

## STEWART & MACKERTICH WEALTH MANAGEMENT LTD.

CIN: U51109WB1993PLC060987

Vaibhav (5F), 4, Lee Road, Kolkata – 700 020

Tel: (91 33) 3051 5400 / 4011 5400 Fax: (91 33) 2289 3401

Email ID: [investors@smifs.com](mailto:investors@smifs.com) Website: [www.smifs.com](http://www.smifs.com)

# Dealing Room Compliance Policy

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## INTRODUCTION

**This Dealing Room Compliance Policy** has been set to describe the internal and operational controls of Stewart & Mackertich for its Dealers / Relationship Managers/ Sales Personnel/ Customer Care Executives, who receives/ place orders on behalf of the clients as per the instructions received from the respective client over phone or any other mode of communication and/or provide services and interact with the clients to ensure and adhere the necessary compliance and discipline of the Dealing and Client Service Departments.

**Need for Dealing Room Compliance Policy** - The purpose of this policy is to ensure adherence to the best practices in the Dealing Room(s) and Client Service Desks related to the responsibilities, code and conduct of the Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Employees. There are four very basic reasons that necessitate written policies and procedures:

- **Operational needs** - Policies and Procedures ensure that All employees are expected to observe high standards of integrity and fair dealing in dealing with the clients at all times. Client should always be dealt with honestly and fairly.
- **Risk Management** - Established policies and procedures creates environment that ensures control activity needed to manage risk.
- **Continuous improvement** - Procedures can improve processes by implementing a Plan-Do-Check-Act approach by building important internal communication practices.
- **Compliance** - Well-defined and documented processes can demonstrate an effective control system compliant with regulations and standards. All employees of the Company are required to follow the policy and any directions given there under. This Policy and Procedure is a standard document and subject to change or amends time to time as per change in Rules & Regulations of the SEBI/ Respective Exchanges/ any other Government Authority. Stewart & Mackertich have reserved rights to implement amended policy and procedure without amending this documented policy.



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### **GENERAL OPERATIONAL CONTROL:**

All Employees of Stewart & Mackertich including Divisional/ Departmental/ Functional Heads/ Dealers, BM, RM/ Customer Care Executives shall adhere and ensure strict compliance of this Dealing Room Compliance Policy as well as the respective Policies and Systems Procedures (as detailed below) related to the Functions carried out by each individual(s), which forms a Part and Parcel of this Dealing Room Compliance Policy:

- a) Systems & Procedures
- b) Conflict of Interest Policy
- c) Un-Authentic News Circulation Policy
- d) Insider Trading Policy
- e) Client Modification & Transfer Policy
- f) Dormant Account Policy
- g) PMLA Policy

The Compliance Officer shall ensure strict implementation of this policy.

### **DEALING WITH CLIENTS:**

The Dealers shall regularly update themselves and shall endeavour to have valid NISM Certification for operating Terminals at all material times. The User Id should also be in the name of the dealer himself/herself who is operating the terminal. If there is any resignation/ leave etc., the User Id has to be changed in the name of the actual person operating the terminal who should also be certified. The Dealer operating the terminal shall provide the details in the prescribed format to the Compliance Officer and/or Risk Management Officer through email along with the scanned/hard copy of the passing certificates prior to operate the terminal. On receiving the same, the department shall allot the User name & 12/16 digit CTCL no. as prescribed by exchanges depending upon the details & location of the terminal & shall upload the details in ENIT system of NSE & of BSE. On successful uploading of the ID details to the exchange, the same shall be mapped in the risk system. On completion of the same, Risk Management Officer shall send a confirmation to the approved person to use the terminal for placing orders through designated email.

Dealing room is a restricted area where the dealers and authorized officials only are permitted.

At the time of account opening Stewart & Mackertich shall collect an authorization from the client in writing in case the client chooses / prefers to place orders, for convenience by an

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authorized representative like husband / wife / father etc. The client shall be apprised of the risks of placing Orders through the representative and the Client shall be encouraged to place orders by himself / herself.

Mobile phone is not permitted in dealing rooms. All calls telephonic calls shall be compulsorily recorded. The Mobile phones are required to be kept in Silent Mode preferably in a Locker. Also, recorded calls by dealers/ Client Service Desks shall be regularly monitored by Compliance Department. There shall be proper storage and retrieval mechanism in place for the recordings done. It shall be stored in a temper proof media and under the custody of an authorized personnel. No personal calls should be made through dedicated phone lines of dealing room or Client Service Desks.

The Dealers shall not receive any orders from clients other than on recorded telephonic lines. The same shall be applicable to all branches/sub broker/franchisee and proper back up mechanism shall be in place.

The Dealer shall execute orders placed by the clients, upon his/her instructions, upon receipt of Orders from the Client(s) over Dedicated Land Line Numbers (not Over Mobile Phones), registered e-mail id of the Client, Bloomberg Chat, FIX Messages, Fax or upon the visit of the Client to the Branch. Upon Receipt of the Order the Dealer shall call back the Client at the recorded Telephone Number to reconfirm the Order. In case of telephonic placement of orders, the dealer shall request the Client to confirm the identity of the client such as Client Code / PAN No. / Date of Birth / Address etc. and thereafter when the dealer is satisfied with the identity of the client, he / she shall place such orders on the trading terminals. Client orders receipt and order modification/cancellation and trade confirmation can be done only through recorded telephonic lines. The same shall be applicable to all branches/sub broker/franchisee locations.

The Dealer shall be cautious while dealing in the scrips where circuit filters are kept opened or in cases of relisting of scrips. The details of such scrips shall be provided by the Compliance Department to the Head of Risk Department / Dealing Department through mail.

The Dealer be cautious while dealing with walk in clients. The clients specifying the scrip, quantity, rate, limit/market order before placing the orders should be recorded in writing.

Upon execution of the order, the Dealer shall call up the client to confirm the trades executed by him/her for the said client immediately upon execution of the order on their recorded contact numbers for confirmation of trade including all the details of trade such as rate, exchange, buy/sell, quantity executed/not executed/partially executed, scrip name, limit / market order, product name (CnC or Margin). During the trading session, the Dealer



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shall call up the clients at regular intervals to inform the Client about their Net Positions, MTM Position and Obligations arising out of such trade. In case of order & trade confirmation w.r.t F&O, confirm expiry date, put/call, strike price, buy/sell.

If there is any client code modification, the same shall be done at order level (not at trade level) on the trade date, after market hours. The trade modifications request shall be considered by NSE till 4:45 p.m. and by BSE till 3.40 p.m. on the relevant trading day as per exchange.

Bulk/Block deals executed should be informed to the Risk Department by sending email to the nodal person. The details shall include name of the client, scrip name, quantity, rate, buy/sell order, value. The same needs to be checked on BOLT system.

In case of any trade error, it should be immediately reported by the Dealer to their respective reporting authority by email specifying the details of errors i.e name of the scrip, client codes, quantity, rate, buy/sell order with cc to Compliance Officer immediately on discovering the error.

Dealers are required to have screen saver passwords. If the dealer is moving out of the seat, the screen should not be accessed without password.

Dealers shall ensure that if any client enter into the dealing room, no access shall be provided to them for operating the terminals.

Stewart & Mackertich shall maintain call logs for all incoming and outgoing calls of the Dealing / Client Service Desks up to a minimum period of five years or as instructed by the compliance department from time to time.

Stewart & Mackertich should be maintained all Trade and Order files on daily basis and back up should be saved in Hard Drive.

Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives shall be aware of the policies on Prevention of Money Laundering and Circulation of unauthorized news provided to all the employees and report any violation observed to the Compliance Officer.

Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives should immediately raise the concern if any suspicions arise at the time of placing orders, to the Compliance Officer by sending email.



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If any discrepancies are observed or any mistakes are detected, the Dealer shall immediately inform the Branch Manager, Relationship Manager, RMS Officer, Compliance Officer who shall take necessary steps as per the Policies.

The Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives should not give their personal recommendations to the clients. The Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives should take reasonable steps to give clients sufficient and comprehensible information concerning an investment to enable them to make a balanced and informed investment decision. Research recommendations should be based on through analysis, and should take into account available alternatives. Research recommendations should only be made if there is a reasonable basis, which can be substantiated through publicly available information (e.g., company reports, published research, etc.). Research and other materials marked "For Internal Use Only" should not be distributed outside Stewart & Mackertich.

The Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives should at all times avoid any actual or apparent personal conflict of interest with the clients. The employees must not enter into a personal business or financial arrangement. In particular, the employees must not directly or indirectly:

- a) Act personally as a custodian for a client's securities, money or other property;
- b) Deposit funds, endorse or cash a client's cheque in a personal account;
- c) Borrow from or lend to clients any money or securities;
- d) Maintain a joint account with any client;
- e) Give a guarantee to a client orally or in writing against loss or level of performance in an account;
- f) Participate in the profits or losses of any client's accounts or in any other benefit resulting from a transaction;
- g) Rebate or share any part of your compensation as an employee of Stewart & Mackertich or pay such compensation, directly or indirectly, as a bonus, commission, fee or other consideration for business sought or procured;

The Dealers/ Relationship Managers/ Sales Personnel/ Customer Care Executives shall strictly follow and adhere to the Policies framed and approved by the Board of Directors.

The Compliance Officer / Internal Auditors shall do a sample verification of dealing room calls and check the contract notes and vice versa, on a concurrent basis

The Compliance Officer / Internal Auditors shall periodically conduct inspection of the dealing room on concurrent basis. Inspection report shall be prepared and on any deviation



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or observations having negative recommendations shall be escalated and addressed immediately.

### **GENERAL ADMINISTRATION:**

The employees of Stewart & Mackertich shall record their attendance through Bio-Metric impressions both at the time of arrival and leaving the Office premises.

All Incoming and Outgoing communication shall be recorded by the Front Desk Officer.

No employees shall carry official records out of the office without proper authorization from their Divisional/ Departmental/ Functional Heads.

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