

Rajendra Modi Share Brokers Pvt. Ltd.
Internal control

1. Background:

- Background of company- We wish to introduce ourselves as a professionally managed Brokerage House. Directors of RMSBPL Group is two brothers Mr. Rajendra Modi and Mr. Jitendra Modi. we are establishing ourselves as one of the premier Brokerage Houses in the country. RMSBPL commits itself to usher an era of totally service oriented broking. Rajendra Modi Share Brokers Pvt. Ltd. is a member of NSE (Capital, Futures & Options) segment. With the opening up of NSE . An organization is built on its principle asset-Its People..

2. Funds:

- System of pay in and pay out of funds from / to clients- We ensure timely collection of funds and securities from clients. We make timely pay out of funds and securities to clients except to those who have given written request to maintain their financial and securities account on recurring basis.
- System & source of pay in and pay out of funds in case of Own trading- We have not done any own trading since April, 2003.
- Procedure of Margin collection, if any from clients & maintenance of records thereof- Collection of margin in capital market segment is optional. However, clients keep margin in form of funds and securities in their running accounts which we keep in designated client bank account and client beneficiary demat account.
- Any funding is done to the clients - No.
- Credit / transfer of Dividend to the clients / own dividend- Dividend is immediately credited to clients account on receipt basis. Company receives no amount as own dividend.
- Procedure followed in case of default by client/ sub broker's client- Rate of default by our direct client has remained most negligible. We have charged to P&L account a meager sum of Rs. 13 lacs as bad debts during last seven years. Major part of bad debts was on account of our operations as Depository Participant. In case of default by Sub Broker's client, amount is recovered from brokerage commission of the sub broker.
- Payment to sub brokers / Authorised Person – Brokerage commission is paid according to agreement entered into with them.
- Any third party transfer of funds? If yes, policy in this regard- We do not entertain third party transfer of funds/securities from/to client.

3. CTCL Terminal

- Procedure of accepting & placing of orders- Client places order to our CTCL dealer or to the concerned sub broker who accepts and executes order as per policy framed by us.
- Factors determining the trading limit for each terminal / client- Client wise trading limit is set considering funds and security deposit and background of the client.
- Control over operator to ensure that he is entering authorized trades only- Dealer identifies bona fide of client before accepting orders to execute a trade. No third party order is accepted. Confirmation of trades is given by person other than the operator and our Manager operations also monitors closely client wise trade /outstanding order position during trading hours.
- System in place to check certification of approved users has not expired- Compliance Officer keeps handy list of certificates going to expire every month.

4. Contract Notes

- Dispatch of ECN is centralized at Jaipur.
- Basis of numbering- CN numbering is centralized. Serial no. 1 starts on 1st day of financial year.
- We maintain log files of ECN sent on daily basis.

5. Securities:

- System of pay in and pay out of securities from / to clients- Timely pay in /pay out of securities is received from/made to the concerned client only. In case of client's default securities are put up for auction at Exchange.
- Separate Own Beneficiary Account is not maintained because neither we do PRO trading nor we hold any demat securities.
- We maintained separate Client beneficiary account and client wise segregation of securities is maintained
- Procedure for check on Third party security transfer/ acceptance- Our back office accounting system detects third party security transfer when we import a system generated file provided by the Concerned D. P. and transfer back such securities to the sender's demat account.
- Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client. – Company do not do own trading and no client is allowed to utilize other client's securities.

6. Introduction/Registration of clients

- Basis of accepting as client - As per PMLA policy dated 25/11/2009.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients- In person verification is done by our employee.
- 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.- Photo copies of complete KYC kit is provided. A system generated letter containing all particulars of client is sent.
- We do not outsource client registration modalities.
- We do not entertain walk in clients. New clients are normally introduced r by the old clients of the company.
- Process of record keeping and retrieval of client registration document- **CRD documents are kept centralized at corporate office at Jaipur which can be retrieved as and when required.**

7. PMLA

- Compliance w.r.t. Principle Officer and adoption of written policy – Yes
- Measures taken with regard to Anti money laundering Act - Yes
- 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. Yes
- Alerts for the same generated or not? Yes
- Any Suspicious Transaction Report (STR) sent to FIU - No
- Risk categorization of clients. Yes
- How u ascertain that no account is opened in a fictitious /benami name?- Sufficient documentary evidence viz PAN card, identity proof, address proof , Bank account proof and DP account proof etc. is obtained to establish the identity of the constituent.

8. Execution of POA(Power of attorney) (if applicable) –

- We have adopted necessary procedure as per NSEIL and SEBI guidelines for execution of POA. No POA has been taken other than for transfer of securities from client account to our Pool account and to our F&O margin account.

- No PAO has been taken for transfer of funds

9. Opening & closing of branches

- Procedure adopted for opening & closing of branches. – Branch is opened after pre visit of one of the Director of the company to assess situation about location, office space, no. of potential clients, brokerage yield and infrastructure and man power availability etc. Even there is no any branch is opened yet
- We send email to give 30 days notice to clients about proposed closure of a particular branch and we also give an option to clients to shift their account to another branch of that area. However, no branch has been closed during the inspection period.

10. Closure of client accounts / dormant account

- What type of documentation (both inward and outward) undertake for closure of account. - We close client account after receipt of letter from the client and we also send a letter to client intimating closure of his account.
- We identify dormant clients on regular basis and freeze their trading limits at CTCL level. Limits are restored after authorization from one of the Directors of the company. To deal with dormant accounts we have put up a policy on our web site www.rmsbplindia.com.
- Procedure adopted in case of very old dormant account (2 years old)- Sufficient documentary evidence viz identity proof, address proof , bank account proof .