

Policy and Procedure



Policy for unauthentic News Circulation

The purpose of this policy is to avoid the unauthenticated news circulation related to various scrips by employees without adequate caution.

It has been observed that market news circulated through blogs/chat forums / email by employees without adequate caution can do considerable damage to the normal functioning and behavior of the market and distort the price discovery mechanisms.

Therefore all the employees of the organization should follow internal code of conduct and controls of the company. Employees/Temporary staff/ voluntary workers etc working in the office will not encourage or circulate rumours or unverified information obtained from the client, industry and trade or any other sources without verification.

Access Control : There is no Access to chat forums/ Messenger sites to all the staff. Only senior officials including Directors, Compliance Officer and Manager have the access to the said forums /sites. All the logs of such sites shall be treated as records and are maintained by the compliance officer.

Any information or market related news received by staff in official mail or their personal mail should be forwarded only after the same has been seen and approved by Compliance Officer.

If any employee fails to follow these regulations he /she will be liable for strict penal actions.

Client Code Modification Policy

On Line Modification:

Genuine punching errors in client codes while placing orders shall be allowed to be Modified.

Client code modification facilities are disabled from all the dealer terminals.

Client code modification shall be carried out only from the admin terminals located at H.O. under intimation to any of the directors.

Complete records [Form -D] of daily online trade modifications shall be maintained.

Concerned dealer shall enter the required details [Form -D] and sign in the format for code modification which shall be approved and counter sign by any of the directors.

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 Derivative 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.

For Cash segment any such errors would be rectified after verifying genuineness.

Concerned dealer shall enter the required details and sign in the format for code modification [Form -D] which shall be approved and counter sign by any of the directors.

Insider Trading Policy

Director :

- MSPL has appointed a Compliance Officer who reports to the Managing Directors.
- The Compliance Officer shall be responsible for setting Policies and Procedures and monitoring the Rules & Regulations for the preservation of "Price Sensitive Information", pre-clearing of all Designated Employees and their Dependents Trades (directly or through respective Department heads as decided by the MSPL). Monitoring of Trades and the Implementation of the Code of Conduct under the overall Supervision of the Directors
- The Compliance Officer shall maintain a record of all MSPL Employees and any Changes done in the Employees List from time to time & help to understand any Clarifications regarding SEBI (Prohibition of Insider Trading) Regulations, 1992 and MSPL's Code.

Prevention of "Price Sensitive Information" :

- Employees / Directors shall maintain the Confidentiality of all Price Sensitive Information & must not pass such Information directly or indirectly by way of making a Recommendation for the Purchase or Sale of Securities
- Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. Price Sensitive Information should be disclosed only to those within MSPL, who need the Information to discharge their Duty and whose Possession of such Information will not give rise to a Conflict of Interest or Appearance of Misuse of the Information.
- All Files of MSPL, containing Confidential Information shall be kept Secure & all computer files must have Adequate Security of Login and Password, etc
- To prevent the Misuse of Confidential Information, MSPL separates those Areas which routinely have access to Confidential Information, considered "Inside Areas" from those Areas which deal with Sale / Marketing / Investment Advise or other Departments providing Support Services, considered "Public Areas".
- The Employees in Inside Area may be physically segregated from Employees in Public Area.
- The Employees in the Inside Area shall not communicate any Price Sensitive Information to anyone in Public Area.

Prevention of Misuse of Price Sensitive Information :

- Employees / Directors shall not use Price Sensitive Information to Buy or Sell Securities of any sort, whether for their Own Account, their Relative's Account, MSPL's Account or a Client's Account. The Trading Restrictions shall apply for Trading in Securities.
- All Directors / Employees of MSPL, who intend to deal in the Securities of listed Companies where MSPL has some assignments shall pre-clear the Transactions as per the pre-dealing Procedure as described here below.
- An Application may be made in such form as specified by MSPL in this regard, to the Compliance Officer indicating the Name and Estimated Number of Securities that the Employees / Director intends to deal in with details of Demat DP with which he has a Security Account, the Securities in such Depository Mode and any other details as may be prescribed by MSPL in his rule & regulations.
- An Undertaking shall be executed in favor of MSPL by such Employees / Directors incorporating, the following Clauses, as may be applicable :

1. That the Employees / Director does not received any "Price Sensitive Information" at the time of signing the Undertaking.
That in case the employees / director / partner receives "Price Sensitive Information" after the signing of the undertaking but before the execution of the transaction he/she shall inform the Compliance officer of the change in his position and that he/she would completely refrain from dealing in the securities of listed companies.
2. That he / she has not contravened the Code of Conduct for prevention of Insider Trading as specified by MSPL.
3. That he / she has made a Full and True Disclosure in the matter.

Restricted / Grey List :

- In order to monitor above Procedures and Trading in Client Securities based on Inside Information, MSPL shall restrict Trading in certain Securities and designate such List as Restricted / Grey List.
- Security of a Listed Company shall be put on the Restricted / Grey List if MSPL is handling any Assignment for the Listed Company or preparing Appraisal Report.
- Any Security, which is being purchased or sold or is being considered for Purchase or Sale by MSPL on behalf of its Clients shall be put on the Restricted / Grey List
- As the Restricted List itself is a Highly Confidential Information it shall not be communicated to anyone outside MSPL. The Restricted List shall be maintained & kept by Compliance Officer.

Penalty for Contravention of the Code :

- Any act by Employee / Director who trades in Securities or communicates any Information or counsels any Person Trading in Securities, will be treated as Contravention of the Code of conduct, and they may be penalized and appropriate Action may be taken by MSPL
- Employees / Directors of MSPL, who violate the Code, may also be subject to Disciplinary Action by the Company.
- The Action by MSPL shall not preclude SEBI from taking any Action in case of Violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Information to SEBI in case of Violation of SEBI (Prohibition of Insider Trading) Regulations :

In case of any violation observed by MSPL / its Compliance Officer that there has been a Violation of these Regulations, MSPL shall inform the SEBI

Grievance Redressal Policy

- The company has a designated investor grievances email id invcomp@MSPL.in on which the client or investor can make a complaint.
- An Investor / client can make a written complaint through letter also.
- The Company maintains investor grievance register in which full detail of every written complaint shall be entered.
- Designated person shall login the designated investor grievances email id on daily basis to look after the investor complaint whether new complaint has been lodged or not.
- The full detail of the written complaint must be passed to the concerned department and informed to the compliance officer of the company as soon as it is received.
- A letter or mail must be written to all the investors who have submitted written complaints by the designated person or Compliance Officer acknowledging receipt of the complaint and informing them it will be dealt with. Alternatively, the complaint will be dealt with immediately and response to the complaint shall be sent to the investor instead of a mere acknowledgement/receipt.
- Compliance Officer will obtain all information available on the complaint which is considered necessary for a proper investigation. Look into all the necessary information and resolve the matter as soon as possible.
- There is standing policy of the company to resolve the investor complaint within seven days of the receipt of the same except in complicated cases.
- The Compliance Officer of the Company shall periodically review the investor complaint register to find out whether complaint has been resolved within time or not.

Treatment and reactivation of inactive account Policy

Client account will normally be flagged for alert as inactive if the client does not trade for a period of 6 months. The said client will be contacted to receive instructions whether the funds and securities should be returned to the client. Calculation will be done at the beginning of every month and those clients who have not traded even a single time for the previous 6 months will be flagged for alert. Should the inactive client so instruct or fail to respond, the shares/credit ledger balance if any will be transferred to the client within one week from that time. The client has to make a written request for reactivation of their account.

Risk Management & Surveillance Policy

1. Purpose

To empower risk management to perform periodic risk management for the purpose of determining areas of vulnerability, and to initiate appropriate remediation.

2. Scope

Risk management can be conducted on collection of pay in and pay out of funds, margin, limits setting for exposures & turnover for clients, terminal, branches & s level.

3. Process of Risk Management

We collect margins by way of cheque from client. And upload the same in our admin software to set exposures to the clients

For Branches and sub broker level the margin cheques are collected by our managers and the same is deposited in our bank account. When the amount gets cleared is uploaded to the trading admin software for providing exposure

Policy of pay-in and pay-out of funds

We will normally pay funds to clients within 24 hours after NSE payout for the relevant trading day unless instructions are received from the client to hold the maintain a running account

Pay-in of funds shall normally be pre-poned and pay-out of funds to clients shall normally be postponed appropriately in case of any bank holiday/strikes/festive intervening period

Policy of Pay-in and pay-out of securities

Purchases are delivered to the pre-designated DP account in the client's own name.

Deliveries should be given by the client from his pre-designated DP account in his own name and not from any other DP account.

If there is any change in DP account, the change will have to be given by the client in writing much in advance with proof of account

All payment, Receipt of funds from / to clients shall be through account payee cheques, Demand drafts, and by way of direct credit to the account through EFT/ pre-designated bank accounts of the client held in his own name and issued in client's own name only.

All payments and receipts of funds shall be received from / paid to respective clients bank accounts only.

Policy of Risk Monitoring

We have ageing analysis in our back office software to monitor debit balance of the clients. Manager will call the clients regularly to recover the debits

Policy of square off of positions

Positions will be squared off if payment is not received from a client within a period of 2 to 5 days depending upon risk perception.

Policy of Surveillance of Trading Limits and Internal Control

We have the following procedures to implement above policies

Collection of margin on daily basis, surveillance of Trading Limits and system/Network, Client-wise and Terminal-wise limit setting, Order management and execution, of margins collection to the exchange

Client Registration, Surveillance of Trading limits, Orders and Trades, Collection of Margin and securities, Servicing and interacting with clients.

Scrip-wise Surveillance

Online Surveillance.

1. The admin team watches the online trades as they are executed, and extra ordinary volume in the particular scrip or client is immediately investigated by calling branch/client and asking for details of clients and as per the details made available, the clients previous purchase or sales transactions are looked into, by view ledgers.
2. We have blocked the illiquid scrips. Trading in such scrips are allowed on a case to case basis, based on the level of confidence in the client.
3. Any limit accretion requests are first investigated and then limits are accordingly increased.
4. Since the same staffs are monitoring the trades daily, any pattern in trading / limit enhancement is reported once a week to the director for further investigation

Offline Surveillance.

1. Unusually large volume is checked especially if the client has incurred a loss, or unusually high profits.
2. Where volumes are unusually high, they are compared with the total volume in the exchange for the day in that particular scrip, and such reporting is done to management.
3. Historical Price movement over a 3 / 6 months period is also tracked.
4. After due investigation (which normally takes one week), reports are sent to the Director its finding and thereafter such scrip is disabled for trading for that client branch and in some cases on the whole network.

Client-wise Surveillance

1. All the clients who have traded in the scrip placed in where there is unusual volume visa-vis average volume are scrutinized for their other scrip dealings.
2. Looking at the general quality of scrips that they are dealing in, Internal Audit team reports to the Director for further action on whether we want to continue a broker for that client or not.
3. Intra-day Scrip Wise Volume:-Our back office software has a module which offline tracks the intra-day losses of all clients. The Internal Audit Team prepares & scrutinizes the statement to look at any unnatural volumes happening without delivery.

NISM Series VII-SORM certification Internal Policy

MSPL has a policy of requiring all personnel who handle compliance and risk management of clients to do the NISM Series VII-SORM certification.

Internal Shortage Policy

We have followed the policy prescribed by the Exchange in case of any internal shortage issues

Internal Shortage in NSE

In case of internal shortage of security in NSE, MSPL will give credit of the higher of the two prices to the buying client; 10% above the closing market price of the security or the highest of the scrip's high for the three days after trade date. The seller client will be debited the higher of the two rates and the buying client will be credited the same.

Shortage From Exchange

In case of short delivery from the exchange, the securities or funds shall be delivered to the purchaser on the deliveries or funds received from the exchange.

Shortages in obligations arising out of internal netting of trades

MSPL does not do any internal netting of trades or transactions between its clients.

Management of Conflict of Interests Policy

Introduction

SEBI vide its circular no. CIR/MIRSD/5/2013 dated August 27, 2013 issued a General Guidelines for dealing with Conflicts of Interest of Intermediaries, Recognized Stock Exchanges, Recognized Clearing Corporations, Depositories and their Associated Persons in Securities Market. SEBI decided to put in place comprehensive guidelines that collectively cover such entities and their associated persons, for elimination / avoidance of their conflict of interest and educating the Associated Persons as defined in Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007 for the compliance of the guidelines. SEBI accordingly lay down, with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, to develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned;

SEBI guidelines intends Intermediaries and their Associated Persons to comply with the following –

- High standards of integrity in the conduct of business;
- Fair treatment of clients and no discrimination amongst them;
- Avoidance of conflict of personal interest with the client and primacy of clients' interest;
- Appropriate disclosure to the clients of possible source or potential areas of conflict of interest;
- reducing the opportunities for conflict through prescriptive measures;
- Appropriate restrictions on transactions in securities while handling a mandate of issuer or client;
- Not to deal in securities while in possession of material non published information;
- Not to communicate the material non published information
- Not to manipulate the demand for, or supply of, or to influence prices of, securities.
- Not to have an incentive structure that encourages sale of products not suiting the risk profile of the clients;
- Not to share client information for the personal interest;

We are presently governed by the provisions for avoidance of conflict of interest as mandated in the respective regulations along with relevant circulars issued from time by SEBI. Our associated persons are educated for the compliance of these guidelines.

Guidelines for dealing with Conflict of Interest are as follows:

1. We lay down with active involvement of senior management, policies and internal procedures to identify and avoid or to deal or manage actual or potential conflict of interest, to develop an internal code of conduct governing operations and formulate standards of appropriate conduct in the performance of their activities, and ensure to communicate such policies, procedures and code to all concerned.

2. all time maintain high standard of integrity in conduct of our business,
3. Ensure fair treatment of clients and no discrimination between them,
4. Ensure that personal interest does not, at any time conflict with our duty, our clients and client's interest always takes primacy in our advice, investment, decision transactions,
5. Make appropriate disclosure to the clients of possible source or potential area of conflict of interest which would impair our ability to render fair, objective and unbiased services,
6. Endeavour to reduce opportunities for conflict through prescriptive measures such as through information barriers to block or hinder the flow of information from one department/ unit to another,
7. Place appropriate restrictions on transactions in securities while handling a mandate of issuer or client in respect of such security so as to avoid any conflict,
8. Not to deal in securities while in possession of material non published information
9. Not to communicate the material non published information while dealing in securities on behalf of others,
10. Not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities,
11. Not to have an incentive structure that encourages sale of products not suiting the risk profile of our clients,
12. Not share information received from clients or pertaining to them, obtained as a result of dealing, for their personal interest

MSPL shall put in place adequate systems for implementation of these circulars and provide necessary guidance enabling identification, elimination or management of conflict of interest situation. MSPL shall review the compliance of this circular periodically.

We shall conduct assessment of our existing policies on conflict of interest in a time bound manner periodically and bring them in line with the requirements of these circulars.

PRE-FUNDED Instruments and Electronic Fund Transfer Policy

(As Per SEBI circular no. Cir/MIRSD/03/2011 dated 9/6/2011 Dt 09/06/2011)

If the aggregate value of pre-funded instruments is Rs. 50,000/- or more from client per day per client, we may 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.

We also maintain an audit trail of the funds received through electronic fund transfers to ensure that the funds are received from their clients only.

Policy on Employees Hiring/Training/Investor Education

The company has procedure of hiring employees. The employees are thoroughly interviewed and their identity and other documents are verified before recruiting them. Most of the employees are the persons who are referred by the company's associated, existing employees, etc. The employees are imparted training for about three months which inter-alia includes the briefing them about the need and importance of PMLA guidelines.

Refresher courses are conducted periodically for the existing employees, wherein the latest developments in the capital market including the importance and need of PMLA guidelines are explained.

Similarly periodical branch/investor awareness programmes are conducted to bring to the knowledge of the branch staff/ investors about the importance and need of PMLA guidelines.

The above policy guidelines shall be reviewed as per requirement and modified at least once in six months accordingly. The review of the policy shall be done by the executive other than the executive who originally drafted the policy.