



Allvest Securities Private Limited

**Internal Control Mechanism for Stock Broking and Depository
Operations**



Document Revision and Version Control

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INTRODUCTION/ BACKGROUND

Allvest Securities Private Limited (hereinafter referred to as "ASPL" or "Company") is incorporated under the Companies Act, 2013, with Corporate Identification Number (CIN) U66120MH2025PTC440678. ASPL is registered as Stock Broker with SEBI having Registration number INZ000330839 and is registered as Trading Cum Self Clearing Member with National Stock Exchange of India Ltd and NSE Clearing Ltd. (Member Code: 90469), as a Trading Member with BSE Ltd. (Member Code:6973), as a Trading Cum Self Clearing Member with Multi Commodity Exchange of India Limited (Member Code :57650) and ASPL is also registered with SEBI as a Depository Participant having Registration No.: IN-DP-837-2026 and with NSDL having DP ID: IN304949.

OBJECTIVE

ASPL has instituted a robust internal control framework to ensure strict compliance with the regulations stipulated by SEBI, Stock Exchanges, and Depositories. The organization has implemented a comprehensive set of policies and procedures designed to govern every aspect of its broking and depository operations, with a strong focus on regulatory compliance, operational efficiency, and client protection.

POLICIES AND PROCEDURES IMPLEMENTED

ASPL has adopted the following policies and procedures as part of its internal control mechanism to ensure adherence to applicable Acts, rules, and regulations issued by SEBI, Exchanges, and Depositories:

- Anti-Money Laundering Policy
- Risk Management Policy
- Policy on Voluntary Freezing/Blocking of Online Access to Trading Account
- Dealing Team Policy
- Code of Advertisement & Social Media Policy
- Confidentiality Policy
- Policy on Applicability of NISM Series VII – SORM Certification
- Online Closure of Trading Accounts
- Surveillance Obligation Policy
- Investor Grievance Redressal Policy
- Conflict of Interest Policy
- Policy on Handling of Unauthenticated News or Rumors
- Pre-funded Instruments & Electronic Fund Transfers Policy



- Depository Participant Compliance Manual
- Insider Trading Prohibition Policy
- Policy on Handling of Good Till Cancelled (GTC) Orders
- Facsimile Signature Policy
- Policy on Outsourcing Activities
- Policy on Treatment of Inactive Trading Accounts
- Client Code Modification & Error Trade Policy
- Anti Bribery & Anti Corruption & Acceptance of Gift Policy
- Cyber Security and Resilience Policy

Policies for Broking Operations Control

In addition to the above, ASPL has implemented the following operational control measures:

- Refusal to Execute Orders for Penny/Illiquid Stocks
- Brokerage Rate Structure
- Exposure Limit Settings
- Imposition of Penalties/Delayed Payment Charges
- Handling of Trade Shortages Arising from Internal Netting
- Rights to Liquidate Client Securities or Close Open Positions
- Restrictions on Taking Further Positions Under Specific Conditions
- Temporary Suspension or Closure of Client Accounts upon Request
- Client Account Deregistration Procedures

All business operations at ASPL are conducted in accordance with the aforementioned policies and ongoing updates from regulatory bodies.

INTERNAL CONTROL MECHANISM

1. Client Registration

ASPL follows a detailed checklist for account opening, continuously updated in line with regulatory requirements. This checklist is part of the Account Opening Kit, which includes:



- KYC Form
- Trading/DP Account Details
- Tariff Sheet
- Rights & Obligations
- Risk Disclosure Documents
- Guidance Notes and Voluntary Documents (as per client preference)

PAN and Date of Birth are verified through the CVL-KRA database. Post verification and collection of required documents, thorough KYC checks are conducted, including identity and address verification, and for non-individuals—corporate documentation such as Memorandum of Association, Board Resolutions, and Beneficial Ownership details.

Prior to activation, clients are screened against SEBI's defaulters and debarred lists. The Customer Acceptance Policy under the AML framework is strictly enforced. Once verified and In-Person Verification (IPV) is completed, client details are uploaded to Exchanges, KRA, and CKYC portals within stipulated timelines.

2. Maintenance of Client Accounts

Modifications to client data (including email IDs) are processed only upon receipt of a signed modification form along with necessary documentation. Post-verification, updates are made in the client master and uploaded to CDAS, KRA, and UCC Exchange systems. All changes are communicated to the client.

3. Closure & Dormancy

Account closure forms submitted by clients are processed centrally. ASPL ensures clearance of dues and securities before account termination. For demat account closures, clients receive confirmation post-closure. Documentation is retained as per regulations.

Accounts are inactivated and activated basis Policy on Treatment of Inactive Trading Accounts

4. Order Receipt & Execution

Client orders are accepted only through SEBI-permitted channels, typically via recorded lines. The Trading Team adheres to ASPL's Best Execution and Surveillance Policies. Trade confirmations are issued daily via electronic contract notes and SMS.

5. Communication of Contract Notes & Statements

Electronic Contract Notes (ECNs) with digital signatures are sent to registered email addresses within 24 hours. Physical notes are dispatched upon specific request. Daily



margin statements and quarterly fund/securities statements are shared digitally and securely. Clients may also access statements via their secure login credentials.

6. Monitoring of Debit Balances

ASPL monitors client debits on a daily basis. In case of non-payment, positions are liquidated in accordance with RMS Policy. Clients in debt are not permitted further exposure, and delayed payment charges are applied as per agreed terms.

ASPL does not provide funding to clients. Clients are expected to maintain adequate funds/securities to meet trading obligations.

7. Trading Terminal Operations

Terminals are restricted to ASPL's main office and branches(whenever applicable). Only certified users are allowed access. Terminal IDs are mapped with respective clients and exposure limits are assigned based on defined criteria.

8. Investor Grievance Redressal

ASPL has a structured Investor Grievance Redressal Policy. A dedicated email ID is provided in account opening forms, statements, and on the official website for clients to register grievances. Complaints are handled centrally at the Head Office with timelines aligned with SEBI regulations.

9. Anti-Money Laundering (AML) Measures

ASPL has implemented a comprehensive AML Policy, in compliance with the Prevention of Money Laundering Act (PMLA). Key highlights include:

- Appointment of a Principal Officer and Designated Director, reported to FIU and Exchanges
- Real-time AML monitoring through dedicated software generating alerts on suspicious activities
- Periodic MIS reports and review by the Board
- KYC and Risk Categorization of clients (including PEPs and high-risk clients)
- Strict prohibition of cash transactions
- Monitoring of trades by dormant accounts, off-market transactions, and third-party fund/securities transfers
- Implementation of UAPA, UNSC, FATF directives
- Beneficial ownership identification in non-individual accounts
- Regular training for employees to stay updated with evolving AML requirements



10. Employee Personal Dealing Policy

Designated employees at ASPL are governed by the Insider Trading Policy. Employees must obtain prior written approval from their reporting manager and compliance officer before executing trades. Trades are subject to a minimum holding period, and trading in restricted securities is prohibited.

These policies and procedures collectively ensure that ASPL not only complies with statutory and regulatory obligations but also upholds the highest standards of operational integrity, risk mitigation, and client service.

REVIEW OF THE INTERNAL CONTROL MECHANISM

This policy will be reviewed and updated as required to incorporate any changes introduced by regulatory authorities. Additionally, it will undergo periodic reviews at least once in a year to ensure continued relevance, effectiveness, and alignment with current regulatory requirements and industry standards.