

Internal control Policy

ADOPTED BY

R.B.K. SHARE BROKING LTD

MEMBER : BOMBAY STOCK EXCHANGE LTD
NATIONAL STOCK EXCHANGE OF INDIA LTD

1. Details

- **Background of company** : R.B.K. SHARE BROKING LTD is registered member with BSE /NSE for Capital Market and Derivatives Segment . Our Registered Office is at Mumbai .
- **Date of starting business** : 12/04/1996

2. Client Code Modification:

- Client Code Modification is done only for punching errors or for genuine errors.
- Ratio of modification of client codes done at Head office vis-à-vis other offices is 1%
- The Authorized person for approval of Client code modification w.r.t. error trades is our Director and Compliance Officer.
- Training Programme have been conducted to educate the dealers and terminal operators to explain them about how the code modifications can be misused and what steps to be taken to avoid them .
- The trades have been modified only for the objective criteria allowed by the Exchange.
- The securities taken into ERROR A/c are liquidated in the same A/c.

3. PMLA

- **Principle Officer is appointed and written policy is adopted**
- **Measures taken with regard to Anti money laundering Act**
- **KYC and AML Policies have been reviewed in line with SEBI guidelines**
- **There is a check on the 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.**

➤ **Alerts for the same are generated**

- System generates cross trade records as of now. Since the volumes are not huge we have not built in a system to check with the bhavcopy. Currently we do the same manually.

➤ **Any Suspicious Transaction Report (STR) sent to FIU**

- We have sent the STR to FIU as and when we felt that value of transactions are not as per income declared by the client in KYC

➤ Risk categorization of clients is done Manually

- Alert also generated in system about trades done by any dominant account and sudden increased in volume of turnover etc.

4) Introduction / Registration of Clients

We generally do not accept any walk in clients. All the clients are through sub-brokers, remisiers, Authorized Persons or with the introduction of existing clients. Even if any direct client comes all the documents are verified with original and In person verification is done. All the clients In person verification is done and documents are verified with originals by putting stamp and sign of the KYC officer or the sub broker . Out station clients are verified by our Directors , Compliance Officer or KYC officer.

After verification of documents UCC code is allotted to the client and then the UCC Code and email ID is communicated to the clients by way of letter or email and send the letter with the copy of client registration documents.

We do not outsource any client registration activity. We keep all the client registration documents in proper order by generating internal reference number so that we can keep the track of them easily.

5) Funds :

No Client Funding is allowed

➤ **Credit / transfer of Dividend to the clients dividend**

- Done by passing credit note vouchers on the date of the receipt of dividend in the bank account.
- All the dividends are transferred to the respective clients

- There is no instance of default by client/ sub broker's client

➤ **Payment to sub brokers / remisiers**

- The Separate ledgers are maintained for payment to remisiers / Sub brokers . The amount is paid regularly to Remisiers and Sub brokers .
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Daily margin statement is sent to the clients and settlement is done on T+2 day.

- **No third party transfers are allowed**

6. BOLT Terminal

➤ **Procedure of accepting & placing of orders**

- The Trained dealers are authorized to place the orders. In case the dealers punch in the wrong client code, the RMS surveillance in-house system sends an SMS to the management. Order acceptance is done on telephone.

➤ **Factors determining the trading limit for each terminal / client**

- As per the risk profile of the client. Payment history , financial status and cheque bounces are the main criterias.

➤ **Control over operator to ensure that he is entering authorized trades only**

- Our in house RMS system currently also sends an hourly updated to the client of their positions.
Our compliance office keeps check on the validity of certification of approved users.

7. Contract Notes

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

- Contract printing is done in Centralized way. Our Head Office prints the contracts. We have system of sending digital contract notes to all our clients . Bounced mail if any are traced and immediately the hard copies are sent to all those clients

➤ **Procedure for printing CN in case of outstation clients / sub broker clients**

- In case any clients require physical contract notes, the same is printed on T+1 basis.

➤ **Basis of numbering**

- Financial Year start.

➤ **System for maintaining duplicates & acknowledgement for CNs**

- Physical maintenance.
- Logs of ECN are maintained

Change in Email ID of the client if any is obtained through a physical Letter from the respective clients.

8. Securities:

➤ **System of pay in and pay out of securities from / to clients**

- Clients securities are generally transferred to them on pay out day except in case on client's permission or in case of recovery of debit. These securities are kept in Beneficiary account of the company. Pay in shares are received from the clients beneficiary account in our pool account

➤ **Separate Own Beneficiary Account maintained or not**

- Yes we have separate Beneficiary account

➤ **Client wise segregation of securities maintained or not**

- The system gives us the track of the entire transaction and it is segregated client wise and script wise which are tally every fortnightly

➤ **Clients' securities register maintained**

- Yes

➤ **Procedure for check on Third party security transfer/ acceptance**

- Our system does not allow any third party acceptance. DP Id of the client and the client ID is mapped only after thorough verification of the ownership of the account
- We ensure that the clients securities are not mis-utilised for own purposes or for any other client by regularly tallying the holding of our client beneficiary account.

9. Statement of Accounts :

We issue Statement of accounts for funds and securities monthly or quarterly as per client consent. We directly issue statements from our Registered office address in Hard copies and keep the proof of dispatch and acknowledged copies.

10. Execution of POA :

Power of Attorney is taken only for the purpose of securities pay in to pool account and the same is taken in the name of R.B.K. SHARE BROKING LTD.

11. Opening & closing of branches

We have not opened or closed any new branches.

12. Closure of client accounts / dormant account

For closure of Trading account we take a letter from the clients . and after clearing his dues if any we close the trading account.

In case of Dormant account we take a request letter along with the copy of self attested Pan card for activation of account.

In case the account is very old that is more that 2 years which remain inactive we take KRA form filled with current address proof, pan card copy for activation.

13. Receiving and Execution of Orders :

Mode of order acceptance is through telephone at all our offices.

14. Portfolio Manager : We are not acting as Portfolio Manager

15. Brokerage Charged : Brokerage charged to the client are not beyond specification of Exchange Guidelines. The schemes differs from client to client depending on the turnover of the clients . The brokerage scheme is mentioned in the client registration document.

16. Client Margin Information :

Margin collected in derivatives segment is in the form of cheque or securities . In derivatives segment upfront margin is collected from the clients.

Margin is reported as per exchange guidelines. And daily margin statement is sent to the clients through email. And shortfall if any is collected from the respective clients. Log of sent email is kept for verification .