



## RIDHI SHARE BROKERS PRIVATE LIMITED

Regd. Office: A-40 A, Bajaj Nagar, Opposite Gandhi Nagar Railway Station, Jaipur-302015 (Rajasthan)

Ph: +91-7300081118, Email: rsbpl72@yahoo.co.in, CIN: U67120RJ2007PTC025461

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### INTERNAL CONTROL POLICY

**RIDHI SHARE BROKERS PVT. LTD. ( RSBPL )** internal control policy aims to establish and maintain a robust internal control framework to ensure operational efficiency, regulatory compliance, risk mitigation, and protection of client assets.

#### **1. Client On boarding and Account Management:**

- **KYC Compliance:** RSBPL Strict adherence to SEBI's KYC guidelines, ensuring thorough verification of client identity, address, and financial background. This includes in-person verification or video-based KYC, checking original documents, and confirming PAN details with the Income Tax website.
- **Documentation:** RSBPL Mandatory collect of client registration forms, rights and obligations documents, risk disclosure documents, and trading guidelines. All documents must be signed by the client before account activation.
- **Financial Assessment:** RSBPL evaluate client's financial capacity to trade based on turnover and financial information, particularly for active and corporate clients.
- **Unique Client Codes (UCC):** RSBPL Allocate UCCs for tracking client transactions and ensuring proper linkage between trading and settlement.
- **Ongoing Monitoring:** RSBPL Regularly review of client accounts for suspicious activities or deviations from established trading patterns, as per SEBI regulations.

#### **2. Trading Operations:**

- **Authorized Dealer List :** RSBPL Upload an active client master list to all trading terminals (e.g., NEAT/BOLT/ODIN) to prevent wrong code punching by dealers.
- **Order Execution Vigilance:** As per RSBPL policy Dealers must be vigilant while executing orders, reporting abnormal quantities or rates, and confirming trades with clients post-market hours.
- **Margin Monitoring:** As per RSBPL policy Dealers must check client margin availability/credit limits before order execution.
- **Risk Management System Integration:** Trading systems must be aligned with Ridhi Share Brokers' risk management system to enforce exposure limits, turnover limits, and security-specific limits.
- **Refusal of Orders:** RSBPL follow Policy of refusal of orders in illiquid stocks or those exceeding client exposure limits.



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### 3. Funds Management:

- **Segregation of Client Funds:** RSBPL follow policy of Strict separation of client funds from Ridhi Share Brokers' own funds, as mandated by SEBI.
- **Client Bank Accounts (CBAs):** RSBPL strictly adhere to guidelines of operations of USCNBA and DSCNBA provided by exchanges for client funds and regular reconciliation with exchange/clearing corporation reports.
- **Timely Payouts:** RSBPL have a policy of Ensuring accurate and timely payouts to clients, in compliance with regulations.
- **No Cash Transactions:** RSBPL have a policy of Acceptance of payments from clients only through banking channels, not in cash.
- **Realization of Payments:** RSBPL have a policy of Crediting client accounts only after realization of funds from instruments like cheques or RTGS/NEFT.

### 4. Securities Handling:

- **Demat Account Control:** RSBPL have a policy of Ensuring clients provide delivery of shares from the same Demat account registered with Ridhi Share Brokers.
- **Delivery Instructions:** RSBPL have Proper procedures for receiving and processing delivery instructions, maintaining records, and adhering to depository (NSDL) guidelines.
- **Reconciliation of Demat Holdings:** RSBPL have a policy of Regular reconciliation of Demat holdings with depository records, as required by SEBI.
- **Corporate Action Processing:** RSBPL have a policy of Ensuring accurate and timely processing of corporate actions for clients.

### 5. Risk Management:

- **Margin Collection and Reporting:** RSBPL have a policy of Proper calculation, collection, and reporting of margins as per SEBI/exchange regulations.
- **Exposure Limits:** RSBPL have a policy of Establishing and monitoring client exposure limits and taking corrective actions for breaches.
- **Real-time Monitoring:** RSBPL have a policy of Implementing systems for real-time monitoring of client positions and margin requirements.



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- **Default Procedures:** RSBPL have Clearly defined procedures for handling client defaults and liquidation of positions, according to SEBI guidelines.
- **Cybersecurity Measures:** RSBPL have a policy of Implementation of robust cybersecurity measures to protect trading systems, client data, and prevent cyber threats.

### 6. Technology and Systems:

- **Access Control:** RSBPL have a policy of Implementing strong access controls to trading systems and ensuring regular security checks.
- **Disaster Recovery (DR) and Business Continuity Plan (BCP):** RSBPL have a policy of Testing and maintaining effective DR/BCP plans to ensure business continuity.
- **Data Integrity and Security:** RSBPL have a policy of Ensuring the accuracy and security of trade and order data.
- **Client Data Protection:** RSBPL have a policy of Adherence to the Information Technology Act, 2000, and SEBI guidelines for client data protection.

### 7. Compliance and Audit:

- **Compliance with Regulations:** RSBPL have a policy of Adherence to all applicable SEBI regulations, exchange bye-laws, and circulars.
- **Independent Internal Audit:** RSBPL have a policy of Mandatory half-yearly internal audits conducted by independent Chartered Accountants, Company Secretaries, or Cost Accountants, as mandated by SEBI.
- **Reporting of Suspicious Activities:** RSBPL have a policy of Implementing systems for detecting and reporting suspicious transactions.
- **Compliance Officer:** RSBPL Appointed a Compliance Officer responsible for overseeing regulatory compliance and ensuring adherence to this policy.
- **Record Keeping:** RSBPL have a policy of Maintenance of records, documents, and circulars issued by SEBI and NSE, BSE as per regulatory requirements.



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### 8. Employee Code of Conduct:

- **Prohibition of Insider Trading:** RSBPL have a policy in Compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992 to prevent insider trading and enhanced surveillance.
- **Restrictions on Personal Trading:** RSBPL have a policy of Monitoring of employee trading activities to prevent conflicts of interest and market abuse.
- **Unauthenticated News Circulation:** RSBPL have a policy of Strict prohibition on circulation of unauthenticated news related to scrips/stocks through any communication channels.

### 9. Continuous Improvement:

- **Regular Review and Updates:** RSBPL have a policy of Periodic review and updates to this policy to incorporate changes in regulations, business practices, and technological advancements.
- **Training and Awareness:** RSBPL have a policy of Ongoing training programs for employees to ensure they are aware of their responsibilities and understand the importance of internal controls.
- **Feedback Mechanism:** RSBPL have a policy of Establishing a feedback mechanism for employees to report any potential control weaknesses or irregularities.
- **Self-Evaluation and Gap Analysis:** RSBPL have a policy of Conducting regular self-evaluations and gap analyses to identify areas for improvement.