

# **Internal control Policy**

## **1. Details**

- **Background of company** : Bhargava Lodha Stock Brokers Pvt Ltd is registered member with NSE for Capital and Derivatives Segment . Our Registered Office is at Jaipur and Corporate Office at Mumbai .

## **2. Funds:**

- **System of pay in and pay out of funds from / to clients: settlement Period**
  - The funds are taken from the clients to the extent possible.
- **Procedure of Margin collection, if any from clients & maintenance of records thereof**
  - Collaterals collected if any, are entered in the system
  - Margin is collected upfront from the client and separate margin ledgers are maintained
- **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 .
  - **No third party transfers are allowed**

## **3. 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 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. The BOLT terminal does not give us the track record for any trade change done.

So, the trade change cannot be tracked to the original code, if any.

#### 4. Contract Notes

- **Whether printing of contract note is centralized? If not, Place from which CN are printed.**
  - Contract printing is done in decentralized way. Our branch office prints the contracts of their own. 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

#### 5. 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 clients 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

#### 6. Introduction/Registration of clients

- **Basis of accepting as client**
  - Verification of PAN card, barred entity list, and financial status.
- **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 signature of the staff is done . We also insist on signature verification letter from the bank. The format has a photo id inbuilt.
- **Client Registration Documents (CRD) given** to new clients is given compulsorily and to existing clients, on demand. Also, UCC & email ID communicated to clients on CRD or separate letter, and proof for the above is maintained along with the KYC

## 7. PMLA

- **Principle Officer is appointed and written policy is adopted**
- **Measures taken with regard to Anti money laundering Act**
  
- **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**
  - No suspicious Transaction Report is there till date
- **Risk categorization of clients is done Manually**