

# Nariman Point Finance Ltd.

## Internal control

### 1. Details

Nariman Point Finance Ltd. started Business with BSE from 2007 and in NSE from 2010.

### 2. Client Code Modification:

Any mistake by the dealer in punching client code number is immediately reported to the Compliance Officer. It is the duty of Compliance Officer to make necessary changes in the Bolt. If any penalty is charged by Exchange on exceeding of limit, which is greater than 1% but less than or equal to 5% after deducting non-institutional modification, then he or she should report to the Director and also to the respective client through email. In order to reduce such wrong punching of client codes we have given a list of our clients along with the code to our dealers.

The trades are modified for the objective criteria allowed by the Exchange – Yes.

Securities taken into ERROR a/c are liquidated in the same A/c.

### 3. PMLA

Compliance w.r.t. Principal Officer and adoption of written policy. :- Yes

Measures taken with regard to Anti money laundering Act: - Included in the PMLA policy.

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.: We are generating the report of the total turnover of the client on a daily basis and ensure that delivery positions taken by the client are in line with the financial details of the client.

Alerts for the same generated or not? No

Any Suspicious Transaction Report (STR) sent to FIU :- No

Risk categorization of clients. We are categorizing the client based on the turnover and their financial status after doing personal investigation.

### 4. Introduction/Registration of clients

Basis of accepting as client

- When a Client approaches for opening of a new trading account, an Officer takes the complete details from the Client with regard to the Client Registration and fill up all columns in the physical Know Your Client (KYC) form.
- An Officer pastes passport size photograph of the Client and takes Client's signature wherever required on the KYC, agreements, Risk Disclosure Document and complete the physical KYC in all the respects.

- An Officer takes four mandatory proofs i.e. PAN copy, bank proof, demat proof and address proof from the Client duly self attested.
- An Officer verifies the Photo copies with original documents and certify the same by signing the same by putting rubber stamp as ‘Verified with the Original’. In Person verification of the client is also done.
- 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 – Yes.

## **5. Funds:**

- Collection of funds is the most integral and important part of any stock broker’s office. We have directed all our operators to be punctual in collecting the amount due from each and every client.
- The pay out of shares is being made to client depending on his credit worthiness.
- We release the pay out of shares received from the Exchange only after receipt of full value of shares purchased. Till the time the debit is not cleared, the shares are not released to him. Those shares are being hold in beneficiary account till the amount is realized or shares are sold.
- System & source of pay in and pay out of funds in case of Own trading.- The same has been made from own sources.
- We do not collect Margin from Client’s.
- Any funding is done to the clients : Temporary mismatch of funds were funded through own funds.
- Credit / transfer of Dividend to the clients / own dividend:- Dividend is reconciled and the same is transferred to the client either by cheques or by journal voucher as per his instruction.
- Procedure followed in case of default by client/ sub broker’s client-No such instance was observed.
- Payment to sub brokers / remisiers - No
- Any third party transfer of funds? No

## **6. BOLT Terminal**

- Procedure of accepting & placing of orders:- All the orders were received on phone or personally by the client. All the orders received by the client were instantly entered in the system and executed orders and pending orders were informed to the clients.
- Factors determining the trading limit for each terminal / client:- RMS would allot exposure limits keeping in mind the payment capacity and credentials of the client.
- We are operating only at one place on NSE and BSE systems only through Lease Line. These BOLTs are mainly operated by our employees in our

offices who operate mainly for their clients. Since each BOLT operator has its own BOLT and he is required to operate on the same place for his clients, it becomes easy to identify the caller when he calls to get punch an order in the system. As we are issuing the client codes to each client on registration, it becomes easy to identify the client when he makes a call, gives his code number and asks to punch order in the system.

- We regularly check the details of the approved user along with the certification.

## 7. Contract Notes:

- Whether printing of contract note is centralized? If not, Place from which CN are printed. **Centralised.**
- Procedure for printing CN in case of outstation clients / sub broker clients – We do not have sub broker clients.
- Basis of numbering:- Numbering has been reset to 1 on every financial year.
- System for maintaining duplicates & acknowledgement for CNs: Maintained.

## 8. Securities:

- System of pay in and pay out of securities from / to clients:-For Pay In client has to transfer his securities in our pool account at the time of pay in and same way will adopt for pay out.
- Separate Own Beneficiary Account maintained or not :- Maintained
- Separate Client beneficiary account maintained or not :-Maintained
- Client wise segregation of securities maintained or not :-Maintained
- Whether Clients' securities maintained with Member :- Maintained
- Procedure for check on Third party security transfer/ acceptance
- As per the Exchange regulations, We does not accept any third party shares. In case the Client transfers shares from a demat account not registered with us, the system throws up such discrepancies and does not give credit for such shares received as demat ID of such shares does not tally with the demat ID of the Client registered with us. In such case, we demand the ID proof from the Client on the same day of pay in. If the client is not able to provide his demat id proof, then we returns the shares of Wrong ID account.
- Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.:
- The trade files of the Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Ltd (NSE) are uploaded for the day after post closing of market hours.
- Our Back Office generates the Contract Notes and Bills for the transactions taken place during the Trading Hours.

- Back Office then picks up the shares for Pay-In from BSE & NSE Client Pool Account for pay-in to the Exchanges.
- On Reconciliation of Pay-In from the Depository Report, the shortages and discrepancies are noted and informed to the Clients through telephone.

**9. Statement of Accounts & Daily Margin Statement:**

- The statement of accounts for funds and securities are issued on quarterly basis. The statements of accounts are sent to clients through Electronic contract note. We send physical contract note to the clients within the stipulated time in case the ECNs have not been delivered to the clients. The Daily Margin Statement is issued as per prescribed format and is sent to clients through ECN.

**10. Execution of POA (Power of attorney)**

- Process adopted for execution of POA. :- N.A.
- Internal control adopted to ensure that POA is not misused. :- N.A.

**11. Opening & closing of branches - No Branches.**

**12. Closure of client accounts / dormant account**

- Any client desirous of closing his/her account permanently is required to inform in writing and the decision in the regard will be taken by management. After necessary approval from the management, the client code will be deactivated only after scrutinizing the compliance requirement & a No pending queries confirmation is taken, securities and funds accounts will be settled.

**13. Receiving and Execution of Orders:**

- All the orders were received on phone or personally by the client. All the orders received by the client were instantly entered in the system and executed orders and pending orders were informed to the clients

**14. Portfolio Manager: N.A.:**

- Whether Trading Member acting as a portfolio manager?
- Procedure for client registration, order execution, contract notes issuance and settlement mechanism followed for the same.
- Whether any of the client of the TM is acting as a portfolio manager?

**15. Brokerage Charged:**

- Brokerage schemes provided to the clients : **Yes**
- Elaborate on the schemes provided: **As per the tariff structure.**