



CODE OF INTERNAL PROCEDURE & CONTROLS

ADMINISTRATIVE COMPLIANCE

A. Recruitment, Staffing and Training

Management has directed that at least first and second rung of the Finance & Accounts and Back Office Operations functions shall usually be staffed by persons qualified in the field of Management &/or Accounts and/or Law so as to ensure that they perform their duties efficiently and properly.

B. Client Due Diligence (CDD)

1. Client Identification

- a. Prior to registration, Client(s) shall be properly identified by checking the identifying documents in original and obtaining copies thereof. Wherever possible attempt shall be made to provide introduction by an existing client. A continuous familiarity and follow-up shall be maintained with clients, so that company is aware of the clients on whose behalf it is dealing.
- b. Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the Principal Officer.



c. Additional Documentation shall be obtained from clients with higher risk perception (in terms of monitoring suspicious transactions). This shall be done having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters should enable classification of clients shall be into low, medium and high risk, Clients of special category (as given below) shall be classified as high risk clients, requiring higher degree of due diligence and regular update of KYC profile.

Clients from any of the following category(ies) shall be Higher Risk, clients:-

- a. Non resident clients
- b. High net worth clients,
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Companies having close family shareholdings or beneficial ownership
- e. Politically exposed persons (PEP) of foreign origin



- f. Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- g. Companies offering foreign exchange offerings
- h. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
- i. Non face to face clients
- j. Clients with dubious reputation as per public information available etc.



d. Method of Risk Appreciation and Control shall be adopted. Customers of a higher risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. shall be applied customer due diligence measures on a risk sensitive basis through enhanced customer due diligence process through the type and amount of identification information and documents that are obtained.

C. Client Acceptance Policy

- Where there is perceived non cooperation of the client in providing full and complete information, the Company should not continue business with such a person .
- No account shall be opened in a fictitious / benami name or on an anonymous basis.
- Necessary checks and balance to be put in place before opening an account so as to ensure the identity of the client and prevent entry of any client having criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide .

D. Transaction Monitoring



- While transacting for the client, dealer must ensure that orders are from the client or his duly authorized agent/attorney. Adequate verification of a person's authority to act on behalf of the customer should also be carried out. Agent must be well identified through documentary evidence.

- The transactions falling in any one or more of the following categories , or of similar nature and type as shown below shall be treated as prima – facie suspicious transactions and shall be verified against normal activity of the client to determine whether same can be can be identified as deviant transactions / activity.
 - Asset management services for clients where the source of the funds is not clear or not in line with clients apparent standing /business activity;

 - Clients in high-risk category or clients introduced by banks or affiliates.

 - Substantial increases in business without apparent cause;

 - Unusually large transactions / patterns which appear to have no economic purpose.

E. Record Keeping

- A record of all the transactions as stated herein below shall be maintained for at least ten years:
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as d-mat account, security account maintained by the registered intermediary.
- All should ensure that records as competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account should be preserved, inter- alia following information for the accounts of customers shall be retained :
 - The beneficial owner of the account;
 - the volume of the funds/securities flowing through the account; and
 - for selected transactions ,
 - the origin of the funds/securities;
 - the form in which the funds/securities were offered or withdrawn,
 - the identity of the person undertaking the transaction;
 - the form instruction and authority.



- All necessary records on transactions, both domestic and international, shall be maintained at least for 10 (Ten Years) and in situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, same shall be retained until it is confirmed that the case has been closed.
- Management has further directed that Compliance function shall ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

The Company follows the accounting system wherein income and expenditures are recognized on accrual basis. However the income from dividend is accounted on cash basis. Accounting system followed for easy tracking of deliveries, generation of several statutory and compliance reports, MIS, market valuation etc. Several security features, hierarchy and matrix of user access are defined within the system.



Daily, weekly and monthly MIS are generated to keep a close monitoring over the day to day operations and period compliances.

The areas wherein specific thrust is given are:-

- Delivery instruction slips rejected
- DRF rejections particularly rejection due to oversight of the employee of DP etc.
- Pending queries, complaints and grievances of the clients
- Any new statutory, regulatory provisions.

Investor service areas are being looked on a daily basis and being reviewed periodically to make it more user friendly. A two way feed back system is implemented wherein feed back about the investor services and quick redressal of queries of the clients is being taken for further strengthening the customer interface department.

DEALING WITH CLIENT FUND, SECURITIES & ITS COMPLIANCE

1. The Company shall ensure that it has made full payment to its constituents on receipt of payout from the Exchange.
2. The Company shall ensure that it has maintained a separate bank/dp account for its own account and clients account.
3. The Company shall ensure that it has not carried out any activity connected to its operations as Member/dp, in any office or premises without intimation to the



Exchange/NSDL.

4. The Company shall ensure that Complaint of any client is not pending for more than thirty days. The Company shall ensure to provide the details of pending complaints to the Exchange/NSDL pending for more than thirty days.

NETWORTH COMPLIANCE

The Company shall ensure that minimum amount of networth as prescribed by the Revelant Authroity, Exchange, depositories from time to time is maintained throughout the year.

SUBMISSION OF ANNUAL RETURN

1. The Company shall ensure to submit Annual Return within a period of Six month from the closing of Financial Year
2. The Annual Return to be submitted by the Company Shall have
 - Copy of Balance-sheet, Profit & Loss Account
 - Shareholding Pattern

Networth Certificate duly certified by Chartered Accountant



CODE OF CONDUCT

The board member, senior management personal and their subordinate staff shall act within the power and responsibility conferred on them and shall maintain the highest standard in their conduct and integrity and shall work at the best of their ability and judgment.

In addition, the Board member, senior management and sub-ordinate staff

1. Shall ensure to promote ethical standards of business conduct.
2. Shall maintain the culture of honesty, integrity, transparency and accountability.
3. Shall identify and redress the issues relating business operations.
4. Shall act in utmost good faith and exercise due care, diligence, personal/professional integrity in performance of their operational responsibilities.
5. Shall not indulge in any activity for their personal gain in violations of any law.
6. Shall not commit any offence involving moral turpitude.
7. Shall promote professionalism in the company.
8. Uphold the sprit of functional responsibility and accountability in the line with the legislations, regulations, policies and guidelines governing the operations of the Company.