R.B.JAJU Securities (I) Private Ltd

Member ID: 3119

INTERNAL CONTROL POLICY

Internal control

1. **Details**

   ➢ **Date of starting of business** : 11-05-2006

   ➢ **Background of company** : R B JAJU Securities is Promoted by JAJU group of Hyderabad Headed by Shri. Jagannath Jaju & Shri Bhagwandas Jaju who has eminent experience in the financial sector and who are there into the retail broking since 1970's as Member of The Hyderabad Stock Exchange Ltd since 1974

2. **PMLA**

   ➢ **Compliance w.r.t. Principle Officer and adoption of written policy**: YES and intimated the same to FIU,Delhi on 28-02-2006

   ➢ **Measures taken with regard to Anti money laundering Act** : we are following the procedure mentioned by the circular issued by BSE/SEBI

   ➢ **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**: regular check is done for the all the abnormal/unusual volumes/trading done by the clients.

   ➢ **Alerts for the same generated or not**? : The Daily transactions for each client are monitored in the RMS

   ➢ **Any Suspicious Transaction Report (STR) sent to FIU** : still have not notice any STR, so not reported to FIU

   ➢ **Risk categorization of clients**: We categories clients on the basis of their Credit worthiness, trading etc. into of High risk clients, Medium risk clients,

   Low risk clients.

3. **Introduction/Registration of clients**

> **Basis of accepting as client** : As we are into broking from past more than 3 decades almost many clients are known to us and self introduced by us or on referral of any of the 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 :** Either the clients visits our office in person , if not any of our staff visits their place and make the verification

> **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.** : for any clients who have opened their account with us we are giving them a copy of the CRD and obtaining the acknowledgement for the same

> **Do you outsource client registration modalities:** No, We do not outsource Client registration modalities.

> **Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client:** We usually do not entertain walk in client unless known by us or referred by an Existing Client.

> **Process of record keeping and retrieval of client registration document:** The Client registration documents are properly maintained and stored at the Head office and can be made available whenever required.

4. **Funds:**

> **System of pay in and pay out of funds from / to clients** : when ever the client purchase any thing they render the payment and when ever they sell anything payment are released to client as and when they make a request for the payments or retained towards margin

> **System & source of pay in and pay out of funds in case of Own trading** : No own Trading

> ➤ **Procedure of Margin collection, if any from clients & maintenance of records thereof** : The stocks and credit balance are considered towards margin.

> ➤ **Any funding is done to the clients** : NO

> ➤ **Credit / transfer of Dividend to the clients / own dividend**: As we receive the Dividend Warrant/ ECs advice we first give the credit to the respective client and then present the dividend warrant in the bank and in case of ECS credit when receive the Intimation we pass the credit the clients

> ➤ **Procedure followed in case of default by client/ sub broker's client** : No instance noticed

> ➤ **Payment to sub brokers / remisiers** : payment to remisier are made at regular intervals.

> ➤ **Any third party transfer of funds? If yes , policy in this regard** : we never accept any third party transfer of funds/security

5.   **BOLT Terminal**

> ➤ **Procedure of accepting & placing of orders** : Orders are placed by Clients over the phone or in person by requesting the dealer at the Office

> ➤ **Factors determining the trading limit for each terminal / client** : by looking at the stocks and fund of the clients

> ➤ **Control over operator to ensure that he is entering authorized trades only :** Branch level mapin is done and only at head office in one terminal there is no mapin all clients can place there orders in that terminal

> ➤ **System in place to check certification of approved users has not expired** : list of all the certificate holders is maintained with their expiry dates

6.   **Contract Notes**

- ➤ **Whether printing of contract note is centralised? If not, Place from which CN are printed.** : yes, it is centralized

- ➤ **Procedure for printing CN in case of outstation clients / sub broker clients**: Printed centralized and dispatched through courier/post.

- ➤ **Basis of numbering** : system generated no printed on every contract

- ➤ **System for maintaining duplicates & acknowledgement for CNs** : all the duplicate contract are maintained in our records along with their dispatch acknowledgment

7. **Securities:**
   - ➤ **System of pay in and pay out of securities from / to clients** : After payout the clients shares are returned to them in their respective d-mat account if advised by the client otherwise retained in the clients beneficiary account towards margin

   - ➤ **Separate Own Beneficiary Account maintained or not** : No own trading and own beneficiary account

   - ➤ **Separate Client beneficiary account maintained or not** : Maintained

   - ➤ **Client wise segregation of securities maintained or not** : yes, Maintained

   - ➤ **Whether Clients' securities maintained with Member** : yes, accepted towards margin and letter for the same is obtained

   - ➤ **Procedure for check on Third party security transfer/ acceptance** : If we receive any third party security system wont accept that file and every week when we tally the stock in the back office with the stock lying in the demat account, we can track if we have received any third party delivery

   - ➤ **Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client. :** when a particular clients sell some stock if he is holding the same stock with us in clients ben account then only the clients ben account instruction is generated

8. **Internet Trading**

   - **Prior Approval taken or not? :** No internet trading ,we have recently started giving clients FASTTRADE ON WEB connectivity provided by BSE
   - **ITORS agreement entered into with clients or not** : NO

9. **Execution of POA (Power of attorney) (if applicable)** -

   - Process adopted for execution of POA. - **NA**
   - Internal control adopted to ensure that POA is not misused -**NA**

10. **Opening & closing of branches**

   - Procedure adopted for opening & closing of branches: **No new branches were opened in this financial year.**
   - In case of closure of branches, how and when do you communicate existing clients?: **We have not Closed any Branch in this financial year.**

11. **Closure of client accounts / dormat account**

   - **What type of documentation (both inward and outward) undertake for closure of account:** Upon request for Closure of account by any Client a Letter for the same Duly signed by the authorized person is Obtained.

- **In case of dormant account (six month), what extra caution taken before execution of trade in such account:** A letter duly is obtained from the account holder in person before execution of trade in such account.

- Procedure adopted in case of very old dormant account (2 years old): we take all the details again as taken for New KYCS

12. **Receiving and Execution of Orders**

- **Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices:** Orders are placed by Clients over the phone or in person by requesting the dealer at the Office

- **Any document is maintained for the clients who personally walk into the office and place the order?** We do not have any Clients who personally walk into the office and place the order.

- **System for identifying authenticity of caller when the order is placed through telephone:** Every Dealer is allotted a few set Of clients and all the orders by the specific client is placed through the allotted dealer minimizing the risk related to orders.