

INTERNAL CONTROL POLICIES AND PROCEDURES

CLIENT REGISTRATION:

Asian Broking Private Limited has been a member of the National Stock Exchange Limited since 1995 in the Cash Market Segments and since 2004 in the F & O Segment. With over 300 active clients, we maintain all client registration documents in the prescribed formats provided by the Exchange. Our clientele base consists of clients registered by our Sub-Brokers and Business associates. We do not entertain walk-in clients. We follow a procedure for registration that involves collecting all mandatory information/documents from clients when opening a new account. These documents are required under various laws. A new trading account can only be opened through reference by an existing client or our sub-broker. In-person verification by our staff is mandatory during account opening. All necessary documents, such as PAN Card, bank statements, income proofs, etc., are collected and verified with the originals. Our staff personally collects and verifies this information to ensure its reliability.

If it becomes apparent that the securities acquired or maintained through an account belong to a party other than the client, we identify that party using the client identification and verification procedure. Care must be taken while opening an account to ensure it is not done under a fictitious or benami name. We have established a Know Your Client (KYC) policy to identify clients at various stages, including account opening, carrying out transactions, or in cases of doubt about the adequacy of previously obtained data. We have adhered to SEBI's prescribed KYC requirements and have set guidelines for our staff based on our experience and legal obligations. We have internal reporting mechanisms in place.

Before proceeding with the above-mentioned client registration procedure, we assess the client's financial capability by collecting and evaluating their financial documents. We do not outsource client registration as we have a dedicated department for KYC. Following our staff's completion of the registration process, a unique client code (UCC) is assigned to each client. The corresponding file generated from our software is uploaded to the Exchange. After confirmation from the Exchange, clients are permitted to transact and trade in the market.

CLOSURE OF CLIENT ACCOUNTS / DORMANT ACCOUNTS:

We have procedures in place for the closure of client accounts and dormant accounts. Upon receiving a request letter from a client for the closure of their trading account, we verify the client's signature and ledger records before proceeding with the account closure. In the case of dormant accounts, we first update the KYC information if the client wishes to resume trading. After authorization by the Compliance officer, the client can resume trading.

ORDER RECEIPT AND EXECUTION:

Client orders received by telephone are executed by our dealers. Clients receive confirmation of their trades in the evening.

SENDING CONTRACT NOTES, DAILY MARGIN STATEMENTS, QUARTERLY STATEMENTS OF ACCOUNTS TO CLIENTS:

We send contract notes and daily margin statements to clients within 24 hours through courier service and hand delivery. Duplicate contract notes and their proof of delivery (POD) are maintained in our back office. Quarterly statements of accounts are also sent via courier service and hand delivery.

RISK MANAGEMENT SYSTEM:

We have a well-defined Risk Management System to monitor client transactions. All steps, from account opening to settling account balances, are executed systematically.

ACCOUNT OPENING:

When opening a new client account, we collect all mandatory information/documents required under various laws. A new trading account can only be opened through reference by an existing client or our sub-broker. In-person verification by our staff is compulsory. All necessary documents, including PAN Card, bank statements, and income proofs, are collected and verified with the originals. Our staff personally collects and verifies this information to ensure its reliability. If it becomes apparent that the securities acquired or maintained through an account belong to a party other than the client, we identify that party using the client identification and verification procedure. Care must be taken to ensure no account is opened under a fictitious or benami name.

CLIENT IDENTIFICATION PROCEDURE:

We have established a Know Your Client (KYC) policy to identify clients at various stages, including account opening, carrying out transactions, or in cases of doubt about the adequacy of previously obtained data. We comply with SEBI's prescribed KYC requirements and provide our staff with guidelines for identifying clients based on our experience and legal obligations. We have an internal reporting system in place.

TRANSACTION MONITORING:

We monitor transactions regularly to effectively implement provisions of various laws. Our compliance cell randomly examines a selection of transactions undertaken by clients to identify suspicious transactions.

TRADING FACILITIES AND RISK:

Trading facilities are provided to clients based on the credit balance in their accounts. The risk in sanctioning limits is calculated transparently. We use reliable software for risk management and set daily limits using this software.

SECURITIES PAY IN AND PAY OUT:

We deliver shares to clients after receiving pay out from the exchange, following exchange guidelines. For clients with debit balances, we hold their shares in our principal account and release them upon receiving funds. Our back-office software is set up to automatically transfer shares to the client's provided demat account number.

FUNDS PAY IN AND PAY OUT:

We provide pay outs to clients following exchange guidelines. Clients' accounts are maintained as running accounts, as consented during account opening.

RECORD KEEPING:

We maintain all records required by SEBI Act, 1992, PMLA Act, 2002, and other relevant legislation, rules, regulations, Exchange Bye-laws, and Circulars in the prescribed form. These records are essential for reconstructing individual transactions and providing evidence for criminal prosecution.

RECORD RETENTION:

All necessary transaction records are retained for the prescribed terms under PMLA Act, 2002, SEBI Act, 2002, and other legislations, regulations, or exchange bye-laws. Records related to ongoing investigations or transactions that are subjects of suspicious transaction reporting are retained until the case is closed.

SUSPICIOUS TRANSACTION MONITORING & REPORTING:

Appropriate steps are taken for recognizing suspicious transactions and reporting them. This includes cases where client identity verification is difficult, clients appear uncooperative, or there's a substantial increase in business without apparent cause. In cases where an inactive client suddenly starts transactions after six months of inactivity, we inspect the transactions, monitor them daily, and gather necessary information from various sources.

DESIGNATION OF AN OFFICER FOR REPORTING SUSPICIOUS TRANSACTIONS:

A principal officer is designated to recognize suspicious transactions.

ANTI-MONEY LAUNDERING TRAINING:

Training programs and seminars on risk management are conducted for staff members to ensure compliance with anti-money laundering and anti-terrorist financing provisions.

LIQUIDATION OF CLIENT POSITIONS:

We have a robust Risk Management System. When a client trades in the F & O segment, we require the initial margin for the trade. In cases of a shortfall in initial margin during a transaction, we inform the client to fulfill the margin. If the margin is not received within the specified time, we square off the position to cover the shortfall. Data related to these actions is stored in our voice logger system.

INTERNAL SHORTAGE POLICY:

For internal shortages, we follow exchange rules and regulations. We debit clients who sell shares for short delivery and credit clients who purchase shares based on the highest rate for three days during the auction.

TRANSFER OF TRADES:

Transferring trades from one client to another is generally not done. However, in the case of trading mistakes, trades can be transferred upon client request. These transfers are submitted to the Exchange through an upload file (CM Segment Only) within the time specified by the Exchange. Few cases might involve modifying client codes while processing data in the back office.

INVESTOR REDRESSAL MECHANISM:

We maintain a strong investor redressal mechanism system. We keep a register of complaints and provide an email ID on our website for investor grievances. Complaints are monitored by the Compliance officer. After receiving a complaint, we strive to resolve the matter promptly and inform the clients.

ALLOTMENT/ SURRENDER OF TRADING TERMINALS, OPENING & CLOSING OF BRANCHES:

During allotment of new terminals, limits are set based on client requirements and margin received. If a terminal is surrendered, the clients of that terminal are mapped to others as per management decisions. All control is centralized at the Head Office. Opening and closing of branches are done according to Exchange instructions.

BRANCH / SUB-BROKER AUDITS:

As we have a centralized system, audits and inspections of branch offices and sub-brokers are not conducted.

ANTI-MONEY LAUNDERING MEASURES:

Opening of Account: We collect all mandatory information/documents required under various laws when opening a new client account. Our staff personally verifies this information to ensure its reliability. If it becomes apparent that the securities acquired or maintained through an account belong to a party other than the client, we identify that party using the client identification and verification procedure.

ACCEPTANCE OF THE CLIENT:

Care must be taken when opening an account to ensure it is not done under a fictitious or benami name.

CLIENT IDENTIFICATION PROCEDURE:

We have a Know Your Client (KYC) policy for identifying clients at various stages, including account opening, carrying out transactions, or in cases of doubt about the adequacy of previously obtained data. We comply with SEBI's prescribed KYC requirements and provide our staff with guidelines for identifying clients based on our experience and legal obligations. We have an internal reporting system in place.

MONITORING OF TRANSACTIONS:

We arrange for regular monitoring of transactions to effectively implement provisions of the Anti-Money Laundering Act. Our compliance cell randomly examines a selection of transactions undertaken by clients to identify suspicious transactions.

KEEPING OF RECORD:

We maintain all required records as per SEBI Act, 1992, PMLA Act, 2002, and other relevant legislation, rules, regulations, Exchange Byelaws, and Circulars in the prescribed form. These records are essential for reconstructing individual transactions and providing evidence for criminal prosecution.

RETENTION OF RECORD:

All necessary transaction records are retained for the terms prescribed under PMLA Act, 2002, SEBI Act, 2002, and other legislations, regulations, or exchange bye-laws. Records related to ongoing investigations or transactions that are subjects of suspicious transaction reporting are retained until the case is closed.

SUSPICIOUS TRANSACTION MONITORING & REPORTING:

Appropriate steps are taken for recognizing suspicious transactions and reporting them. This includes cases where client identity verification is difficult, clients appear uncooperative, or there's a substantial increase in business without apparent cause.

DESIGNATION OF AN OFFICER FOR REPORTING SUSPICIOUS TRANSACTIONS:

A principal officer is designated to recognize suspicious transactions.

Training with respect to anti-money laundering: Training facilities are provided to staff members to comply with the provisions of anti-money laundering and anti-terrorist financing regulations.

CONFLICT OF INTEREST POLICY:

We have a Conflict-of-Interest policy in place to ensure that our employees and representatives act in the best interests of our clients. Any potential conflicts, whether personal or professional, are identified and managed appropriately to avoid compromising the integrity of our services.

INSIDER TRADING POLICY:

To prevent any instances of insider trading, we strictly adhere to an Insider Trading Policy. This policy prohibits employees and related parties from trading based on non-public information that could influence stock prices. It outlines the procedures for handling such information and the consequences of non-compliance.

COMPLIANCE AND MONITORING:

We have a dedicated Compliance department responsible for ensuring the adherence to all internal policies, industry regulations, and legal requirements. This department regularly conducts internal audits and monitors our operations to identify and rectify any non-compliance issues.

DATA PRIVACY AND CONFIDENTIALITY:

We prioritize data privacy and confidentiality. Our Data Privacy policy outlines how client information is collected, stored, and shared. It also describes the measures taken to safeguard client data from unauthorized access or breaches.

INFORMATION SECURITY:

Our Information Security policy establishes protocols for maintaining the security of our technological infrastructure, including measures to prevent unauthorized access, data breaches, and cyberattacks. Regular security assessments and employee training are conducted to ensure the effectiveness of these measures.

BUSINESS CONTINUITY AND DISASTER RECOVERY:

In the event of unexpected disruptions or disasters, we attempt to maintain essential services, recovering data, and resuming operations as swiftly as possible to minimize client impact.

CODE OF CONDUCT AND ETHICS:

Our Code of Conduct and Ethics outlines the standards of behavior expected from all employees and representatives. It covers topics such as professional conduct, honesty, integrity, and the prohibition of discriminatory or unethical practices.

REPORTING AND WHISTLEBLOWER POLICY:

We encourage open communication and reporting of any potential violations or unethical behavior. Our Whistleblower policy provides employees, clients, and stakeholders with a mechanism to report concerns confidentially and without fear of retaliation.

CUSTOMER COMPLAINTS AND REDRESSAL:

We have a well-defined process for addressing customer complaints and ensuring prompt redressal. This process includes the recording, investigation, resolution, and communication of complaints to maintain client satisfaction.

TRAINING AND DEVELOPMENT:

To ensure that all staff members are well-informed and updated on regulatory changes and best practices, we provide regular training sessions and opportunities for professional development.

LEGAL AND REGULATORY UPDATES:

We commit to staying up to date with changes in laws, regulations, and industry standards that affect our operations. Our Legal and Regulatory Updates policy ensures that our internal policies are in alignment with the latest legal requirements.