- **DETAILS**

  > <u>Date of starting of business</u>:   01/04/1978

  > <u>Background of company</u>   : Company is founded by
                                    BHUPATRAY.L.SHAH in 1978

     In fact firm S.A.DESHPANDE & Co. was established much earlier in 1945. In 1955 BHUPATRAY.L.SHAH joined as an employee and by his hard work & sincere efforts took membership of exchange in 1978 and also full charge of the company .In 1985 his son Nilesh B Shah joined as a partner and in 1993 two other son Paresh B Shah & Chetan B Shah joined as a partner of the firm. Company caters to customers ranging from corporate to even a small retail client.

- **Client Code Modification**

  - **<u>Reasons for the modification of client codes</u> :**

    We allow modifications in the client codes for the following criteria provided there is no
       Consistent pattern in such *modifications*

  - **Punching error/typing error of client codes due to any genuine errors or Mistakes in order entry while punching the order by any dealer**

  - **Trade entered for wrong client due to any miscommunication from Client/authorized representative of client**

    - **<u>Ratio of modification of client codes done at Head office vis-à-vis other offices</u>**

      We have no other office other than Head office & so all modifications, if any, are done from Head office only

> **Details of authorized representatives for approval of client code modification w.r.t. error Trades**

Compliance Office is authorized to approve client code modification & if he is not available then by any partner

> **Measures taken to reduce the modification of client codes.**

Ample precautions is taken while punching the orders so that wrong code is not Punched & before executing the trade the code no of the client (UCC) or his name will be reconfirmed with the client so that question of modification do not arise at later stage

> **Whether the trades have been modified only for the objective criteria allowed by the Exchange?**

YES

> **Whether securities taken into ERROR A/c are liquidated in the same A/c?**

NO INSTANCE SO FAR OF ERROR ACCOUNT

3. PMLA

- Compliance w.r.t principle officer, Appointment of Designated Director under PMLA and adoption of written policy.

  - A proper policy frame work as per the guidelines on anti-money laundering measures is put in to place as prescribed under PMLA, 2002.

  - The said policy is approved by the partners of the firm

  - One of the partner is appointed as the principal officer & other Partner is appointed as Designated Director

- The appointment of principal officer & Designated Director is intimated to the office of the director- FIU, New Delhi

- <u>Whether KYC & AML policies have been reviewed in-line with SEBI guidelines?</u>

  YES

- <u>Measures taken with regard to Anti money laundering Act</u>

1. New clients are registered who is either known to us or either introduced by an existing client or introduce either by a sub broker or remisier and that also after conducting due diligence and taking KYC documents.

2. No account is opened in a fictitious or a benami name or on an anonymous basis

3. Records of identity of customers have been maintained

4. We do not do any cash dealing

5. Principal Officer regularly monitors all the trade

6. Record of transactions, its nature and its value are maintained as per provision of PMLA, 2002

- <u>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</u>.

  The compliance officer / principal officer regularly monitor the transactions from the admin terminal and on crossing of the average turnover limit cautious approach is adopted before granting fresh exposure limit

- <u>Alerts for the same generated or not</u>?

There is no automated system for generation for alerts but the compliance officer / Principal Officer regularly monitors the transactions for ensuring effectiveness of the Anti –money laundering procedures from the admin terminal.

- Any suspicious transaction report (STR) sent to FIU

There was no suspicious transaction identified by us and raised to principal officer hence not reported to FIU.

- Risk categorization of clients.

Done

> Enumerate the steps taken to verify the identity of the persons who beneficially own or control the securities?

We have framed & adopted the policy on same on 02-02-2013 which is enclosed herewith in policy & procedure folder under sub folder PMLA as titled BSE-Review on AML

4. INTRODUCTION / REGISTRATION OF CLIENTS

- Basis of accepting as client

We follow a policy of procuring new clients who are either known to us or by Introduction by any existing client or introduce either by sub broker or remisiers.

- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients

We follow a process in person verification of the client by the compliance officer. Client is required to personally visit our office with all original documents before he/she is registered as a client. We do not have any out station client.

All documents are properly stored in our office and properly arranged to ensure quick retrieval .CRD are filed properly according to UCC allotted to them. The

clients are properly segregated as direct clients, sub broker clients and remisiers client with different UCC codes allotted to each category.

- <u>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.</u>

CRD is given to all new clients either by hand delivery or sent by courier and acknowledgment is obtain thereof. UCC is communicated to client on CRD itself and also on acknowledgment slip of CRD. Separate email id letter is given to all clients along with CRD and also printed on contract note.

For the existing clients, CRD copy was provided to all those clients who have demanded the same. Separate letter was sent to all clients mentioning about the E-mail Id

> <u>Do you outsource client registration modalities?</u>

We do not out source client registration modalities

- <u>Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client</u>

    We do not entertain any walk in clients

 ><u>Process of record keeping and retrieval of client registration document</u>.

All documents are properly stored in our office and properly arranged to ensure quick retrieval .CRD are filed properly according to UCC allotted to them. The clients are properly segregated as direct clients, sub broker clients and remisiers client with different UCC codes allotted to each category.

5 Uploading of KYC documents to KRA:
- Specify the name of the KYC Registration Agency ('KRA').

CDSL VENTURES LTD

- Procedure followed for uploading the details of KYC to KRA. Also furnish a copy of operational manual, if available, in this regard.

  We collect the KRA form issued by CVL KRA along with our KYC form & the documents first we check with CVL KRA whether interested client is already registered or not, if he is registered then we download the KRA details from the system & match with the documents given by the client. If any detail change or mismatch then we update the same in the CVL KRA system

  If client is not registered in CVL KRA then we upload all his data in the system & on registration In the system we download the data & take the print out & keep along with the KYC

- Clients account opened based on the client's details downloaded from KRA system? In such case of download of KYC from KRA system, how the responsibility for KYC of clients is met as per Regulation 16 of SEBI (KRA) Regulations, 2011.

  NO, we simultaneously collect our KYC form along with the Documents after due verification with the original

- As regards foreign investors, furnish the status of compliance along with supporting data/facts regarding compliance of the following circulars: SEBI circular no. CIR/MIRSD/ 11 /2012 dated September 5, 2012 and CIR/MIRSD/ 07 /2013 dated September 12, 2013

  No foreign Investors

6. FUNDS

- System of pay in and pay out of funds from / to clients

  Pay-in/ pay-out is received from /made to respective client only
  Proper system is in place to ensure the same. The cheques are
  generated directly from the software being used and no modification

is possible. All payout cheques are generated on the day of payout and sent to the respective clients by the courier.

- **System & source of pay in and pay out of funds in case of own trading**

    Firm is not doing any own trading.

- **Procedure of Margin collection , if any from client & maintenance of records thereof**

    We are not collecting any up front margin from client as we are collecting 100 % payment as per the bill amount on the next day itself.

- **Any funding is done to the clients**

    No funding is done to clients

- **Credit /transfer of Dividend to the clients /own dividend**

    Dividend & other corporate benefits received on behalf of the clients are paid /credited /passed on to the respective client's account.

- **Procedure followed in case of default by client /sub broker's client**

We follow the process of collecting payment of cheques on T +1   the basis.

    The share will be transferred in the clients account directly only when cheque has been received else shares would be transferred in our pool account. Also in case of sale of Share we follow a process of payment of cheque on pay out day after confirming shortage. So far no default of any client either our or sub broker.

- **Payment to sub brokers /remisiers**

            Payment of brokerage to registered sub broker /remisiers on a quarterly basis by account payee cheque only

- **Any third party transfer of funds? If yes, policy in this regard**

We are neither accepting nor making any third party transfer of Fund

7. TERMINAL

- **Procedure of accepting & placing of orders**

  All orders are received on phone either by partner of firm or by sub-broker / remisier in case of client introduced by them. In case of new client we confirm the identity of caller by asking him to confirm his UCC & last few trade executed. Also after execution of order we call back client on telephone number given by him /her in KYC & again confirm the order executed by him/her on that day.

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

  Terminal wise trading limits are set up based on average volume and financial detail of clients available with us.

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

  Proper control in place to ensure that no unauthorized order are executed from any terminal, terminal wise trades are continuously monitored from admin terminal by partner who is also compliance officer and strict order is given to sub-broker not to enter any trade far away from market price or do any unwarranted activity or manipulation and compliance officer continuously monitor the same.

  > In case where Terminals have been located abroad, then opening of terminal abroad is in compliance with SEBI guidelines

We don't have any terminal located abroad

8. CONTRACT NOTES

- Whether printing of contract note is centralized? If not, place from which CN are printed

   Printing of contract notes is centralized.

- Procedure for printing CN in case of outstation clients

   No outstation client

- Basis of numbering

   Continuous on a yearly basis

- System for maintaining duplicates & acknowledgement for CNS

   Electronic Contract note (ECN) are sent through BSEWEBX for which Log is maintained by us, on receipt of the phone call from the client regarding non receipt of ECN we either resend them or on his request we send them the physical contract note

- Whether consent for change in e-mail id is obtained through physical letter from the clients?
   Yes

9. SECURITIES

- System of pay in and pay out of securities from / to clients

   Pay-in /pay-out is received from /made to the respective client only. Proper systems are in place to ensure the same. Securities are transferred to the respective client Accounts via direct pay out system of the exchange & the balance pay out, if any, after the receipt of the payment from the client

- Separate Own Beneficiary Account maintained or not

As we are not doing own trading we do not have any separate own beneficiary account

- <u>Separate Client beneficiary account maintained or not</u>

We do not maintain separate client beneficiary account as depositories do not open beneficiary account in partnership firm's name

- <u>Client wise segregation of securities maintained or not</u>

  Client wise segregation of securities is maintained.

- <u>Procedure for check on Third party security Transfer/ acceptance</u>

  We are collecting statement of transaction file from our DP and upload in our back office software. Software generates a report in case of mismatch of detail in client id in our back office. If client had given instruction from the other client id details of this is not given in KYC. Then we immediately call for the proof of demat account from client, if the security is not transferred from client's account but transferred from his family member who is also our client then we reverse the trade & take the letter from the family member of that client

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

  We do not trade on our own account. Majority of payout is transferred to client account through direct payout .Balance securities are transferred on receipt of payment thus question of mis-utilisation of securities for own purpose or for any other client do not arise.

10. Monthly/Quarterly Settlement

- Details regarding the policy and procedure adopted for settlement of running account

  Though we have obtained running account authorization, but the majority of the accounts we settle on a settlement to settlement basis

- Whether inter-client adjustments are done for the purpose of settlement of running account.

  NO

- If the securities/funds are retained towards obligations including expected margin obligations, what are provisions in this regard followed by the stock broker?

  We retain securities only till receipt of the payments & funds only towards the next two settlement Debit obligation, we do not collect the margin hence not retaining any funds towards the margin Obligation

- **Statements of Accounts**

  - Whether statement of accounts for funds and securities are issued on monthly or quarterly basis.

    QUARTERLY BASIS
    .
  - Whether the statement explains the retention of funds/securities and the details of the pledge.
    We neither retain funds/securities other than pay-in/pay-out obligation
    We are not taking any security towards the pledge hence nothing mentioned in
    the statement
- Whether statement of accounts is issued from the branches/authorized person's office. If yes, the procedure followed for issuance and the maintenance of the duplicates and proof of delivery.

ACCOUNT STATEMENT FILE IS SENT FROM HEAD OFFICE TO SUB-BROKER THEN HE IN TURN PRINTS THE STATEMENTS & DELIVERS TO HIS CLIENTS EITHER BY HAND DELIVERY OR BY COURIER & HAND OVER THE ACKNOWLEDGEMENT TO HEAD OFFICE

- Whether statements of accounts are issued physically or digitally?

  PHYSICALLY/DIGITALLY

12. Execution of POA (Power of attorney) (if applicable) -

- Please specify in whose name POA has been taken (trading member, its employees or representatives or sub-brokers)

  We have not obtained a POA from single Client hence not applicable

- Process adopted for execution of POA

  Not applicable

13. Opening & closing of branches

- Procedure adopted for opening & closing of branches
  We do not have any branch hence not applicable

- In case of closure of branches, how and when do you communicate existing clients?
  Not applicable

14. Closure of client accounts / dormat account

> What type of documentation (both inward and outward) undertake for
   Closure of account.

   A WRITTEN REQUEST BY A CLIENT FOR CLOSURE OF HIS ACCOUNT

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

   SUCH ACCOUNTS WILL BE REACTIVATED AFTER DUE VERIFICATION AND
   ON RECEIVING A REQUEST LETTER FROM CLIENT TO RESTART THE
   BUSINESS ALONG WITH HIS/HER LATEST FINANCIAL DETAILS & A FULL
   CHEQUE FOR THE PURCHASE HE/SHE WANTS TO MAKE

- Procedure adopted in case of very old dormant account (2 years old)

   APART FROM THE ABOVE PRECAUTIONS SUCH CLIENTS PAN DETAILS WIL
   BE RECHECKED ON THIRD PARTY DATABASE TO ASCERTAIN HIS/HER NON-
   INVOLVEMENT IN ANY FINANCIAL IRREGULARITY OR VIOLATION OF ANY

LAW ALSO ACKNOWLEDGEMNT COPY OF IT RETURN FOR LAST 2YEAR WILL ALOS BE COLLECTED ALONGWITH THE FINANCIAL DECLARATION BY CLIENT

15. Receiving and Execution of Orders

Mode of order acceptance at HO/Branches/AP's offices

BY PHONE CALL

• **Any document is maintained for the clients who personally walk into the Office and place the order?**

NO

• **System for identifying authenticity of caller when the order is placed Through telephone**

In case of new client we confirm the identity of caller by asking him to confirm his UCC & last few trade executed. Also after execution of order we call back client on telephone number given by him /her in KYC & again confirm the order executed by him/her on that day.

>**Mechanism put in place to limit the cumulative value of unexecuted orders from the terminals?**

All trading terminals limits have been set where unexecuted orders are taken in to account in overall limit of the trading terminal hence it is up to the dealer to decide whether to keep the unexecuted order or ask for additional limit from compliance officer which he may grant after due verification

16. Portfolio Manager
• **Whether Trading Member acting as a portfolio manager?**
  NO

• **Procedure for client registration, order execution, contract notes issuance and settlement mechanism followed for the same.**

NOT APPLICABLE

- **Whether any of the clients of the TM is acting as a portfolio manager?**
  NO

17. Brokerage Charged

- **Brokerage schemes provided to the clients?**
  NO SCHEME PROVIDED. WE CHARGE ON A PERCENTAGE BASIS ONLY

- **Elaborate on the schemes provided?**
  N.A

18. Client Margin Information

- Process for evaluating exposure to be given to the clients?
  Based on the financial details given in the KYC & the past credentials of the client

- Whether client margin information is sent to the clients?
  Not collecting margin from single client hence not applicable

- Whether it contains all the required information as prescribed in the circular?
  Not applicable

- What is the mode of informing to clients?
  Not Applicable

- Whether proof of delivery/dispatch is maintained for the above purpose.
  Not applicable

19. Collection and reporting of margins

- Details of the policy and procedures adopted for collection of margin from the clients and details regarding the methodology adopted (separately) for calculation of value of margins received from the clients.

  Not collecting margin from single client hence not applicable

- Explain the system in place to verify whether the list of collaterals which cannot be considered as margins as specified by stock exchanges are not taken in to account while calculating margins of the clients?

N.A

- Give details of the process adopted for reporting of margins collected from clients to the stock exchanges viz upload of margin file, timelines for such upload, correction in margin file uploaded etc

  N.A

- Whether have a system to verify / ensure that the margin reported are actually collected and available with broker? If so give details.

  N.A

- Whether a system in place to monitor the short reporting of margins from the clients and verifications / checks and balances for correct reporting of margins collected from the clients? If so give details.

  N.A

20. Risk Management policy w.r.t. CDX

- Whether Risk Management policy is in place to check appropriate internal controls are in place and is certified by the statutory auditor?

  We have Risk management policy to check the appropriate internal control are in place approved by the partners of the firm