

# INDIA CEMENTS INVESTMENT SERVICES LTD

(Subsidiary of India Cements Capital Ltd)



## CORPORATE POLICY AND PROCEDURES

827, 3rd Floor, Dhun Building,  
Anna Salai,  
Chennai - 600 002.

T 91 44 28572600 / 28414643 / 28414437

F 91 44 28414583

E [icisl@iccaps.com](mailto:icisl@iccaps.com)

W [www.iccaps.com](http://www.iccaps.com)

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## Account Opening Procedure

- 1.1. Receiving Client Registration Form (CRF) from the client after executing the relevant agreement. (Member Constituent Agreement (MCA) and Risk Disclosure Document (RDD)) Also ensuring both the parties are signing the agreement properly.
- 1.2. Taking relevant information like client information, status, bank details of the constituent, investment and trading experience, reference, financial documents (for Non Individual Constituents) and signature of the client.
- 1.3. Obtaining copy of Identity Proof, Address Proof, Board Resolution copy (in the case of Corporate Clients) and the Segment in which constituent wants to transact are marked by the client clearly. Demat account opening form must also be obtained along with Client Registration Form.
- 1.4. Collection of copy of the PAN Card from the client, verifying the same with the web site of Income Tax Department and upload the details to NSE before commencement of trades.
- 1.5. Ensuring agreement signed by member and the client is witnessed and introduced properly. In respect of clients introduced by sub-broker, ensuring whether tripartite agreement is executed.
- 1.6. Allotting Unique Client Code (UCC) to the client.
- 1.7. Providing copies of all the executed documents to the clients and collecting proof of delivery from the client before commencement of trading in their account.
- 1.8. Affixing In Person Verification copy inside the Client Registration Form (CRF) after the verification is done. (For both Individual and HUF Accounts) For outstation clients wants to open trading account locally, must produce local address proof and the branch in-charge shall physically inspect the house / office of the client for better risk assessment.
- 1.9. Periodically updating the client's financial and other details. (If necessary)
- 1.10. All the branches shall do physical verification of clients address every year.
- 1.11. No dealer in his / her own name or in relative's name shall open an account without the prior approval of CEO.

## Order Management System and Internal Controls

- 2.1. Dealer shall accept the orders after ensuring that appropriate order instructions are obtained from the relevant constituent.
- 2.2. The dealers shall keep relevant records of orders received by them. (Maintaining order book, Client Complaint Register, Margin Register, Misdeal Register and recording orders on a day to day basis)
- 2.3. Before entering the orders the dealer shall ensure, the concern client does not have any previous outstanding with the company. Also the dealer shall ensure the client has relevant upfront margin in their account. (It is required for the member to report margin actually collected from clients, to NSCCL on a daily basis)
- 2.4. After the deal is done or the market is closed for the day, the dealer shall take the responsibility to confirm the client's trades executed by them individually.
- 2.5. Any misdeal occurrence during the trading hour shall immediately be brought to the Head Office notice in a prescribed misdeal format. This would ensure Head Office to take appropriate action on the same. (Sending CLD file to NSE in time) Frequent misdeals by the same dealer would be seriously viewed.
- 2.6. Neat connectivity branches shall ensure that the client does not violate their applicable limit. If so, the concern branch head would be held responsible for allowing over exposure to the clients.
- 2.7. CTCL (Computer to Computer Link) connectivity branches would get applicable exposure for their respective clients depending upon the credit availability and collateral stocks. Further exposure would be allowed only after the realization of the concern client payments at our end.
- 2.8. Branch shall ensure clear monitoring mechanism for client's debits / obligations appropriate collection procedures. In the case of sale proceeds the stock should reach the company pool account in time. In the case of purchase the payment should reach us before pay-in day. Any pending payments beyond seven days (i.e. T+7) would be squared by Head Office to realize the debit balance. HO reserves the right to enforce such a forced sale wherever applicable.
- 2.9. Broker doing proprietary trades shall inform all the constituents about their own trading as stipulated by NSE.
- 2.10. Broker shall ensure to maintain confidentiality of all clients related information.
- 2.11. Ensure to place orders on own account user 'PRO' code only and through trading terminals authorized for such purpose.
- 2.12. End of the day each branch shall take print of the volume and brokerage earned for the day report or Settlement Obligation Report. This report shall be kept in the office duly signed by the branch head on a day-to-day basis.

## Contract Note

- 3.1. The branches shall ensure that contract notes are dispatched by certificate of Posting within 24 hours of execution of trades on the exchange. Copies of contract notes and proof of dispatch / delivery has to be maintained date wise.
- 3.2. In case any dispatched contract notes are returned without delivered, the same shall immediately be brought to the notice of HO for further action. The concern branch head shall visit the client address to assess the reason for the contract return.
- 3.3. ECNs (Electronic Contract Notes) can be issues only if specifically consented by client. The branches shall ensure to collect the prescribed ECN request form from the client. Also, the ECN contract notes shall reach the email id given by the client on the same day of trade takes place. Those clients opted for ECN shall have the facility to browse their contract note on our web site through user id and password given it to them.
- 3.4. Log reports for sent mail has to be maintained day wise. In the case of rejected and bounced mails, the concern person shall ensure physical contract notes are sent and reaches the customer in time. Proof of dispatch / delivery has to be maintained date wise.

## Accounts Related Issues

- 4.1. Verifying and ensuring the payment receipt from the respective clients account only.
- 4.2. Branches on a day-to-day basis shall deposit all the cheques in to the designated account and inform HO in the following format. S.No, Name of the Party, Name of the Bank, Cheque Number, Cheque Amount. Branches shall not accept demand draft from the clients. In exceptional case, the demand drafts can be accepted along with the client request form prescribed by Head Office. No branch is authorized to hold the cheque unless requested by the client in writing and CEO approves the same.
- 4.3. Before making payment, debit balance if any in the demat account of the respective client shall be deducted. While preparing the payment to the clients', accounts department has to ensure that the clients' bank details are incorporated on the cheque leaf so as to avoid misuse of client payments while in transit. (i.e. Bank Name and Bank Account Number) No manual writing of the bank details would be entertained.
- 4.4. In cheque dishonored case HO would take immediate action by informing respective branch heads about the cheque return as soon as gets the information from bank site. This would help the branch heads to avoid giving further exposure and to take appropriate action on payment collection.
- 4.5. Inviting payment vouchers on a weekly basis to make sure the petty cash amount are spent properly.

- 4.6. Client funds to be used only for the purpose settling the client obligation. No payments towards expenses / levies can be made from client bank account.
- 4.7. Client would be eligible to receive their payment on the payout day. Though we do entertain clients to have running account on specific request, it would be advisable to ensure receipts and payments are taking place at a regular interval in these accounts.

## **Statement of Account**

- 5.1. The branch shall ensure client's statement of account is dispatched by certificate of posting on a quarterly basis within a month of expiry of the said period. The proof of dispatch / delivery has to be maintained.
- 5.2. STT (Securities Transaction Tax) shall be issued on an annual basis within one month from the close of the financial year, unless required by the clients otherwise as to receive the STT statement on a daily basis.

## **Banking and Demat Account Operations**

- 6.1. Branch has to ensure that the client cheques are deposited in to client bank account. (As per NSE norms client fund shall not used for any other purpose other than meeting the respective client's margin /pay in obligations)
- 6.2. Branch shall accept the cheques/securities only after confirming that it is received from respective clients account. Similarly, the branch has to ensure that the payments/securities are made to respective clients within one working day of Pay out by exchange.
- 6.3. Clients wants to use their holdings as collateral, the concern branch should obtain authorization letter from clients to deposit their collaterals either with exchange or Clearing Corporation towards margin. (Brokers are not allowed to pledge collateral stocks with banks or financiers) Also ensuring proper acknowledgement issued to client on receipt of the collateral.
- 6.4. Record of return of collateral to clients has to be maintained.
- 6.5. Only approved securities by NSE as decided by HO would be taken as collateral from the clients.
- 6.6. Branches are hereby strictly advised not to undertake any cash dealing with clients.
- 6.7. Demat division shall ensure dividend received on behalf of clients is credited to the respective clients account as soon as it is received. Also, the division shall ensure this process is not delayed more than 30 days from the date of the dividend receipt.

## Internet Trading

- 7.1. Client specific user id and password to be used for execution of trades by the respective client. In charge has to maintain secrecy of the password.
- 7.2. Internet clients shall trade through Internet trading system and only in case of connectivity problems; their orders can be accepted and entered by our dealers as a back up facility after proper identification of the client. This would avoid client's deal on behalf of others.
- 7.3. It is mandatory that SSL certificate required to be submitted before June month of every year.
- 7.4. It is suggested by NSE that every company need to have exclusive email id for investor complaints and it has to be displayed on the company website.

## Sub Broker

- 8.1. Company shall ensure due diligence and credential of entities proposed to be appointed as sub brokers / authorized persons.
- 8.2. Company shall ensure procedures while opening and closing branches. (Informing all the client well in advance before closure of branch)
- 8.3. Company shall ensure that branches, sub-brokers, authorized persons do not indulge in unauthorized trading activities.
- 8.4. Monitoring activities of sub-brokers / relationship managers / official in-charge of branches to avoid unregistered intermediation, fraudulent activities, misuse of clients' accounts etc.
- 8.5. Broker need to have a direct dealing with clients introduced by the Sub Broker.
- 8.6. Broker shall ensure that the sub-broker does not issue any bills / notes nor dealing with clients' funds and securities in any manner.
- 8.7. Broker needs to inspect at least 10% of sub-brokers every year and ensure that each sub-broker is inspected at least once in every five years.
- 8.8. Broker shall ensure that they do not act through or on behalf of another trading member / sub-broker of the exchange either for proprietary trading of for trading on behalf of clients without prior approval of the exchange.
- 8.9. With prior approval a member can deal with only one broker of another exchange for own transactions.

- 8.10. The member has to ensure that dealings on behalf constituent, through a broker of another stock exchange are done only after necessary as a sub-broker.
- 8.11. In F&O segment, dealings with approved authorized persons may be done only if they are registered as sub brokers in Capital Market Segment of the Exchange.
- 8.12. Obtain and analyse periodic reports and information from all branches / sub brokers, to address various risk areas.
- 8.13. Taking feedback from the clients of sub brokers and branches on their dealings with the sub brokers and branch officials.

### **Location and Operation of Terminals**

- 9.1. Broker shall ensure that trading terminals are not located at any place other than the main / branch office and the offices of registered sub brokers / authorized persons of the member.
- 9.2. Broker shall ensure that trading terminals are not operated by a person other than an approved user / approved person.
- 9.3. Broker shall ensure that all terminal operators in F&O segment are NCFM / BDCE qualified and that at least one of every 5 Capital Market terminal operators in a location is NCFM qualified.
- 9.4. Broker shall ensure that no NEAT terminals are extended to another location without the approval of the exchange.

### **Computer to Computer Link**

- 10.1. Broker has to ensure upload details of all terminals to the Exchange prior to the activation of Users. Any change in details viz. terminal id, user, location, etc also needs to be uploaded prior to such change.
- 10.2. Secrecy of terminal-wise logon and password has to be maintained and on any mishap in his terminal the person concerned is responsible. Passwords must be changed every week without fail.
- 10.3. Members are requested to undertake system audit on annual basis, for the period ending 30th June, of all the branches where CTCL or Internet Trading facility is provided and submit one consolidated report there of to the exchange within one month from end of the period.

## **Display of Notice Board / SEBI Registration Certificate**

- 11.1. Trading members shall display, in all their offices / offices of their sub brokers where trading terminals are located, notice boards / plates at prominently visible locations, painted / printed in a permanent manner, in a front and colour which enables easy reading of the subject matter and containing prescribed details.
- 11.2. Display copy of SEBI Registration Certificate in the above said offices.

## **Issue of Advertisement**

- 12.1. Before releasing any advertisement for business promotion, a copy of the advertisement has to be submitted to the Exchange at least seven days in advance and written permission of the Exchange is to be obtained before the advertisement is published.

## **Inactive Clients Accounts**

- 13.1 In the case of existing trading account, which is not active in the last one year it would be treated as inactive trading account and a separate fresh set of account opening form would be obtained with latest financial details to reactivate the same in order to comply with the exchange regulation.