

**Annexure**  
**Internal control**

**1. Details**

- Date of starting of business  
25<sup>th</sup> June 2001
- Background of company

The Company is a member of NSE (Cash, Future & Currency Derivative Segment), BSE (Cash Segment, Derivative), USE and MCX SX, depository participant of NSDL & CDSL, Registrar & Transfer Agent.

**2. Client Code Modification:**

- Reasons for the modification of client codes.  
Punching genuine error.
- Ratio of modification of client codes done at Head office vis-à-vis other offices  
NA
- Details of authorized representatives for approval of client code modification w.r.t. error trades.  
Compliance officer and as per the policy written down by the company.
- Measures taken to reduce the modification of client codes.  
Built the policy for the same.  
By issuing Instruction.
- 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

**3. PMLA**

- Compliance w.r.t. Principal Officer and adoption of written policy.  
Yes
- Measures taken with regard to Anti money laundering Act  
  
Proper policy is framed and circulated to all branches and sub-brokers
- 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.  
  
Our software provides sufficient reports to monitor the risk.
- Alerts for the same generated or not?  
Yes
- Any Suspicious Transaction Report (STR) sent to FIU  
No
- Risk categorization of clients.

<b>TYPES OF CUSTOMERS</b>	<b>RISK CATEGORIZATIONS NORMS</b>
A) Natural persons 1. Individual 2. Joint account	<b>Low Risk</b>
B) Legal Person/entities 1. Partnership Firms 2. Unlimited Companies 3.Trusts	<b>Medium Risk</b>
C) Non Residents Accounts of Politically exposed persons resident outside India: 1. Head of states or of Governments 2.Senior politicians 3. Senior government/judicial/military officers 4.Senior executives of state owned corporations 5. Important political party officer 6. Accounts of non face to face customers (accounts operated through speed) 7. Client account opened by professional intermediate	<b>High Risk</b>

#### 4. Introduction/Registration of clients

- Basis of accepting as client

Either through sub-broker or employees or existing clients

- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients

Specific staffs are deputed for in person verification; proper records are maintained at Head office level.

- 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.

Yes, proof already submitted.

- Do you outsource client registration modalities?

No

- Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client.

Yes

- Process of record keeping and retrieval of client registration document.  
Hard Copy and scan copy of the documents executed by the client are maintained In the H.O.

## 5 Funds:

- System of pay in and pay out of funds from / to clients
  - Every client is required to make pay-in of funds and securities as stipulated by the schedule of the exchange before the pay-in date.
  - The client can make early pay-in of securities and funds to get the benefits in exposure and margin there fore, as may be provided in the regulations from time to time.
  - The client receives the Pay-out of funds and or securities as per schedule of the Exchange.
  - In case of shortage in securities for the Pay-in, the client is liable to pay any difference / loss in the covering up of transaction by the Exchange and other penalties as levied by the Exchange.
  - In case of shortage in funds for the securities purchased or loss incurred by the client, the Member can withhold the securities in pay-out till the time the debit balance / shortage of funds in pay-in is cleared by the client. Any interest / penalty can be levied on the said client by the Member as per the agreement norms.
  - Before selling the securities purchased, the client should confirm from member / depository the status of his securities purchased for any shortage in the quantity bought.
  - The Member will not be liable for the short delivery received in Pay-out and the same being sold by the client. Any loss incurred in selling of short delivery received in Pay-out, by the client will be borne by the client himself.
  - Frequent shortage in funds / securities sold (short delivery) by a client can lead to the deactivation / suspension of trading activity of the Member.
- System & source of pay in and pay out of funds in case of Own trading  
The company is not indulged in own trading.
- Procedure of Margin collection, if any from clients & maintenance of records thereof

- Any client placing an order for buy or sell of a security shall be required to deposit or pay margin amount upfront to the concerned trading member / clearing member, through whom such order is being placed, in the form, proportion and at the time, as may be provided in the relevant regulations from time to time. The client shall be liable to pay all types of margin as applicable to and levied by the Exchange or the clearing agency on the trading member/clearing members, as provided in the relevant regulations from time to time.
- The margin of the client is being monitored on real time basis through the dedicated software's to get the updated information of margins of the clients. Any alerts crossing the pre determined levels of risk management system his/her positions would be squared up after giving reasonable opportunity by contacting the client on telephone. No written notice sent to the client in such case.
- Any short-fall or margin information will be rendered through margin status report.
- If the client has deposited approved securities with the member/clearing towards margin/obligation, such securities would be valued at such rates applying the hair cut at each interval as provided by regulation from time to time.
- All the margins shall be computed and payable by all the clients on gross basis as may be prescribed by the regulations.

➤ Any funding is done to the clients

No funding is done to clients

➤ Credit / transfer of Dividend to the clients / own dividend

We have automated system of dividend distribution. The dividends are credited to accounts of clients within 24 hrs of receipt of dividend.

➤ Procedure followed in case of default by client/ sub broker's client

We maintain sufficient margins of clients and sub-broker. We have very strong Risk management systems to control their limits and real time surveillance system to have real time positions of loss of parties and on the basis previous day available margins with us.

Moreover we take sufficient deposits from sub-brokers to cover our risk of default made by clients introduced by sub-brokers.

➤ Payment to sub brokers / remisiers

Automated system of brokerage / remisiers posting to their respective accounts as per terms agreed between both the parties.

- Any third party transfer of funds? If yes , policy in this regard

We don't accept any third parties payments/receipts.

## **6. BOLT Terminal**

- Procedure of accepting & placing of orders  
We accept orders from client telephonically and for the same proper recording systems at all stations. From the Clients who come personally, we get their confirmations duly signed by them.
- Factors determining the trading limit for each terminal / client  
Limits of the clients depend upon the net available margin on T-1 day.
- Control over operator to ensure that he is entering authorized trades only  
Proper recording system to ensure the proper control.

## **7. Contract Notes**

- Whether printing of contract note is centralised? If not, Place from which CN are printed.  
Centralized, Issued from H.O. except Jaipur where they are printing locally.
- Procedure for printing CN in case of outstation clients / sub broker clients  
Posts are sent under U.P.C.
- Basis of numbering  
Managed by software itself. New numbering comes in after the end of financial year.
- System for maintaining duplicates & acknowledgement for CNs  
Duplicate copies and acknowledgement are maintained for sufficient period.

## **8. Securities:**

- System of pay in and pay out of securities from / to clients  
As mentioned earlier.
- Separate Own Beneficiary Account maintained or not  
Yes
- Separate Client beneficiary account maintained or not  
Yes
- Client wise segregation of securities maintained or not  
Yes
- Whether Clients' securities maintained with Member  
Yes
- Procedure for check on Third party security transfer/ acceptance  
Sufficient checks are there in software.
- Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.  
Same as above.

## **9. Statements of Accounts & Daily Margin Statement**

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

#### **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)  
NA
- Process adopted for execution of POA  
NA

#### **11. Opening & closing of branches**

- Procedure adopted for opening & closing of branches  
No branch opened or closed during the inspection period
- In case of closure of branches, how and when do you communicate existing clients?  
NA

#### **12. Closure of client accounts / dormant account**

- What type of documentation (both inward and outward) undertake for closure of account.  
No account closed during the inspection period.
- In case of dormant account (six month), what extra caution taken before execution of trade in such account.  
The client is asked to give request along with new KYC Form.
- Procedure adopted in case of very old dormant account (2 years old)  
Same.

#### **13. Receiving and Execution of Orders**

- Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices  
Walk In and on Phone.
- Any document is maintained for the clients who personally walk into the office and place the order?.  
No
- System for identifying authenticity of caller when the order is placed through telephone.  
Voice recording system is placed to ensure the same.

#### **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.  
NA
- Whether any of the client of the TM is acting as a portfolio manager?  
NO

#### **15. Brokerage Charged**

- Brokerage schemes provided to the clients?  
Differ from Client to client but not more than 2.5% as per the SEBI guideline.
- Elaborate on the schemes provided?  
No such Schemes.