

## **Annexure-**

### **Write-up on internal control / process/ system:**

ZenSecurities Ltd(ZSL) has compliance department that ensures compliance of all the guidelines of SEBI/ SCRA/ the stock exchanges/ Depositories and all other regulatory and statutory bodies.

The company has centralized Risk management section that manages the risk online headed by a Senior Manager. The company monitors the receivables and payments regularly and it is integrated with trading front office to effectively manage the Risk. Before entering into any trade on behalf of the client the company is collecting the requisite margins to cover any loss incurred by the client. In case the client fails to pay the amount the company is entitled to close the positions of that client and adjust the amount .

The front office software is GoTx, which the company uses enables us to fix the trading limits to each client individually based on the availability of capital/collaterals of that client. The focus of company is on retail clients, corporate clients and Institutions. Generally not more than 5% of the value / volume is contributed by each branch and also no single customer contributes more than 5% of the business of the company.

ZSL generally register a client who is referred to ZSL. We will verify customer identity through documentary evidence apart from mandatory in- person verification carried by our employees. Original documents of the client are verified to establish customer identity. In analyzing the verification information, we will consider whether there is a logical consistency among the information provided, such as the customer's name, street address, PIN code, telephone number, date of birth, etc. Walk-in clients are generally enrolled on interviewing the client and upon above verifications thoroughly by our employees. However they will be placed under continuous observation for 6 months. The company will not allow benami or fictitious accounts where the client is desirous of keeping his/its identity confidential or secret.

ZSL has the system of creating alerts to cross verify the identity of a client in order to ensure that he/she is not a suspecting entity. For that the notices /circulars issued by the regulatory agencies are mapped to generate alerts.

RMS department verifies the trading data continuously and there are alerts for clients trading in illequid scrips, penny stocks, abnormal quantities and trading pattern of the clients are observed. The analysed data is forwarded to senior officials for further action.

ZSL has system of releasing payout of securities to the client after the cheque issued by the client is cleared. Similarly funds payout is released after securities payin is completed.

The client is permitted to trade only after all requirements are met and the UCC data is uploaded to the Exchange.

In F&O segment we collect 25% additional margin from the client as a risk containing measure.

At the end of the day, sms messages are sent to all clients regarding their financial positions, apart from giving confirmation of trades over phone. Digital Contract notes are despatched on the trading day itself through e-mail as majority of the clients have given consent for ECNs. If there are any bounced mails, then physical copies of the contract notes are despatched. For non-ECN clients contract notes are sent on T+1 day

The company has periodic inspections from various regulatory bodies. ZSL also conducts periodic inspection of the branches.

