A C CHOKSI SHARE BROKERS PRIVATE LIMITED

CIN : U67120MH1997PTC112510
Member : BSE,NSE (SEBI REGN : INZ000198136) Member : CDSL (SEBI Regn : IN-DP-104-2015)

INTERNAL CONTROL POLICY

Back ground and history of company :

M/s. A C Choksi Share Brokers Private Limited (ACC) has been incorporated in December 1997. Earlier to this the Membership was in the individual name of A C Choksi since 1983 and this membership has been taken over by ACC after conversion. The Company has started its business in August 1998 in the name of ACC.

A C Choksi (ACC) was started by Mr. Ashvin C Choksi and Mrs. Dipika A. Choksi in 1983 as a small broking firm catering to individual retail investors. With their foresight and vision, commitment to honesty and transparency in business, and focus on research-based investing using state-of-the-art technology, **ACC** has established itself one of the most respected brokerage houses in India. With specialized experience and expertise in investment planning, execution, technology and research, **ACC** proved the scalability of its operations by growing exponentially over the last 25 years. **ACC** is a premiere financial services organization serving Institutions, Mutual Funds, Corporate Clients, High Net-worth Individuals, NRI , Authorized Person and a large Retail investor base.

System of settlements of funds from/to clients :

Usually fund Payment against Pay-out is being done on T+2 days after Pay-in/Pay-out of Fund by BSE /NSE/CC. This is being done based on Client/AP's request, on Clear credit balance available in clients' ledger after deduction of any future debit, obligated DP Charges, any other charges. and pay out of respective clients who wish to settle their account on Settlement basis also., we receive mail from Authorized Persons or clients requesting to release fund pay out. Recently T+1 Settlement cycle implemented procedure of client funds pay out changed accordingly. In case of Pay-in of Funds, Margin Statement including Ledger Debit balance is being sent to all clients to their registered email IDs & SMS including with debit balance in ledger EOD. Even Dealers also enquire for payment at the time of placing orders during trading hours. Authorized persons / dealers / Risk Manager also follow this process with client who has not dispatched/deposited Cheque or settled account on T+1 day, at EOD and in case client do not reply properly or satisfactorily, RM initiates action for further with consulting with management with proper intimation to client as per RMS policy .

For fund received from clients , Identified that payment from client registered bank account only, in case of Third-Party Payment initiated by client accounted in "Suspense Account" same has been intimated to respective client and Authorized Person by Mail. New bank details updated as per KYC norms and same has been updated for credit of ledger of that particular client if not repayment of third-party payment made to client once collected Documentary Evidence.

System & source of Pay in and payout of funds in case of own trading : Settlement wise funds Transfer from/to Own Bank Account /Settlement Account visa-versa.

STATEMENT OF FUNDS &SECURITIES: Weekly statement of funds and Securities are sent to the clients in electronic mode as per Compliance norms and Running Account Settlement of Clients quarterly basis.

Procedure of Margin collection : Collecting upfront margin in form of cash or securities pledged from respective clients before placing trading order.

Any funding is done to the clients : We are not doing any funding activity apart from Settlement Funding on temporary basis in case of delay in payment by client will be charged Delayed payment

Credit / transfer of dividend to the clients / own dividend: Credit/Payment of Dividend is being made to clients within Exchange Specified Time from receipt of intimation/credit in Bank Account in case of both Client and Own Account.

Procedure followed in case of default by client : .As per Risk Management Policy ACCSBPL take necessary action for sell of shares in case of non-payment within 5 days from the date of trading. In case of any MTM, RMS team will invoke pledge securities and sell in the market to cover MTM loss of clients.

Procedure of payment to Authorized Persons : Brokerage is being released to Authorized Persons within 7 days in the of next month after deducting 7 days Debtors Ageing amount due on the part of clients of respective Authorized persons.

Receipt of Demand Draft or pay order : DD's or Pay order are accepted only on special requests from client with documentary evidence.

Any third party transfer of funds? If yes , policy in this regard : ACCSBPL do not allow or use to make any third party payment of funds or securities.

Noren Trader

Procedure for accepting and placing orders :

Order is being placed in the system as per request from client depending on available credit of margin (fund or Pledged securities of respective clients), financial background of client in case of big order or high value trade, nature of settlement of account of fund (whether immediately of after gap of few days) by client, submission of proof of payment, if RMs team feel it necessary, nature of scrip like group, liquidity etc.

Factors determining the Trading limit for each terminal/client.

Limit is being provided to Client based on available of client fund and pledged securities to respective clients. And minimum 20% or Var margin whichever higher margin will be used for respective securities. Single order quantity and order value limits are defined by RMs team and set to the terminal and clients.

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

Clients are mapped to respective Authorized Persons and Head office terminals only. In case of regular client, this is being identified by Dealers who use to place orders on behalf of client who speaks to respective client usually. In the case of new client or client who trades rarely, Dealer use to enquire client about his identity (PAN Details, Date of birth or Postal Address etc.) to ensure genuineness of Client.

The system in place to check certification of approved users has not expired:

An excel sheet is maintained to ensure validity of certification of approved users .The same is being reviewed monthly or quarterly for any coming Expiry Certificate and follow up with respective Authorized person and dealers.

CONTRACT NOTES

Contracts are generated at central place , HO and sent digitally . Apart from printed Serial No. on Contract Note, Back Office Software also generates and keeps track of running serial nos. for the accounting year.

Duplicate Contract Notes are being stored at HO only. In case of Contract Notes older than a year, the same is being stored at different go downs of ACC.

SETTLEMENT OF SECURITIES :

System of pay in and pay out of securities from / to clients : For Clients who have clear balance in their ledger of fund and have opted for settlement wise pay-out, securities gets transferred by way of Direct Payout on T+1 day.

Separate Own Beneficiary Account has been maintained by ACC

We are maintaining Client wise segregation of securities.

Clients' securities maintained with Member Broker only i.e. ACC.

Procedure for check on Third party security transfer/ acceptance : System takes care of such transactions while processing data and generates report/alert at the time of processing. Once it is being generated , settlement team call client or authorized person either to provide proof of such account or opt to return securities to the same account where from it has been received.

Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.

It has been instructed and policy has been put in system not to use any of the securities for third party or own account.. System generates file for third party transfer for every settlement which is being taken care by settlement team or RM.

INTRODUCTION / REGISTRATION OF CLIENTS

Basis of accepting as client :

Introducer is an important aspect of accepting Client. If introducer of Client is known to A C C S B P L / authorized person then only the client enters to ACCSBPL and KYC is processed . Other criteria are background of Client, his/her financial strength and knowledge about securities market. Further client who has an email id and a mobile number and opting for digital communications, will only be accepted as a registered client. (Institution clients may be excluded as per management decisions).

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 of client is being done by the staff member of ACCSBCPL only in case of HO and outstation clients by AP, do IPV or an employee of ACCSBPL from HO uses to travel at different locations on weekly basis in some cases .

Introduction of New Client/ Account Opening Process :
New Account is opened on receipt of all documents and completion of the same. In case of any queries, KYC department informs the client /AP via Email/SMS/Calls in few of the cases.

INTERNET Trading :

Prior Approval taken or not?	Prior approval is being taken
ITORS agreement entered into with clients or not	ITORS agreement entered into with clients

PMLA : Compliance w.r.t. Principle Officer and adoption of written policy : Mr. Ashvin C.Choksi has been appointed as Principal Officer of the company and the same has been intimated to FIU-IND.
Compliance w.r.t. Appointment of Designated Director : Mrs. Dipika Ashvin Choksi has been appointed as "Designated Director" of the company and the same is intimated to FIU-IND

Measures taken with regard to Anti money laundering Act/ Combating the Financing of Terrorism :

The PMLA or AML policy has been framed and has been kept in place in system to ensure compliance. Principal Officer takes care of all acts relating to AML/CFT functions

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 : This has been take care by RM upfront at the time of providing limits for Client. Beside this, staff from Back Office and/or from Compliance Department use to generate report from system to keep track of compliance of trading of client in relation to the financial strength.

Alerts for the same generated or not? Alerts for the same have been generated.

Risk categorization of clients : It has been categorized in the three category viz. Small, Medium and High Risk based on available financial strength and pattern of trading of client .

How you ascertain that no account opened is FICTITIOUS or BENAMI Name : All Documents are being verified by Senior Officer or Compliance Officer of the company. In addition IPV is done on client to client basis to avoid opening of FICTITIOUS or BENAMI Account. Moreover officer from KYC use to give a call on given phone or mobile number to verify details given in KYC to ensure due compliance

POA has been taken in the name of Company and not in the name of its Directors or Employees.

Process adopted for execution of POA. : POA facility is being offered to every client and it is at the discretion of Client whether to choose this option or not. We only Offer Limited purpose ie. DDPI .

<u>Registration and termination process of AP</u>

For Registration of new AP , Marketing Personnel or CEO of the Company, Mr. Bimal A Choksi , meet the person who intends to register . After taking information regarding probable no. of clients to be introduced, volume of business which will be generated, from him, procedure of payments by Client after trades being executed by them etc., once satisfied, we proceed further .

In case of decision on Closure of AP / termination , we communicated our decision, at least 30 days in advance, to each Clients at such places, through written communication and offer them to shift at Ho or through Internet till alternate arrangement is being done at Local Place or at their choice if wishes to shift outside ACCSBPL.

<u>CLOSURE OF CLIENT ACCOUNTS / DORMANT ACCOUNT :</u>

What type of documentation (both inward and outward) undertake for closure of account

In case Client whishes to Close his trading Account, we ask client to send us written request either by email or closure form . Once communication is being received from Client, we mark client Account as inactive and communicate the same to Client by Letter. In case HO initiates to do so in case of irregular payment by client or due to any other reason we intimate client at least seven days prior to doing so, giving reason and inform client the date of deactivation.

In case of dormant account (six month), what extra caution taken before execution of trade in such account

In case of dormant account or client has not carried any trading activities in last one year and now is willing to trade, we ask client either to send request for re-activation, by email or personal visit/ AP level / . In some of cases, we activate client if client provides full information about the details of their account like PAN, Address, DP Details or Bank Details including Account No. etc.

Reasons for the modification of client codes : The Company does all its efforts to trade in respective clients' Code only however due to typographical error / similar word, entering wrong letter of UCC or family codes, there are chances of entering wrong client code. Other reasons are the denial of Client for accepting trade entered by dealers that have been executed on trading terminal

Ratio of modification of client codes done at Head office vis-à- vis other offices : Historically the ratio of modification is very rare (less than 0.1%) during the year. We do not allow modifying code anywhere except Head Office.

Details of authorized representatives for approval of client code modification w.r.t. error trades : Only after management approval it is allowed to Code Modification. In case of non - availability, Mr. Bimal Choksi, Chief Executive Officer is allowed to approve Client Code Modification.

We do not transfer trade from one UCC to another , as per regulatory norms it is transferred to ERROR code only. As trades are transferred to ERROR code only and have been squared off immediately upon realizing mistake, it has been done only with objective criteria allowed by the Exchange.

RECEIVING AND EXECUTION OF ORDERS

Mode of order acceptance at HO/AP's offices	Modes of accepting Orders from Client at HO / AP Office are different mode of communication - Telephone, Email
Any document is maintained for the clients who personally walk into the office and place the order?	Clients are not allowed to enter trades by themselves into the Dealing Room for Trading and thus we have not maintained any document . However Clients are allowed to enter into the Office and then can request for placing order but only after due verifications of client or through his registered mobile number to our specified contact numbers.
System for identifying authenticity of caller when the order is placed through telephone.	Before executing Order, clients are required to provide clients' details viz. PAN / Date of Birth / documents which has been provide while registering as Client / Complete email Address / registered Telephone & Mobile No. etc. In case of any doubt, Dealers are required to call client on his/her/their registered phone no. for verification of trade.