not been allowing account opening, where it is unable to apply appropriate clients due diligence measures / KYC policies.



3. We have been regularly updating KYC profile of "clients of special category" defined under Money Laundering Act 2002, if any.
  4. We are taking full detail of all the clients including occupational detail and financial detail.
  5. We have been properly complying documentation requirement and other information in respect of different classes of clients depending on perceived risk and having regard with the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.
  6. We do not allow any client to act on behalf of another person / entity.
  7. We have been taking special caution in case of account opening of NRI, OBC, FIIs etc.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients

**We have been identifying the client by using reliable sources including documents / information, in person verification, etc. The details of the employee who has conducted the In -person Verification is recorded on the KYC.**

- Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.

**Yes, Client Registration Documents (CRD) is given to new clients & to existing clients, on demand. Also, UCC & email ID communicated to clients through a separate letter sent to client as a Welcome letter when they get registered.**

## 7. Internet Trading

- Prior Approval taken or not?

**Yes, Prior approval for Internet based trading has been taken.**

- PFORS agreement entered into with clients or not





Yes, ITORS agreement have been entered into with clients

## 8. PMLA

- Compliance w.r.t. Principle Officer and adoption of written policy.

**Mr. RAJEEV KUMAR ASOPA has been appointed as the Principal Officer and we have proper written procedure on PMLA.**

- Measures taken with regard to Anti money laundering Act

**We follow duly written procedures on PMLA for the compliances related to anti money laundering.**

- System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.

**For monitoring the large volumes done by the clients we at the end of day scrutinize and analyze the volumes of each and every client with the help of trail balance of the particular trade date and assess his financial capabilities based on the financial information provided by them to us. If there is any discrepancy found then we call the client and take the reasons and source of funds for these trades for our satisfaction.**

- Alerts for the same generated or not?

**Yes, alerts for the same are generated**

- Any Suspicious Transaction Report (STR) sent to FIU

**As we verify the STR in detail and same is found not suspicious and hence 'NIL' record is kept by us and there is no need to report the same to FIU-India.**

- Risk categorization of clients.

**We categories the clients on the basis of detailed analysis of financial information furnished by the client and trades involving higher volume on daily basis. We always ensure that in respect of these clients proper care is taken in respect of financial transactions. For monitoring the funds received by the respective clients we have proper system to get the receipt thorough**

check by matching the bank details with the data base available with us. If there is any mismatch then we give the credit of the amount only when the bank account detail is updated in our data base also.

For Allied Financial Services Pvt. Ltd

  
Director/Authorised Signatory