

## **STEWART & MACKERTICH WEALTH MANAGEMENT LTD.**

CIN: U51109WB1993PLC060987

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

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# **Policy and Procedures for Voice Logger System**

**for Order Placement, Trade Execution & Trade Confirmation**

### **Policy Authored By:**

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### INTRODUCTION

**This Policy and Procedures** on Voice Logger for Order Placement, Trade Execution and Trade Confirmation is being formulated under the instructions of the Board Members of the Company, in compliance and as mandated by Securities and Exchange Board of India, with the SEBI Master Circular for Stock Brokers and vide circular no. CIR/HO/MIRSD/MIRSD2/CIR/P/2017/108 dated September 26, 2017 and CIR/HO/MIRSD/MIRSD2/CIR/P/2018/09 dated January 11, 2018 and relevant Circulars issued time to time by the Stock Exchanges for Prevention of Un-Authorized Trading. This 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, Surveillance & Risk and Client Service Departments.

**Need for Policy and Procedures** on Voice Logger for Order Placement, Trade Execution and Trade Confirmation - The purpose of this policy is to ensure adherence to the best practices in dealing with the trades and transactions done by the Clients on the trading platform and the responsibilities, code and conduct of the Dealers/ Relationship Managers/ Sales Personnel/ Branch-In-Charges/ Risk and Surveillance Officers/ Customer Care Executives dealing on behalf of the clients and effective control system compliant with guidelines by the Regulatory Authorities. 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 fairness 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 thereunder. This Policy and Procedure is a standard document and subject to change or amendment time to time as per change



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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.

### **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 Policy and Procedures for Prevention of Unauthorised Trading 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 Policy and Procedures for Voice Logger System:

- a) Dealing Room Compliance Policy
- b) Un-Authentic News Circulation Policy
- c) Insider Trading Policy
- d) Risk Management Policy
- e) Internal Control Policy
- f) Systems & Procedure

The Compliance Officer shall ensure strict implementation of this policy.

### **DEALING WITH CLIENTS:**

The Dealers shall execute trades of clients only after keeping evidence of the client placing such order, which could be, inter alia, in the form of:

- (i) Physical record written & signed by client
- (ii) Telephone recording
- (iii) Email from authorized email id
- (iv) Log for internet transactions
- (v) Record of messages through mobile phones
- (vi) Any other legally verifiable record

Wherever the order instructions are received from clients through the telephone, Dealers, BM, RM/ Customer Care Executives shall mandatorily use telephone recording system to record the instructions and maintain telephone recordings as part of its records. In absence of order placing evidence, post trade confirmations by client may be used as other evidences in exceptional cases.



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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 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.

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 on registered contact details of the Client. The same shall be applicable to all branches/sub broker/authorized person locations.

Mobile phone is not permitted in dealing rooms. All 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. To facilitate the implementation of the guidelines as mandated in the SEBI circulars, the systems are put into places and same shall be applicable to Head Office and in the all Branches/Sub Broker/Authorized Person Offices. There shall be proper storage and retrieval mechanism in place for the recordings done. It shall be stored in a tamper proof media and under the custody of authorized personnel. No personal calls should be made through dedicated phone lines of dealing room or Client Service Desks.

- a) Voice Logger must be installed in dealing room of the branch/HO.
- b) Voice Logger must be checked every day before market starts, preferably by 8.45 AM. In case of any issue, contact local IT Personnel. In case not available, immediately contact IT team at Head Office (HO).
- c) Calls are properly recorded; logs generating must be checked daily. During Market hours, a test checks to be done in hourly basis to avoid any untoward incident.
- d) Daily Order Placement Call Logs, Trade Call Logs and Confirmation Logs to be provided to Head Office (HO) via FTP (or any other medium as advised) daily by 11 AM, next working day.



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- e) Technical Failure of any nature must be informed to Head Office(HO) on priority basis by mail. The Kolkata IT Team, Compliance Team must always be kept informed in case of technical failure. Mail to [systems@smifs.com](mailto:systems@smifs.com) and [compliance@smifs.com](mailto:compliance@smifs.com).
- f) IT personnel at Branch Office and Branch Head will be solely responsible to ensure that above are followed on a routine basis.

The Dealer/ BM/RM 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 and maintain a log book /register for such walk in clients with the details of In-Time, Name, Contact Details, Purpose of Visit and Out - Time. Ensure that the client signs the register before placing the order.

Upon execution of the order, the Dealer shall call up the client immediately on their recorded contact numbers to confirm the trades executed by him/her for the said client 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 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.

In case of huge voluminous trades, it is advisable to ask the client by the Dealers, BM, RM/ Risk and Surveillance Officers / Customer Care Executives to get the acknowledgement of the trades over email at the designated email address of the Branch and at [contracts@smifs.com](mailto:contracts@smifs.com) on receipt of the contact notes sent by Stewart & Mackertich.

Stewart & Mackertich shall send messages and mail communications to the registered email address and mobile number of the clients on placing orders and EOD Trade Confirmations.

Trade Confirmations at EOD are informed to the clients through ODIN Voice Cast, Interactive Voice Response (IVR) system for getting feedback on their acceptance and rejections, if any, on the executed trades.

The Risk and Surveillance Officers, post market hours shall monitor the logs of voice logger and ODIN Voice Cast IVR message logs and accordingly shall call the clients on the respective registered contact numbers mentioning the Unique Client Code for trade confirmation from the recorded lines, where any rejections or unattended calls to the clients are found in the report.



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The Risk and Surveillance Officers shall immediately inform the Compliance Officer/ Investor Grievance Officer, if any complaints / dispute of trades have been reported by the client during the verification calls.

The Risk and Surveillance Officers shall immediately inform Account Opening Department if any change in Client contact details are noted and follow necessary procedure to update the changes in the client database on immediate basis.

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 shall maintain 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.

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 thorough 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



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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 encash 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 Branch Managers/ 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 / IT System Administrator/ Internal Auditors shall do a sample verification of trades and transactions, calls logs, voice logs, maintenance of records and check the contract notes etc. on a concurrent basis. Inspection report shall be prepared and any deviation or observations having negative recommendations shall be escalated and addressed immediately.

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