

INTERNAL CONTROL & RISK MANAGEMENT POLICIES

A) Client Registration, Document Maintenance: -

❖ Acceptance of Client

- As far as possible Walk-in clients should not be registered as client or allowed to trade. In exceptional circumstances, if any walk in client is registered then he should be allowed to trade only after undergoing a proper procedure of client identification. In addition to the client identification procedure, such walk in client should be allowed to trade only to the extent of security provided initially till the period a confidence on the financial credibility is developed. With the passage of time and after development of sound business relationship with the client, such walk in client will be treated at par with any normally registered client.
- Only those new clients would be accepted and allowed to trade with us, who would be referred to us by any of the following:
 - 1) Employees;
 - 2) Directors;
 - 3) Relatives ,Friends or Family Members of the Directors;
 - 4) Existing Clients (trading in any segment).
 - 5) Existing Sub Brokers
- On expression of wish for becoming a client by any person, a copy of Client Registration Form along with other documents and forms will be forwarded to the client. The copy of the CRF will also be accompanied with the list of documents and additional documents or proofs required.
- Client Registration Form after being signed and filled by the Client will be received at our Client Registration department.
- At the client registration department, the documents are checked and only after they are found proper they will be counter signed by us. The client code generated will be communicated to the client after completion of entire procedure and being uploaded to NSE. The entire set of KYC will be sent in copy to the new clients. They will be furnished to the old clients (the clients registered before the relevant circulars and guidelines given by NSE), on their requests.
- A prospective client will be allowed to trade only on satisfactorily submission of required documentary proof and proper signing of documents.
- Complete confidentiality of Client information should be maintained. No client information would be given except if required by law.
- Proper records as required by various statues will be maintained.

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❖ Client Identification

The following procedure should be adopted for identification of Client:

- As far as possible, no clients will be registered without personal contact.
- In addition to personal contact, for client identification, proper address and identity proof as prescribed by SEBI as per Uniform Documentary Requirement will be obtained from the client.
- PAN number and a Copy of PAN card will be compulsorily obtained from the client. No trading will be allowed unless the proof of PAN proof is submitted by the client.
- All the documents collected will be verified with original by the Client Registration Department and a stamp "Verified with Original" will be affixed and signed by the person verifying it.

B) Sale Practices followed by the Trading Member:-

- Sales Practice: As per the policy the company shall not appoint any employee/ marketing officers to specifically market the services rendered by the company.

C) Closure of Client account / Dormant account:-

- Closure of Account: The account shall not be closed generally unless the client has specifically instructed in writing to close his account.
- Dormant Account: Any account in which there is no trading activity for a period exceeding 1 year shall be treated as dormant account. The dealers shall take extra precaution while executing trades in dormant account. The compliance officer shall also be responsible for monitoring transactions in dormant account.

D) Order Receipt and Payment:-

❖ Placement of Order:

- The orders will be placed by the respective Dealer as per the instructions from the clients.
- However, it should be made sure that the price put up should not be unrealistic or not representing the correct market price.
- Every time before execution of order a final confirmation of the entire order should be made to the client.
- The clients should not be induced to either Buy or sell.

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E) Sending Contract note, Daily Margin statement, Quarterly Statement of Account to clients:-

- **Contract notes & Daily Margin Statement:** Contract notes shall be dispatched to client on a daily basis in physical form. The ECN will be sent to the clients as an extra service/facility as per the instruction of the client at the email address mentioned by them in the KYC or as per the relevant request letter duly signed by him/her. The Daily Margin Statement in the Cash Market Segment shall be sent to client on a daily basis on the designated email address mentioned in KYC.

F) Collection of pay in margin, limits setting for exposures & Turnover for clients, Terminals, Branches & sub broker level:-

The initial margin may be in the form of margin deposits or shares transferred into our depository account. Hence initial margin deposit should be collected from every client while registration along with the Know Your Client (KYC) Form.

In case of shares as margin the value of the initial margin shall be computed at the market value of previous day closing price.

The Company generally does not accept the margin money either in the form of shares or deposits from any clients.

❖ Margin Collection:

- Any exposure to the client will be subject to the collection of adequate margins from the clients.
- The margins collected would be as per the requirements of the Exchange.
- Margins collected would be in the form of Shares, Cash or Credits.
- The margin collection from client shall be governed by the RMS policy whether at client level or terminal level
- The RMS policy shall available at the office/ branch office for verification by the client and if requested the client shall be provided a copy of the same without any charges
- The RMS department shall regularly monitor the debit balance in the client account and shall make continuous efforts for recovery of outstanding dues. In case the RMS department is unable to recover the dues after 30 days the same shall be reported to the Director-Operations for recovery

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❖ Monies & securities deposited with the exchange towards margin:

- Adequate margin in the form of monies/ securities/ collaterals shall always be kept with the exchange
- The form and mode of the margin shall be as per the guidelines of the clearing corporation issued from time to time
- In case the clients' shares/ monies are utilized for depositing margin with the exchange the same shall be utilized only with the specific written consent of the clients. As mentioned above, the Company does not accept either shares or margin from the clients to pledge the same to the NSE.

G) Monitoring of debit balance:-

The debit balance for any given settlement should be paid by all the clients by the settlement day. If any debit balance remains outstanding at the end of settlement day, the amount outstanding shall be deducted from the initial margin deposit of that client.

If any client continues to have a debit balance after adjusting the initial margin deposit for a period exceeding one month, then no fresh trades shall be executed for the client except squaring off the existing positions.

H) Allotment, Surrender of trading terminal:-

❖ Issue of Trading Terminal

- The Terminal User should be NCFM certified. Before allowing the user to operate the terminal, the copy of NCFM certificate will be collected and verified with the original.
- The user will be asked to renew the NCFM certificate on its expiry. If the user fails to renew the certificate then he would not be allowed to operate the same any further. The renewed copy of the certificate will be re-obtained and verified with original.
- The guidelines laid down by the Exchange for Approved User and Location of trading terminal will be strictly followed. It would be made sure that there is no issue of trading terminals to unauthorized persons or at unauthorized locations.
- The data regarding new user as well as modification in existing user should be immediately uploaded and documented on modification or issue to the new user as the case may be.

I) Opening & Closing of branches/ Sub-broker offices:-

- Opening/ closing of branches/ sub-brokers: The director shall personally conduct the survey before opening any new branch/ sub-broker. The director shall jointly decide in respect of closure of branch/ sub broker and all the client of a particular branch/ sub broker shall be intimated through 1 month prior notice in respect closure of such branch/ sub broker.

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J) Payment, Receipt of Securities from / to clients:-

K) Receipt Delivery of Securities from / to clients:-

❖ Pay-in & Pay-out of funds & Securities

- All payments shall be received / made from / to the clients strictly by account payee crossed cheques / demand drafts or by way of direct credit into the bank account through EFT, or any other mode allowed by RBI.
- We shall accept cheques drawn only by the clients and also issue cheques in favour of the clients only, for their transactions. However, in exceptional circumstances we may receive the amount in cash, to the extent not in violation of the Income Tax/ SEBI requirement as may be in force from time to time.
- In case of securities, we shall give/ take delivery of securities in “demat mode” which should be directly to / from the “beneficiary accounts” of the clients.
- In case of internal shortage of shares the seller and the buyer party’s position will be squared up in the auction market settlement of that particular settlement. For the price at which the trade will be reversed, we calculate 2 % more to the higher of closing rate of the settlement day of that trade of the weighted auction rate of that particular settlement.

L) Square off of position / liquidation of securities without consent of clients:-

- Square off of clients position: All the clients should be educated to keep adequate margins failing which their position could be squared up by the member. As far as possible clients shall be intimated about shortfall in margin, however in volatile markets the member shall be at liberty to square off the client’s position without giving intimation to clients.
- Normally the squaring off of position will not be done, and the client will be insisted for the payment only.

M) Policy for internal shortages:-

- Internal Shortages: Any internal shortage shall be made good on T+1 day by recovering the stocks in the defaulting client account and in such case the cost, if any shall be borne by the defaulting client.
- In case of internal shortage of shares, the seller and the buyer client’s position will be squared up in the auction market segment of that particular settlement. For the determination of price at which the trade will be reversed, we calculate 2 % more to the higher of closing rate of the settlement day of that trade of the weighted auction price of that particular settlement.

N) Transfer of trade:-

- Transfer of Trade: No transfer of trade shall be permitted in back office except for genuine reasons like trade punching errors etc. which shall be duly authorized by the director/ compliance officer.

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O) Investor Redressal Mechanism:-

❖ Redressal of Investor Grievances

- Customer complaints should be immediately attended by the concerned department and in case the complain remains unresolved within 1 week the same should be escalated to the Compliance officer.
- If the complain remains unresolved for a further period of 1 month the same should be reported to the Director-Operations who shall personally look into the customer's complain. A specific (designated) email ID - amolfinance@vsnl.com is created for customer complains and shall be regularly monitored by the compliance officer.

P) PMLA:-

PMLA POLICY FOR AMOL FINANCIAL SERVICES PVT. LTD.

Address: 106, MOTALIBAI WADIA BUILDING, 22-D, S.A BRELVI ROAD,
FORT, MUMBAI – 400 001.

DOCUMENT CONTROL PAGE

Document Name	PMLA Compliance Policy
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Authorization	Document Owner	Reviewed by	Authorized by
Name	AMOL FINACIAL SERVICES PVT. LTD	KUNDAN B. SHAH	APOORVA L. SANGHVI
Signature			

Classification	Official Use Only
Distribution List	Employees of Back Office Department

All queries, suggestions and changes required may be emailed to **APOORVA L. SANGHVI** (Principal Officer).on his email id : als@amolfinance.com

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Overview

This Policy describes the documents to be submitted by the client and maintaining of the records by the Organisation. Further it also describes the monitoring process of the Principal Officer in case of any suspicion.

Scope

This policy applies to all the employees of the Organisation including temporary employees, employees on contract etc.

Policy

KYC Document collection

1. The Back Office Department shall classify the clients from whom the KYC Documents are to be collected. The client shall be classified on the basis of Type of Customer, Nature of the business, Risk asserted by the client etc.
2. The Back Office Department shall provide the necessary details to the clients regarding registration procedure and submission of relevant documents.
3. In case the requisite documents are not submitted by the prospective client, the department shall follow up with such client through email. The client shall be intimated that the registration shall not be allowed until minimum required documents are submitted.
4. On any default by the client and/ or failure in the submission of the documents the department shall inform the same to the Compliance Officer.
5. The Back Office Department shall request the client to submit the requisite documents within specified period of time. In case the requested document is not submitted by the client, the Back Office Department shall follow up with the client to submit the documents immediately within the grace period.
6. Documents required to submit by different client shall include:

a) Documents needed for verification of an individual:

- a) One certified copy of an officially valid document containing details of his/her permanent address or addresses, current address or addresses; and
- b) One copy of his/her recent photograph; and

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- c) All other documents including in respect of the nature of business and financial status of the client as may be required

Officially valid document includes the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by the Election Commission of India or any other document as required.

b) Documents needed for verification of Company

- a) Certificate of incorporation;
- b) Memorandum and Articles of Association;
- c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and
- d) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.

- 7. Back Office Department shall maintain **Document Inward Register** in which the documents received from the client shall be entered along with the description of the document, date and time. The designated personnel shall update the register on receipt of the document.
- 8. The designated personnel of the Back Office Department shall verify all the documents submitted by the client to confirm its authenticity. Further such personnel shall ensure that all the documents are attested by the client by signature or thumb impression.
- 9. In case the address as specified in the application is different from that specified in the address proof, the Back Office Department shall thoroughly scrutinize the address proof. The designated personnel shall enquire the reason for above with the Customer. If required, the client shall be insisted to provide the proof for address specified in the application form.
- 10. Back Office Department shall follow a risk based approach towards certification of documents. In case of low risk customers self attested copies shall be considered sufficient. In case of high-risk customers, the identification documents shall be required to be attested by gazetted officers or notarized by the Notary Public.
- 11. After verification of the documents, it may be noticed that all the documents may not be provided by the client / prospective client or erroneous documents have been provided by the client. In such case the designated personnel shall immediately intimate the same to the Client by email and telephonic communication.
- 12. In case the requested document is not submitted by the client, the department shall follow up with the client to submit the documents immediately with the grace period. In case the

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documents are not submitted by the client, the department shall report the same to the Compliance Officer.

Maintenance of Documents and Records

1. All suspicious transactions whether or not made in cash by way of credits or debits into or from any demat account, money transfer from or remittance etc shall be maintained.
2. All records maintained by the Back Office Department shall contain details such as the nature of transactions, amount and date of the transactions, details of the parties to the transactions etc. Such records should maintain in soft copy as well as hard copy.
3. All the records shall be maintained for the period of ten years from the date of cessation of the transaction.

Submission of Reports

1. The Back Office Department shall maintain and submit reports for suspicious transaction reports etc to the prescribed authority. Suspicious transaction report may include false identification documents of the client, unusual activity as compared to the past transactions, sudden activity in the dormant account etc.
2. Submission of such reports shall be made within the time limit prescribed as follows -
 - Suspicious transaction reports shall be submitted in writing or by fax or electronic mail within three working days from the date of occurrence of the transactions.
 - Notifications issued by SEBI require STR to be reported within 7 working days of establishment of suspicion at the level of Principal Officer.
3. Report shall be submitted in the form specified as follows:

Suspicious Transaction Reports in manual format consists of following forms:

Form	Information	To be submitted by
Suspicious Transaction Report	Details of suspicious transactions, accounts and persons/entities linked to such transactions	Principal officer of the intermediary
Individual Detail Sheet	Identification details of individual	Reporting branch
Legal Person/ Entity Detail Sheet	Identification details	Reporting branch

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	of legal person /entity	
Account Detail Sheet	Details of the account, account holder and related persons.	Reporting branch

Monitoring Process

1. Compliance Officer shall ensure continuous monitoring of the transactions of the Customers to identify suspicious transactions. Following transactions / activities may be identified as Suspicious transactions as notified by SEBI
 - Cheque towards the investment is issued by payer other than the account holder and the account holder refuses to give declaration that the source of fund is legitimate.
 - Client is reluctant in providing information.
 - Investor induces towards non filing of returns or forms to regulatory bodies.
 - Unusual request is made from the client like not sending account statements.
 - Sudden increase \ decrease in the number of transactions by the client.
 - Inoperative accounts suddenly become operative.
 - There are frequent changes in the address of client.
 - Documents sent to the client are returned undelivered frequently.
 - Off Market Transactions insist by the client.
2. Such activities shall be informed to Financial Intelligence Unit (FIU) by the Compliance Officer within seven days of such confirmation. Such intimation shall include Client name, Account number, Reason for suspicion etc in the specified format through courier/ post or email.

Disciplinary Action

A violation of standards, procedures or guidelines established pursuant to this policy shall be presented to Compliance Officer for appropriate action and could result in disciplinary action, including expulsion, dismissal, and/or legal prosecution

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PROVISION	RESPONSIBLE DEPARTMENT	ACTION
Customer Due Diligence <ul style="list-style-type: none"> ➤ Policy for acceptance of clients: ➤ Clients of special category (CSC): ➤ Client identification procedure : 	Customer care / Compliance Department	Customer care department with the co-ordination of compliance department will take care of customer Due diligence. Client should be categorized into high risk, moderate & low risk.
Record Keeping	Finance & Accounts	Record to be maintained of all Cash transactions above Rs. 10 lakhs Record of all transactions including suspicious transactions to be maintained in hard & soft copies.
Retention of Records	All Departments.	Records to be maintained for 10 years.
Monitoring of transactions	Compliance Department	
Suspicious Transaction Monitoring & Reporting	Principal Officer	Record to be maintained of payments or transfers received from third parties (other than clients) which are of suspicious nature. Record is to be maintained for transfers which are of suspicious transactions in the Demat accounts.
Designation of an officer for reporting of suspicious transactions	Management & Board of Directors	Board of Directors will appoint principal officer and will intimate to FIU- Delhi
Furnishing of information to the Director (FIU)	All Departments.	The Principal Officer shall furnish the information in respect of transactions referred to in rule 3 every month to the Director by the 15th day of the succeeding month

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Q) Power of Attorney:-

We are not collecting power of attorney from any of our client.

SYSTEMS

Capacity of System with reference to volume & Connectivity to Exchange & to branches/ sub-brokers/ clients.

Business Continuity Planning / Disaster Recovery Policy

- a) If anything happens to the VSAT line then the backup is Leased Line.
- b) If anything happens to the primary MTNL internet connection than the second RELIANCE connection is used as a backup.
- c) Initial business impact analysis are performed to document and understand the interdependencies among business processes and determine how the business would be affected by an information systems outage.
- d) Inventory of information systems assets are being taken such as computer hardware, software, applications, and data.
- e) Critical applications, systems, and data are being identified.
- f) Key business functions are being prioritized.
- g) Offsite facilities for data backup storage and electronic vaulting as well as redundant and reliable standby systems are being setup and maintained.
- h) It is ensured that the critical applications, systems, and data are distributed among facilities that are reasonably easy to get to but not so close that they could be affected by the same disaster.
- i) Continuously data backups are being performed, and those backups are tested regularly for data integrity and reliability.
- j) Training plan for security awareness and disaster recovery education to all the staff is in process.

Back up in case of disruption of Connectivity:

Business Continuity Plan

For long run of a business, it is important to plan for disaster recovery. There are lots of factors which can be harmful for business continuity. Some of them are as under and their precautionary actions are also listed below:-

Power failure: - UPS are backing up the Electricity Supply (for 2 hours), and is installed in the office premises.

Systems Failure: - Alternate Systems are being configured as a replica of existing servers.

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Fire: - Appropriate fire equipments are placed at the appropriate place in the office

Earthquake / Flood: - Office is situated on the 1st floor, so floods are not a dangerous matter.

Backup Policies:

1. Copy all the above backups on daily basis is taken on an external hard drive and one copy to a network machine.
2. Put the external copy of backup to the Directors' residence where it is kept
In a fire proof locker.

FOR AMOL FINACIAL SERVICES PVT. LTD.

APOORVA L. SANGHVI
Director

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