

Annexure

Internal control

(Please enclosed the policy for the following):-

1. Details

- **Date of starting of business** 19/04/2007
- **Background of company:** Business in shares & Securities.

2. Client Code Modification:

- **Reasons for the modification of client codes**
Due to the punching error by the dealer only.
- **Ratio of modification of client codes done at Head office vis-à-vis other offices:**
Nil.
- **Details of authorized representatives for approval of client code modification w.r.t. error trades.**
Mr. Vivek Sethi
- **Measures taken to reduce the modification of client codes.**
Particular dealer has been allotted for selective client for the prevention of the punching mistake.
- **Whether the trades have been modified only for the objective criteria allowed by the Exchange?**
Yes
- **Whether securities taken into ERROR A/c are liquidated in the same A/c?**
Yes liquidate in the same.

3. PMLA

- **Compliance w.r.t. Principal Officer and adoption of written policy.**
Yes we have appointed Principal Officer and intimated the same to FIU, New Delhi. A PMLA Policy has been adopted and implemented & the same intimated to FIU.
- **Measures taken with regard to Anti money laundering Act**
The Internal control procedure prescribes the procedure for client identification. We follow the account opening procedure strictly. We have defined parameter in Risk Management System and accordingly clients are classified in to "High Risk", "Medium Risk", "Low Risk" category. KYC norms are strictly followed for high risk

clients. We do not open accounts where due diligence measures cannot be applied. We have manual checks and systems in place to generate alerts for suspicious transactions. We have identified clients of special category (CSC). We have prescribed client identification procedure for different categories of clients. We have system in place that allows continues monitoring of transactions. We have adequate system & procedures in place to ensure screening of employees while hiring. The staff is provided adequate training in AML and CFT procedures. All the circulars related to PMLA are read & understood by the staff.

➤ **System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.**

We have manual checks in place to ensure that trading done by the client is in proportion to his financial details as disclose in the KYC.

➤ **Alerts for the same generated or not?**

Alerts are generated when import the trade, we have save a soft copy and take print also the alert generated of suspicious transactions.

➤ **Any Suspicious Transaction Report (STR) sent to FIU**

No.

➤ **Risk categorization of clients.**

We have defined parameter in Risk Management System and accordingly clients are classified in to “High Risk”, “Medium Risk”, “Low Risk” category.

➤ **Enumerate the steps taken to verify the identity of persons who beneficially own or control the securities?**

Check would be done for actual beneficial ownership and control of the particular account. We need to obtain the details with respect to Shareholders / promoters (Holding more than 25 % or more of share capital of Corporate entities) , Partners (Holding more than 15 % or more of capital or profits of partnership firm.), Unincorporated association or body of individuals(Holding more than 15 % or more of property or capital or profits of juridical person) from the non individual clients and wherever possible it has to be verified independently. Where the client is a trust, identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

Where no natural person is identified the identity of the relevant natural person who holds the position of senior managing official

Verify the sources of funds for funding the transaction. We shall also take care at the time of settlement regarding nature of transaction, movement/source of transaction, etc. Periodically to ask for clients financial details to determine the genuineness of transaction. Special care would be taken in case of non individual accounts such as corporate, partnership firms etc, where the ownership structure is opaque. In all such cases the accounts would be activated only post approval from the compliance department.

For this purpose, “beneficial owner” is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

4. Introduction/Registration of clients

- **Basis of accepting as client**
Generally we don't allow walk-in clients. All clients are known to directors/remisiers.
- **Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients**
In-person verification of client is done by our employees at HO or at branch.
- **Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.**
Client Registration Documents (CRD) is given to all new clients and acknowledgement for the same is obtained. Also, CRD are given to existing clients on demand.
Welcome letter is sent to all new clients that have details of UCC and email ID.
- **Do you outsource client registration modalities?**
No, we have not outsourced client registration modalities
- **Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client.**
Generally we don't allow walk-in clients. All clients are known to directors.
- **Process of record keeping and retrieval of client registration document.**
KYC are stored at warehouse which is outsourced; forms can be retrieved at any point of time

5 Funds:

- **System of pay in and pay out of funds from / to clients**
Proper systems are ensuring timely collection for pay-in from the respective client as per settlement schedule. Pay-in of funds is collected from clients on T+1 day basis. Till receipt of pay-in of funds from clients, shares purchased by clients are kept in our beneficiary account. Generally clients authorize through running account letter to retain their funds and securities towards future obligations and maintained running account for pay-in and pay-out of funds. Debit balance is regularly monitored by director and follow-up is made with clients. Periodicity of such monitoring every week, outstanding balance is reviewed by management. Client's funds are transferred to the respective clients within one working day, unless authorized to retain through running account letter.
- **System & source of pay in and pay out of funds in case of Own trading**
We are not doing own trading.
- **Procedure of Margin collection, if any from clients & maintenance of records thereof**

Adequate margin is collected from all clients and daily margin details are sent to all clients. However collection of margin in cash segments is at the discretion of client.

- **Any funding is done to the clients**
No client funding is done.
- **Credit / transfer of Dividend to the clients / own dividend**
We credit/transfer dividend to clients within prescribed time specified by exchange.
- **Procedure followed in case of default by client/ sub broker's client**
Generally we don't have clients who have defaulted in payment or having naked debit balances. However in case any default by client, we are sending notice to client.
- **Payment to sub brokers / remisiers**
We are making payment to sub-brokers only after their registration with SEBI/ exchange. Generally payment is made by cheque (monthly or quarterly basis).
- **Any third party transfer of funds? If yes , policy in this regard**
Our system does not allow transfer/acceptance of third party Funds.

6. BOLT Terminal

- **Procedure of accepting & placing of orders: On telephone by respective clients**
- **Factors determining the trading limit for each terminal / client: Based on deposit& collateral securities available**
- **Control over operator to ensure that he is entering authorized trades only: Each dealer is assigned specific client**

7. Contract Notes

- **Whether printing of contract note is centralized? If not, Place from which CN are printed.**
Printing of contract note is decentralized. It takes place from branch.
- **Procedure for printing CN in case of outstation clients / sub broker clients**
We are generating contract note at HO level & we given rights to our respective branch to print CN, so accordingly they will delivered to outstation clients/ sub-broker clients.
- **Basis of numbering**
The serial number on the CN based on annual basis. The CN issued to the clients are numbered with unique running serial number commencing from one, which shall be reset only at the beginning of every financial year. Financial year for the purpose of resetting the serial number of contract noted is April to March.
- **System for maintaining duplicates & acknowledgement for CNs**
We print duplicate contract notes and send courier or hand delivery to appropriate clients and maintaining POD or taken signature on duplicate CN for the same.
Enumerate the steps taken to verify the identity of persons who beneficially own or control the securities?
Refer Point no.3 last para

8. Securities:

- **System of pay in and pay out of securities from / to clients**
Proper systems are in place to ensure timely collection for pay-in from the respective clients as per settlement schedule. Pay-in of securities collected from client on T+1 day basis. Till receipt of pay-in of securities from clients, credit and payment is not made. Generally clients authorize through running account letter to retain their securities towards future obligations. Generally client's securities are transferred to the respective clients within one working day.
- **Separate Own Beneficiary Account maintained or not**
Yes, separate Own Beneficiary Account Maintained.
- **Separate Client beneficiary account maintained or not**
Yes, separate Client Beneficiary Account Maintained.
- **Client wise segregation of securities maintained or not**
Yes, Client wise segregation of securities maintained.
- **Whether Clients' securities maintained with Member**
Generally clients authorize through running account letter to retain their securities towards future obligations.
- **Procedure for check on Third party security transfer/ acceptance**
Our system does not allow transfer/acceptance of third party securities.
- **Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.**
We are not using client's securities for own purpose or for any other client; we have opened separate client beneficiary account & own beneficiary account. Our system does not allow transfer/acceptance of third party securities.

9. Statements of Accounts & Daily Margin Statement

- Whether statement of accounts for funds and securities are issued on monthly or quarterly basis.: On quarterly basis
- Whether statement of accounts is issued from the branches/sub-broker's office/authorized person's office. If yes, the procedure followed for issuance and the maintenance of the duplicates and proof of delivery.: No
- Whether statements of accounts are issued physically or digitally?: digitally
- Whether daily margin statement is issued as per prescribed format? The mode of sending the same to the clients?: Yes, digitally

10. Execution of POA (Power of attorney) (if applicable) -

- **Please specify in whose name POA has been taken (trading member, its employees or representatives or sub-brokers)**
Trading Member.
- **Process adopted for execution of POA**
We are depository Participant of CDSL. POA for pay-in purpose obtained along with client registration form for CDSL. POA executed with the client is not exclusive and allow the client to operate DP account on his own.

11. Opening & closing of branches

- **Procedure adopted for opening & closing of branches**
We conduct due diligence before opening/closing branches. The internal control procedures have specified the procedure for opening the branches. In case of closure of any branch, we are having a procedure in place to send and advance notice to the clients.
- **In case of closure of branches, how and when do you communicate existing clients?**
In case of closure of any branch, we are having a procedure in place to send and advance notice to the clients.

12. Closure of client accounts / dormant account

- **What type of documentation (both inward and outward) undertake for closure of account.**
We are obtaining written request duly signed form client for closure of account. We are obtaining final ledger account for fund and securities duly signed by clients at the time of account closing.
- **In case of dormant account (six month), what extra caution taken before execution of trade in such account**
In case of there is interval of more than six months between last trade and fresh order, dealer immediately confirms the identity of the client and then only fresh order is placed.
- **Procedure adopted in case of very old dormant account (2 years old)**
In case there is interval of more than 2 years between last trade and fresh order, dealer immediately confirms the identity of the client and then only fresh order is placed. We have handover the list of dormant account to our dealers which we update periodically

13. Receiving and Execution of Orders

- **Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices**

- On Phone.
- **Any document is maintained for the clients who personally walk into the office and place the order?**
Not Applicable
- **System for identifying authenticity of caller when the order is placed through telephone.**
Our Clients are known clients.
Mechanism put in place to limit the cumulative value of unexecuted orders from the terminals?
Quantity wise and Value wise Order limits are set in terminals.

14. Portfolio Manager

- **Whether Trading Member acting as a portfolio manager?**
No.
- **Procedure for client registration, order execution, contract notes issuance and settlement mechanism followed for the same.**
Not Applicable.
- **Whether any of the clients of the TM is acting as a portfolio manager?**
No.

15. Brokerage Charged

- **Brokerage schemes provided to the clients?**
Yes with the KYC.
- **Elaborate on the schemes provided?**
Brokerage as per the client turnover and case to case and also depend on nature of the client.

16. Client Margin Information

- We are not dealing in Derivatives segment and hence there is not reporting requirement
- Process for evaluating exposure to be given to the clients?:
Based on credit balance in ledger & margin available, exposure is given
- Whether client margin information is sent to the clients? No
- Whether it contains all the required information as prescribed in the circular?: Yes
- What is the mode of informing to clients?: Physical
- Whether proof of delivery/dispatch is maintained for the above purpose?: No