

## I) Client Registration

- How many active clients you have?  
**Reply: Total 542 (In which 41 clients traded in F&O Segment of the inspection period.**
- Are you maintaining client registration documents dully filled in the prescribed format from all the clients?  
**Reply: Yes we are maintaining client registration document duly filed in the prescribed format from all clients.**
- Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client  
**Reply: Yes, We have proper CCTV & Voice Recording system**
- How do you assess financial capability of the client? What are the documents you insist?  
**Reply : After receive the proper margin we start the trading.**
- Do you outsource client registration moralities?  
**Reply: No we do not outsource client registration moralities.**
- Process of record keeping and retrieval of client registration documents  
**Reply: We have deputed staff for record keeping and retrieval of client registration document.**
- Process of updating of client financials and other particulars  
**Reply: Yes, we obtain balance sheet/ITR acknowledgment of corporate clients and uploading particulars on regular basis and In case of derivatives client we have obtain annually basis bank statement/ITR/Demat statement as per SEBI/NSE Guideline.**
- 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.?  
**Reply: Yes we have maker-checker concept to avoid misuse by filling up data on unfilled areas.**
- Process of updating of client particulars viz. address, e-mail id, contact details, etc.  
**Reply: Only after receiving mandate or written request letter and in case of change of address, only after receiving the new address proof the updating take place.**
- Process of In-person Verification?  
**Reply: Conducted while opening client account.**
- Process of sending of duly executed client registration documents,RDD to clients.  
**Reply: Along with welcome letter**

- Detailed process of client registration?  
**Reply: a) Verify the PAN with Income -Tax database.  
b) Verify all document with original and should be self attested.**
- Systems and processes adopted for UCC Upload?  
**Reply: As per the norms laid thereof by NSE and obtain Log file from connect2nse.com.**
- Do you have a separate marketing division? Have you specified any norms to such division?  
**Reply: No**
- Have you launched any promotional schemes?  
**Reply : No**
- Whether you make the client aware of the risk associated?  
**Reply:Yes we make the client aware of the risk associated by giving RDD.**
- Do you offer freebies like free demat a/c, etc.?  
**Reply : No**

## **II) CLOSURE OF CLIENT ACCOUNTS/DORMANT ACCOUNT**

- What type of documentation (both inward and outward) you undertake for closure of account?  
**Reply: Till date all accounts are running**
- Incase of dormant account (six month), what extra caution you take before execution of trade in such account?  
**Reply: All the first we check his agreement and all details if no any changes found then he allow for trade after taken the appropriate margin. If, there are any change than we collect latest document.**
- Transfer of client from one branch to another – Procedure adopted  
**Reply: Not applicable in our case**
- Incase of very old dormant a/c (2 years old), what is the procedure adopted in such cases?

**Reply: All the first we check his agreement and all details if no any changes found then he allow for trade after taken the appropriate margin. If, there are any change than we collect latest document and done the kyc.**

### 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?  
**Reply: Yes we have telephonic recording system for receipt of orders and the same is maintained for a period of four months.**
- Do you have a system of trade confirmation?  
**Reply: Yes, by telephone and information to client that confirmation available on our website.**
- Do you exercise discretionary powers to execute client orders?  
**Reply: No we do not exercise discretionary powers to execute clients orders and all the orders executed only upon instructions of the respective clients.**
- What controls you have adopted for receipt of order from respective client only?  
**Reply: At the time of trade we ask for his UCI and if any doubt then client asked about any other personal details.**

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

- Practice followed for sending contract notes for trades executed at branches  
**Reply: We have centralized Back Office and sending e contract notes to all the clients whom we have received mandate for issuing contract notes electronically and to others in hard copy.**
- 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?  
**Reply: No, we have in house staff specifically deputed for this activity.**
- Mode of sending the documents  
**Reply: Electronically from whom we have received the mandate for electronic contract notes and to others in hard copy and quarterly statements in hard copy only.**

- Timing of sending the documents  
**Reply: Within 24 hours**
- Documentation of having dispatched/ delivered the documents  
**Reply: Yes we are maintaining the dispatch register.**
- Duplicate copies whether maintained or not.  
**Reply: Duplicate copy of contract note is maintained.**
- In case documents are sent through e-mail, whether log maintained for sending?  
**Reply: Yes we are maintaining the logs for the documents sent through email.**
- 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  
**Reply: We are sending the contract notes to the clients at their own email ids and it confirmed by mentioned in welcome letter send by us. No any e-mail IDS made by us.**
- What is the process adopted in case client wants to change his email address which was earlier provided to you?  
**Reply: We change the email id of a particular client upon receipt of mandate or written request for the same.**

## **V) RISK MANAGEMENT**

- Policy of collection of pay in, margin, limits setting for exposures & turnover for clients, terminals, branches & sub-broker level  
**Reply: All these activities Controlled by head office level in supervision of Director Mr. P C Jalan and Compliance officer Mr. Murari Kumar Jha with assistance of back office and ODIN Software. If any change made during the day in trading limit it is done after check the clients credit during the day.**
- Monitoring of debit balances  
**Reply: staff deputed from monitoring.**
- Periodicity of such monitoring  
**Reply: on regular basis.**
- Whether TM has a system of periodic reconciliation wherein client has expressly accepted the balance confirmation?  
**Reply: After send a copy of financial ledger to client with error clause if any difference found by client he inform us immediately and we reconcile them.**
- Steps taken for recovery of old debts  
**Reply: We do not have any old debts.**
- Do you charge penal interest for long outstanding debts?  
**Reply: NO.**
- Mechanism of pay-in and pay-out of funds and securities  
**Reply: As per the norms laid thereof.**

- Payment, Receipt of funds from / to clients  
**Reply: On request and only from / to respective clients accounts.**
- Policy of square off of positions  
**Reply: Depends upon the market condition**
- Risk Management Policy  
**Reply: With assistance of Surveillance system and Back Office, and ODIN we manage the risk.**
- Internal control Policy  
**Reply: Already submitted**

## **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  
**Reply: Yes whenever the position of the client squared off in case of margin/pay-in default it is the policy of the company to inform the client telephonically detailing the exact situation.**
- 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  
**Reply: Prior intimation is given for the requirement of margin/pay-in. and the mode of intimation is telephonic.**
- Whether authorization of clients taken to square off client position incase of margin/ pay-in default?  
**Reply: Depends upon market conditions and relationship with the client.**
- Do you maintain records for margin calls made?  
**Reply: This is done by telephone.**

## **VII) POLICY OF INTERNAL SHORTAGE**

- Detailed policy of Internal Shortages? In case it is different from exchange policy , take reasoning  
**Reply: Policy adopted is as per the Exchange Norms.**

## VIII) TRANSFER OF TRADES

- Monitoring mechanism in place to review such transfer of trade  
**Reply: Yes the company has monitoring mechanism to review such transfer of trades by maintain a register and change to exchange online system.**
- Steps taken to find out reason for such transfer  
**Reply: Only trades which have been executed wrongly in wrong client code due to the error/mistake of the operator, if mistake found timely change the exchange online system and transferred to error account.**
- Steps taken to avoid such Instances of errors  
**Reply: We are taking best of our knowledge to avoid error and Kindly also suggest the steps that may be taken to avoid such instances.**

## IX) INVESTOR REDRESSAL MECHANISM

- Whether register of complaints is centrally maintained or maintained branch-wise?  
**Reply: Centrally maintained.**
- Whether clients were informed about the e-mail for redressal of investor grievances? Mode of informing the clients  
**Reply: Yes the clients are informed about the e-mail for redressal of investor grievances by welcome letter sent to clients and also shown on our website & branch / sub - broker & HO.**
- Whether investor complaints as figuring out as per the Exchange records are recorded in the Register of complaints?  
**Reply: Yes**
- Whether all the complaints either received by way of letter, telephonic call, personal representation, e-mail, etc are recorded in the Register of Complaints?  
**Reply: Yes**
- Who monitors the pending investor complaints and redressal?  
**Reply: Compliance Officer**
- Whether any escalation mechanism is prevalent for redressal of long pending investor complaints?  
**Reply: We are no long pending complaint.**
- Whether analysis of type of complaints, originating branch location of complaints is made to find out lapses/ frauds etc.  
**Reply: We analyses the complaints but there are no any lapses or frauds.**
- Whether any system is in place to get client feedback on matters like receipt of contract notes, trade confirmation, SOA, Margin statement, etc.?  
**Reply: When client not received anything you stated about, he asked us and we sort out the problem if any.**

- 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?  
**Reply: All entries are done at head office level.**
- 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  
**Reply: Not applicable**
- Is there any mechanism in place to verify the authenticity of transactions carried out in dormant accounts (not being operated in last six months)?  
**Reply: Answer as point 2 of chapter-II above.**
- 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  
**Reply: Not applicable**
- 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.  
**Reply: No such instance.**

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

- Limit setting, in case of allotment of new terminals  
**Reply: All these activities Controlled by head office level in supervision of Director Mr. P C Jalan with assistance of back office and ODIN Software. If any change made during the day in trading limit it is done after check the clients credit during the day.**
- Mapping of clients to other terminals in case of surrender of terminals  
**Reply: No such activity taken place**
- Submission of information to the Exchange  
**Reply: Not applicable**
- 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  
**Reply: All the approvals are taken place at head office level and branches has to implement the same.**
- 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.

**Reply: Regular visit of our compliance officer and director done at branches.**

- What is the procedure adopted for opening & closing of branches?  
**Reply: Our representative visit to sub broker office, seeking the infrastructure his financial capability asking about business, check details on CIBIL and RBI site of defaulters.**
- In case of closure of branches, how and when do you communicate existing clients?  
**Reply: No such case occurred yet.**
- Do you have a checklist/ manual, which list down the steps followed for opening and closing?  
**Reply: We don't have any check list at present, we prepare the same in future.**
- Steps taken for surrender of sub-broker registration certificate to prevent misuse  
**Reply: No such case**

## **XI) BRANCH /SUB-BROKER, AUDITS**

- Check whether member has system of conducting branch inspection. If yes, what are the areas covered in such inspections. In case area covered does not include following, then advise the TM  
**Reply: Branch inspection done on regular basis for client dealing and trading pattern.**

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  
**Reply: As per the procedure laid by the Exchange**
- Issue of Statement of Accounts, in case not sent directly from the main office  
**Reply: All activities are carried out centralized and not delegated at branch level**
- Cash dealings with clients  
**Reply: No cash dealing**
- Issue of Contract notes, in case not sent directly from the main office  
**Reply: All activities are carried out centralized and not delegated at branch level.**
- Upload of CTCL terminals  
**Reply: As per the norms thereof.**
- Shifting of NEAT terminals  
**Reply: As per the norms thereof.**
- Check whether any illegal or unauthorised activity is being carried out at the said location



- **Reply: Proper checks and balances are in place.**
- Operation of trading terminals  
**Reply: As per the norms thereof.**
- Whether advertisement code of the Exchange is violated  
**Reply: Not Applicable**
- Display of Notice Board and SEBI registration certificate  
**Reply: Yes**
  
- Whether there is an Internal Audit system that commensurate with the nature, scope, size of business operations?  
**Reply: yes**
  
- Whether the irregularities and recommendations/ suggestions pointed out in Internal Audit reports are placed before Audit Committee / Board?  
**Reply: Yes**
- What is the frequency of follow ups done for implementation of recommendations/ suggestion set out in the Internal Audit reports?  
**Reply: On immediate basis.**

## **XII) PMLA**

- Whether all the important provisions are included and implemented?  
**Reply: To verify the client in all respect.**
- 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?  
**Reply: To verify the client in all respect.**
- Process of obtaining sufficient information in order to identify persons who beneficially own or control securities account?  
**Reply: In person verification are done.**
- How u ascertain that no account is opened in a fictitious /benami name?  
**Reply: By In person verification.**
- Details of documentation requirement and other information to be collected in respect of different classes of clients depending upon perceived risk?  
**Reply: PAN Card, Address proof & Other documents.**
- How do you ensure that no account is opened where the intermediary is unable to apply appropriate clients due diligence measures/KYC Policies?  
**Reply: In person verification.**

- 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.  
**Reply: a) Banned PAN provided by SEBI & NSE (b) From RBI's and CIBIL database.**
- Details of due diligence to be done for client of special category?  
**Reply: In person verification.**
- Details of systems in place to generate alerts based on set parameters for suspicious transactions  
**Reply: Trading pattern, Nature of payment etc.**
- Process of scrutinizing the alerts to arrive at suspicious transactions  
**Reply: Trading pattern is self explanatory.**
- Process of reporting of suspicious transaction to FIU  
**Reply: Not yet found any such case.**
- Details of training provided to the staff members in AML & CFT  
**Reply: Not applicable**
- How you sensitize your customers about requirements of provisions emanating from AML and CFT framework  
**Reply: At the time of account opening we ask about AML & CFT to the client.**