

I) Client Registration

- How may active clients you have?

1, We have not yet started full fledged client`s dealing and have traded for only 1 client till date.

- Are you maintaining client registration documents dully filled in the prescribed format from all the clients?

Yes

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

No, we have not yet started full fledged clients dealing and have dealt with only 1 client during Inspection period.

- How do you assess financial capability of the client? What are the documents you insist?

Income Proofs as stipulated by the Exchange

- Do you outsource client registration modalities?

No

- Process of record keeping and retrieval of client registration documents

We have only one Active Client and have stored his registration documents in a box file kept in Head Office.

- Process of updating of client financials and other particulars

We have only one client who had traded during Aug 2012 to Sept 2012 only and since then there has been no client is trading with us.

- Do you have make checker concept to avoid misuse by filling up data on the unfilled areas viz. segment, space provided for giving e-mail id, etc.?

Yes

- Process of updating of client particulars viz. address, e-mail id, contact details, etc.

Client is required to give written request along with documentary evidence for modification in clients particulars.

- Process of In-person Verification?

In person is done by the Designated Staff member at the time of opening of an Account.

- Process of sending of duly executed client registration documents to clients.

Copies of KYC, RDD, Rights & Obligation Document, Guidance Note and other Documents are given at the time of opening of accounts and acknowledgement is taken from the client.

- Detailed process of client registration?

Client is required to submit duly Completed KYC Document, and then all the documents are verified with Originals, In person Verification is done by staff. Once all the formalities are completed, PAN Data is verified from PAN Website, and Clients Particulars are cross checked from the list of SEBI debarred entities list. Data is then punched in Back Office Software and code is allotted. The UCC Details then uploaded to Exchange and KYC form is sent to KRA for registration.

- Systems and processes adopted for UCC Upload?

Client Data is punched in Back Office Software and Code is allotted to the Client. The UCC file generated from the Back Office Software is then uploaded to Exchange.

- Do you have a separate marketing division? Have you specified any norms to such division?

No

- Have you launched any promotional schemes?

No

- Whether you make the client aware of the risk associated?

Clients are given the Risk Disclosure Document and staff explains various risks associated with trading in Stock Market to the Clients at the time of opening of Account.

- Do you offer freebies like free demat a/c, etc.?

No

II) CLOSURE OF CLIENT ACCOUNTS/DORMANT ACCOUNT

- What type of documentation (both inward and outward) you undertake for closure of account?

Not yet closed any account however made the system for receiving the written request and balance confirmation from the concerned client before processing any account closure.

- Incase of dormant account (six month), what extra caution you take before execution of trade in such account?

Written Request required from clients before reactivation of dormant account.

- Transfer of client from one branch to another – Procedure adopted

Not Applicable, as we do not have any branch

- Incase of very old dormant a/c (2 years old), what is the procedure adopted in such cases?

Not Applicable, as we have recently started our operations

III) ORDER RECEIPT AND EXECUTION

- Do you have telephone recording system for receipt of orders? If yes, specify period for which such records are maintained?

Yes

- Do you have a system of trade confirmation?

Yes

- Do you exercise discretionary powers to execute client orders?

No

- What controls you have adopted for receipt of order from respective client only?

Not Applicable, as we have not yet started dealing with outside clients

IV) SENDING CONTRACT NOTES, DAILY MARGIN STATEMENT, QUARTERLY STATEMENT OF ACCOUNTS TO CLIENTS

- Practice followed for sending contract notes for trades executed at branches

Not Applicable as we do not have any branch

- Have you outsourced sending the above-said documents? If yes, what are the controls to ensure the timeliness of the same as per required regulations controls to prevent unauthorized modification of data?

No

- Mode of sending the documents

ECN via Digitally Signed Mails

- Timing of sending the documents

By Same day evening

- Documentation of having dispatched/ delivered the documents

Dispatch Logs maintained in electronic form

- Duplicate copies whether maintained or not.

Maintained in Electronic Form

- In case documents are sent through e-mail, whether log maintained for sending?

Yes

- If you are sending these documents via email, whether you are sending at the email id given by the client or you have created yourself email id for the clients and sending the same to clients

Email give by client

- What is the process adopted in case client wants to change his email address which was earlier provided to you?

Written Request required from clients for change in email address.

V) RISK MANAGEMENT

- Policy of collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level

Not Applicable as we have not started dealing with outside clients

- Monitoring of debit balances

There is no debit balance

- Periodicity of such monitoring

Not Applicable as we have not started dealing with outside clients

- Whether TM has a system of periodic reconciliation wherein client has expressly accepted the balance confirmation?

Not Applicable as we have not started dealing with outside clients

- Steps taken for recovery of old debts

There is no debit balance

- Do you charge penal interest for long outstanding debts?

No

- Mechanism of pay-in and pay-out of funds and securities

The Client has given written authorization for maintenance of running accounts therefore pay-out was given as and when requested by the client or at the time of quarterly / monthly settlement of account as opted by the client.

- Payment, Receipt of funds from / to clients

The Client has given written authorization for maintenance of running accounts therefore pay-out was given as and when requested by the client or at the time of quarterly / monthly settlement of account as opted by the client.

- Policy of square off of positions

Not Applicable as we have not started dealing with outside clients

- Risk Management Policy

Enclosed

- Internal control Policy

Enclosed

VI) LIQUIDATION OF CLIENT POSITION

- Whether clients were informed that its position would be squared off incase of margin/ pay-in default? What is the mode of communication? Whether such communication is detailing the exact situations wherein such measures of squaring off shall be undertaken by the member

Not Applicable as we have not started dealing with outside clients

- In case of square –offs, what is the procedure adopted to give reasonable opportunity to the client to bring required margin. Mode of such intimation

Not Applicable as we have not started dealing with outside clients

- Whether authorization of clients taken to square off client position incase of margin/ pay-in default?

Not Applicable as we have not started dealing with outside clients

- Do you maintain records for margin calls made?

Not Applicable as we have not started dealing with outside clients

VII) POLICY OF INTERNAL SHORTAGE

- Detailed policy of Internal Shortages? In case it is different from exchange policy , take reasoning

Yes as enclosed

VIII) TRANSFER OF TRADES

- Monitoring mechanism in place to review such transfer of trade

No transfer taken place yet

- Steps taken to find out reason for such transfer

No Transfer taken place yet

- Steps taken to avoid such Instances of errors

No transfer taken place yet

IX) INVESTOR REDRESSAL MECHANISM

- Whether register of complaints is centrally maintained or maintained branch-wise?

Complaint Register is maintained at head office as we do not have any branch office.

- Whether clients were informed about the e-mail for redressal of investor grievances? Mode of informing the clients

Yes

- Whether investor complaints as figuring out as per the Exchange records are recorded in the Register of complaints?

No complaint received till date.

- Whether all the complaints either received by way of letter, telephonic call, personal representation, e-mail, etc are recorded in the Register of Complaints?

No complaint received till date.

- Who monitors the pending investor complaints and redressal?

No complaint received till date.

- Whether any escalation mechanism is prevalent for redressal of long pending investor complaints?

No complaint received till date.

- Whether analysis of type of complaints, originating branch location of complaints is made to find out lapses/ frauds etc.

Not Applicable as we do not have any branch office.

- Whether any system is in place to get client feedback on matters like receipt of contract notes, trade confirmation, SOA, Margin statement, etc.?

Not Applicable as we have not started dealing with outside clients

- What are the monitoring and control mechanism in place to ensure that cash, cheque and demand drafts received from clients at branches are properly accounted in the respective client ledger?

Not Applicable as we have not started dealing with outside clients

- In case the TM is maintaining more than one back office software for maintaining client level information, check for the reasons or benefits. Compare the client master of all back office software to ensure that no different records with an intention to defraud investors are maintained

Not Applicable as we have not started dealing with outside clients

- Is there any mechanism in place to verify the authenticity of transactions carried out in dormant accounts (not being operated in last six months)?

Not Applicable as we have not started dealing with outside clients

- Whether TM's employees at HO and branches are exercising POA to operate client's bank and demat accounts? If yes, what are the Internal control adopted by trading member to ensure that POA is not misutilized

Not Applicable as we have not started dealing with outside clients

- Whether there is concentration of complaints at any specific branch? Steps taken for resolution of complaints. Address of the specific branch may be obtained. In case found necessary; branch may be inspected as LPI.

Not Applicable as we have not started dealing with outside clients

**X) ALLOTMENT /SURRENDER OF TRADING TERMINALS ,
OPENING & CLOSING OF BRANCHES**

- Limit setting, in case of allotment of new terminals

Yes

- Mapping of clients to other terminals in case of surrender of terminals

Not Applicable as we have neither allotted any terminals nor dealt with outside clients

- Submission of information to the Exchange

Before Activation of Terminal

- What are the controls adopted by the member to ensure that software used at the member branch offices and sub-broker offices are from the approved vendors

Not Applicable as we do not have any branch / sub broker

- What are the control mechanisms in place to ensure that the terminals at branches / sub-broker offices are not used for unauthorized / illegal purposes? Whether TM was acting on alerts like a) insignificant number of clients registered at a particular location but having a large no. of transactions, b) very low volume despite being operating for long time making branch operations unprofitable, etc.

Not Applicable as we do not have any branch / sub broker

- What is the procedure adopted for opening & closing of branches?
Not Applicable as we do not have opened / closed any branch yet
- Incase of closure of branches, how and when do you communicate existing clients?
Not Applicable as we do not have opened / closed any branch yet
- Do have a checklist/ manual, which list down the steps followed for opening and closing?
Not Applicable as we do not have opened / closed any branch yet
- Steps taken for surrender of sub-broker registration certificate to prevent misuse
Not Applicable as we do not have surrendered any Sub Broker yet

XI) BRANCH /SUB-BROKER, AUDITS

- Check whether member has system of conducting branch inspection. If yes, what are the areas covered in such inspections. Incase area covered does not include following, then advise the TM :

Not Applicable as we do not have any branch / sub broker

Areas to be verified during such inspection and to be covered in the inspection report

- Mechanism of pay-in and pay-out of funds and securities
- Issue of Statement of Accounts, incase not sent directly from the main office
- Cash dealings with clients
- Issue of Contract notes, incase not sent directly from the main office
- Upload of CTCL terminals
- Shifting of NEAT terminals
- Check whether any illegal or unauthorised activity is being carried out at the said location
- Operation of trading terminals
- Whether advertisement code of the Exchange is violated
- Display of Notice Board and SEBI registration certificate

- Whether there is an Internal Audit system that commensurate with the nature, scope, size of business operations?

Yes

- Whether the irregularities and recommendations/ suggestions pointed out in Internal Audit reports are placed before Audit Committee / Board?

Yes

- What is the frequency of follow ups done for implementation of recommendations/ suggestion set out in the Internal Audit reports?

As and when notified

XII) PMLA

- Whether all the important provisions are included and implemented?

Yes

- Process to regularly review the policies and procedures on money laundering to ensure its effectiveness .In order to ensure this, whether the person doing the review is different from one who has framed such policy?

Yes

- Process of obtaining sufficient information in order to identify persons who beneficially own or control securities account?

Client is required to submit KYC Documents in originals and to be interviewed by the designated staff member of the company. Only after verification of all the documents with originals the account is activated.

- How u ascertain that no account is opened in a fictitious /benami name?

Yes, We have only 1 Active client who is personally known to the directors and senior employees of the company.

- Details of documentation requirement and other information to be collected in respect of different classes of clients depending upon perceived risk?

In case of HNI's/ big volume clients, we seek their financials accounts, ITR's, annual reports/ bank statement etc.

- How do you ensure that no account is opened where the intermediary is unable to apply appropriate clients due diligence measures/KYC Policies?

Concerned staff is instructed not to open the account in such case

- What are the necessary checks & balances to ensure that no client is enrolled who is having criminal background or is banned in any other manner.

We have not yet started dealing with outside clients.

- Details of due diligence to be done for client of special category?

Please refer detailed PMLA Policy

- Details of systems in place to generate alerts based on set parameters for suspicious transactions

High value transactions are scrutinized separately.

- Process of scrutinizing the alerts to arrive at suspicious transactions

High value transactions are scrutinized separately by the Principal Officer

- Process of reporting of suspicious transaction to FIU

No such transactions occurred so far

- Details of training provided to the staff members in AML & CFT

In the monthly meetings, the staff members are given detailed information regarding AML & CFT

- How you sensitize your customers about requirements of provisions emanating from AML and CFT framework

We inform clients regarding the provisions of AML & CFT at the time of opening of their accounts