

Procedure for Risk Management & Surveillance Deptt.

The objective of this process notes is to explain the Surveillance Process and systems used for Risk management Surveillance by Surveillance Department. The key points are following:

Dealer ID Creation

- 3 Department gets the details of new User ID from the Customer Relationship Department. Details are approved only by Marketing Head or Director. The details are uploaded using ENIT to NSE or using FTP to MCX Stock Exchange . Once NSE / MCX Sx approves the User ID, ID is created and details of retail clients (obtained from Back Office) are mapped with the User ID using **ODIN Admin**. It is communicated to Customer that new User ID has been created.

Surveillance

- 3 NSE Cash trading / MCX Sx Trading is done through NEAT/ TWS and NEAT Plus terminal. NEAT /TWS is mapped with ODIN Admin that is provided to set margin limits for retail clients.
- 3 For ODIN server, there is one ODIN Admin (Chief user) that can monitor all the retail clients connected with that particular NEAT/ TWS server. There is only 1 NEAT /TWS server and that NEAT /TWS server is connected with ODIN manager that manages all the clients attached with the server.
- 3 NEAT /TWS access is restricted to only at HEAD OFFICE.
- 3 Margin Limits are set through **ODIN Admin (Chief user)** and surveillance department can check rejected orders in ODIN Admin.
- 3 Margin limits are changed only on phone calls / confirmation from designated people of Accounts department / RMS head .
- 3 Capital market surveillance for orders placed on NEAT /TWS is done using Odin Admin/Risk Server and
- 3 Surveillance for orders placed in F&O segment / Currency Derivatives Segment is done by Risk Server. Risk Server gives the margin utilized by the client and Mark to Market loss at the current market price of the underlying scrip in which the client or dealer has the positions.

General Points

- 3 Employees follow rules and responsibilities as communicated verbally by Department Manager.
- 3 All User Ids are password protected.
- 3 Manuals for Risk Server are not available readily. These surveillance systems are used to monitor positions but orders that exceed the limits will be rejected.
- 3 Buy Today Sell Tomorrow facility is not provided to clients in case of NSE cash segment.
- 3 We come to know about bulk orders i.e. securities that exceed 0.5% of market cap of a stock, through Back Office report.
- 3 Derivatives that exceed 95% of market wide position limit can be rejected only through odin administrator
- 3 Every week, limits of dealers /Ids are updated based on margins of retail clients handled by the respective dealers.
- 3 Margin Limit is set as zero by default for Retail Clients and dealers.
- 3 Margin is collected from clients even if they want to sell securities.

Passwords for NEAT /TWS , Odin Admin Chief, are available with all members of Surveillance team.

For Thar Share Brokers Pvt Ltd

Kapil Mathur
Compliance Officer

Write-up on Internal Controls

INTERNAL CONTROLS: Internal controls are in place at all levels in the organization. The activity wise details are as under:

Registration of Clients: A KYC policy is already in place and the staff members are instructed to strictly adhere to the rules and regulations framed by various authorities from time to time. All the client registration forms are scrutinized at various levels before final registration of the client. Trading is allowed to the clients only after successful upload of "Unique Client Code".

Receiving, Validating & entering orders of the clients in the trading platform: Orders are received on phone. The orders are placed in the trading platform and confirmed immediately on phone itself. Some preferred clients are also informed as and when their order gets executed.

Collection and Maintenance of Margins: We adhere to strict compliance in maintenance and collection of margins. Our RMS department keeps track of margin requirement of every client on continuous basis. Everyday the margin requirement as per MG13 is matched with margin available in cash as well as collateral received from clients and in case of shortfall duly collected from the respective clients in time and reported accordingly.

Continuity Planning / Alternate plan in case of disasters etc: The Company has a CTCL server located at Head office and another Back up CTCL server is also located at our Head office. If any server is down, users can be shifted to the other server. Back up of the previous day is being restored to Back Up CTCL server which is running live to reduce down time in case of hardware failure. Further the databases are backed up daily & stored at remote location.

Compliance: We are committed to comply with all the requirements issued by exchange and other market intermediaries from time to time. We have compliance department in place for continuous monitoring of various compliances. In the preceding paragraphs, we have elaborated the various internal controls put in place to ensure strict adherence to all the rules and regulations. Department wise allocation of various compliances is also done to ensure day-to-day compliances.

For Thar Share Brokers Pvt Ltd

Kapil Mathur
Compliance Officer

POLICIES AND PROCEDURES AS PER SEBI CIRCULAR NO MIRSD/SE/CIR-19/2009 DATED 03-DEC-2009

1. Refusal of orders for penny stocks:

Stock broker is advising to the clients not to deal in penny securities and if client deals with the penny stocks, 100% margin will be taken from the client and these shares will not be taken as Margin deposit. The stock broker shall have authority from time to time limit (quantity/ value) or refuse orders in one or more securities due to various reasons including market liquidity, value of security(ies) or may require compulsory settlement / advance payment of expected settlement value/ delivery of securities for settlement prior to acceptance / placement of order(s) as well, the order being for securities which are not in the permitted list of the stock broker / exchange(s) / SEBI or does not commensurate with the risk profile of the client as assessed by the broker.

Decision of Broker will be binding on the client and will be final.

2. Setting Up Client's Exposure Limits:

The client agrees to abide by the exposure limits, if any, set by the stock broker or by the Exchange or Clearing Corporation or SEBI from time to time. The client is aware and agrees that the stock broker may need to vary or reduce or impose new limits urgently on the basis of the stock broker's risk perception, risk profile of the client and other factors considered relevant by the stock broker including but not limited to limits on account of exchange/ SEBI directions/ limits (such as broker level/ market level limits in security specific / volume specific exposures etc.). The stock broker may be unable to inform the client of such variation, reduction or imposition in advance. The client agrees that the stock broker shall not be responsible for such variation, reduction or imposition or the client's inability to route any order through the stock broker's trading system on account of any such variation, reduction or imposition of limits. Sometimes client's sauda may go to IOC (Immediate or Cancel) instead of normal bidding if broker terminal is on

square off mode. The Stock Broker at its sole discretion can give extra exposure or intraday limit to the client, such extra exposure will automatically be squared off by trading mechanism without any further reference to the client apx. 15 minutes before the scheduled closing.

3. Applicable Brokerage Rate:

a. For Cash Market Segment: The maximum brokerage chargeable in relation to trades effected in the securities admitted to dealings on the Capital Market segment of the Exchange shall be 2.5 % of the contract price exclusive of statutory levies. It is hereby further clarified that where the sale / purchase value of a share is Rs.10/- or less, a maximum brokerage of 25 paise per share may be collected.

b. For Option contracts: Brokerage for option contracts would not exceed Rs.100/- per lot single side or such other rates as provided by the exchanges.

4. Imposition of penalty/delayed payment charges by either party, specifying the rate and the period (This must not result in funding by the broker in contravention of the applicable laws) :

Client shall be liable to penalty and other charges on nonpayment of margin money, short selling of securities or units, failure on payment of auction, cheque bounce, non delivery of shares, increase open position or on any orders / trades / deals / actions of the client which are contrary to this agreement / rules / regulations / bye laws of the exchange or any other law for the time being in force as per Rules, Regulations, Guidelines and Circulars issued by SEBI and stock exchange time to time and client will be kept informed about the rate of such penalties & fines. Similarly in case of non receipt of full payment of value of delivery purchased, margin imposed (initial + MTM) interest will be charged at 21% p.a. calculated on daily basis on shortfall amount till the date of actual realization of money. All fines/penalties and charges levied upon the Client due to its acts / deeds or transactions will be recovered by the Stock Broker directly from the client's account.

5. The right to sell clients' securities or close clients' positions, without giving notice to the client, on account of non-payment of client's dues (This shall be limited to the extent of settlement/margin obligation) :

1. If payment/securities towards the Margin or shortfall in Margin is not received instantaneously to enable restoration of sufficient Margin in the Client's account.

2. In case of benefit of margin will be given only after realization of instrument.

3. If the client gives orders / trades in the anticipation of the required securities being available subsequently for pay in through anticipated payout from the exchange or through borrowings or any off market delivery(s) and if such anticipated availability does not materialize in actual availability of securities / funds for pay in for any reason before the close of market .

4. The stock broker has the right but not the obligation, to cancel all pending orders and to sell/close/ liquidate all open positions/ securities / shares at the pre-defined square off time or when Mark to Market (M-T-M) percentage reaches or crosses stipulated margin percentage mentioned on the website, whichever is earlier. Similarly all transactions outstanding under limit by whatsoever name called may be closed out at specified time if not squared off by the client.

5. In case open position (Le. short/long) gets converted into delivery due to non square off because of any reason whatsoever, the client agrees to provide securities/funds to fulfill the payin obligation failing which the client will have to face auctions or internal close outs; in addition to this the client will have to pay penalties and charges levied by exchange in actual and losses, if any.

6. Any reference in these terms to sale or transfer of securities by the Stock Broker shall be deemed to include sale of the securities which form part of the Margin maintained by the Client with the Stock Broker.

6. Shortages in obligations arising out of internal netting of trades

The policy and procedure for settlement of shortages in obligations arising out of internal netting of trades is as under:

a. The short delivering client is debited by an amount equivalent to 20% above of closing rate of day prior to Pay-in/Payout Day. The securities delivered short are purchased from market on T +3 day which is the Auction Day on Exchange, and the purchase consideration (inclusive of all statutory taxes & levies + 5 % extra) is debited to the short delivering seller client along with reversal entry of provisionally amount debited earlier.

b. If securities cannot be purchased from market due to any force majeure condition, the short delivering seller is debited at the closing rate on T +3 day or Auction day on Exchange +10%. Where the delivery is matched partially or fully at the Exchange Clearing, the delivery and debits/ credits shall be as per Exchange Debits and Credits after deducting exchange penalties.

c. In cases of securities having corporate actions all cases of short delivery of cum transactions which cannot be auctioned on cum basis or where the cum basis auction payout is after the book closure / record date, would be compulsory closed out at higher of 10% above the official closing price on the auction day or the highest traded price from first trading day of the settlement till the auction.

7. Conditions under which a client may not be allowed to take further position or the broker may close the existing position of a client.

The stock broker may refuse to execute / allow execution of orders due to but not limited to the reason of lack of margin / securities or the order being outside the limits set by stock broker / exchange/ SEBI and any other reasons which the stock broker may deem appropriate in the circumstances.

1. For non-payment or erosion of margins or other amounts, outstanding debts, etc. and adjust the proceeds of such liquidation / close out, if any, against the client's liabilities/ obligations.

2. Any order which is executed without the required Margin in the Client's account or the brokers exposure is more than 90% and above so no fresh trade will be taken.

3. The client hereby authorizes the Stock Broker to square up all his outstanding positions at the discretion of the Stock Broker, which are not marked for delivery 15 minutes before the closing time of the normal market or if the client's margin is evaporated by 90% in any of exchanges, reserves the right to square off positions.

4. Under certain market conditions, it may be difficult or impossible to liquidate a position in the market at a reasonable price or at all, when there are no outstanding orders either on the buy side or the sell side, or if trading is halted in a security due to any action on account of unusual trading activity or stock hitting circuit filters or for any other reason as prescribed or instructed by SEBI.

5. The stock broker is entitled to disable / freeze the account or trading facility / any other service if, in the opinion of the stock broker, the client has committed a crime, fraud or has acted in contradiction of this agreement or / evade / violate any laws, rules, regulations, directions of a lawful authority whether Indian or foreign or if the stock broker so apprehends. Any profit/loss arising out of these transactions shall be at the risk of and borne by the client.

8. Temporarily suspending or closing a client's account at the client's request

Client may instruct the member to close out the account or suspend the trading through client's account for the period as specified in the request in written and duly signed by him. The stock broker can with hold the payouts of client and suspend his trading account due to his surveillance action or judicial or / and regulatory order/action requiring client suspension.

9. Deregistering a client

A client is at liberty to deregister himself / itself from the member. For that purpose client will be liable first to settle his account in full. In case of any shortfall or any dues or payment remaining after adjusting the margin account, the client will be liable to make payment of the same. And in case of surplus arising out after netting of account, client shall be entitled to receipt of the same. The member shall also have power to deregister the client after settling his account at its sole discretion.

10. Activation of Inactive client : If a client does not trade for a continues period of 6 months the member firm put a inactive /dormant flag against him, and member returns the assets (If any) of such client held by the member. Extra precaution has to be taken while dealing with such client. If a dormant client wants to do some transaction, a written request or confirmation of his identity to administrator over the recorded telephone line is required, after the authorised officer of the member has confirmed the identity of such client up to his satisfaction, he may allow him to do the transactions.

For Thar Share Brokers Pvt Ltd

**Kapil Mathur
Compliance Officer**

Internal Policy for Compliance of provisions as contained in Prevention of Money Laundering Act, 2002 (PMLA) and rules and regulations framed PMLA

Background

Prevention of Money Laundering Act, 2002 and Rules framed there-under have come into force with effect from July 01, 2005. The Act and Rules cast certain obligations on securities market intermediaries registered u/s 12 of the SEBI Act, 1992 (which includes a Stock Broker) to put in place systems and procedures to combat money laundering and monitor and report certain transactions.

Circulars issued by SEBI & BSE for Compliance with PMLA Guidelines

- 3 SEBI Circular ref. ISD/CIR/RR/AML/1/06 dated 18th January, 2006;
- 3 NSE Circular No. NSE/INVG/2008/223 Dated 22-Dec-2008
- 3 Circular No. NSE/INVG/2006/09 Dated 25-Jan-2006
- 3 SEBI Circular ref. ISD/CIR/RR/AML/2/06 dated 20th March, 2006;
- 3 SEBI Circular rev. ISD/AML/CIR-1/2008 dated 19th Dec. 2008
- 3 SEBI Circular No. ISD/AML/CIR-1/2010 dated February 12,2010

Objectives for framing of this Policy Document

- 3 to provide for such procedures and internal control measures so as to deal with money laundering and terrorist financing activities in accordance with PMLA and rules and regulations framed there under as in force from time to time;
- 3 to provide for maintenance of such records as are required under provisions of PMLA and/or rules and regulations framed there under
- 3 To provide for submission of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR), as and when required
- 3 to adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing; and
- 3 to undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction;
- 3 to create awareness about this policy among the staff members of the Company by ensuring that the contents of this policy framework are understood by all staff members;
- 3 to regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness by a person who is different from the person who has framed such policies and procedures .

Internal Measures

1. Appointment of Principal Officer and intimation about such appointment to FIU

The management shall ensure that in case the appointed Principal Officer opts to leave the organisation for any reason whatsoever, than a senior person of the organisation is designated as a principal officer in his

place and intimation about such designation along with relevant particulars of new Principal Officer is sent at the following address forthwith:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021.

2. Maintenance of Records as required and PMLA

The Principal Officer of the Company shall be required to ensure that appropriate registers are maintained to record all of the following transactions (whenever any such transaction takes place) which are either routed through the Company accounts or to which the Company is related in any manner whatsoever, directly or indirectly:

- a) All cash transactions of the value of more than Rs 10 lacs or its equivalent in foreign currency.
- b) All series of cash transactions which are integrally connected with each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- c) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- d) All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as dmat account, security account maintained by the Company.

The Principal Officer shall ensure that in respect of transactions as mentioned in preceding para, the following details are duly recorded:

- (i) the nature of the transactions;
- (ii) the amount of the transaction and the currency in which it was denominated;
- (iii) the date on which the transaction was conducted; and
- (iv) the parties to the transaction.

Further, the Principal Officer shall be required to maintain and preserve above-said records and information in such a manner that allows easy and quick retrieval of data as and when requested by the competent authorities, for a period of at least ten years from the date of cessation of the transactions between the client and company.

Rights & powers of Principal officer : The Principal officer shall have timely access to customer identification data and other CDD information and he shall be able to report to senior management of the organisation or Board of Directors of the Company.

For the purpose of clause (d) above, an illustrative list of the circumstances / transactions which shall be deemed to be giving rise to suspicion, is given herein below:

- a) Clients whose identity verification seems difficult or clients appear not to cooperate
- b) Substantial increase in activity without any apparent cause
- c) Large number of accounts having common parameters such as common partners / directors / promoters / address / email address / telephone numbers / introducers or authorized signatories;
- d) Transactions with no apparent economic or business rationale
- e) Sudden activity in dormant accounts;
- f) Source of funds are doubtful or inconsistency in payment pattern;
- g) Transfer of investment proceeds to apparently unrelated third parties;
- h) Multiple transactions of value just below the threshold limit specified in PMLA so as to avoid possible reporting;
- i) Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- j) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- k) Purchases made on own account transferred to a third party through off market transactions through DP Accounts;
- l) Suspicious off market transactions;
- m) Large deals at prices away from the market.
- n) Accounts used as 'pass through'. Where no transfer of ownership of securities or trading is occurring in the account and the account is being used only for funds transfers/layering purposes.
- o) Trading activity in accounts of high-risk clients.

3. Reporting of transactions to FIU

The Principal Officer shall be required to ensure timely submission of following reports relating to cash and suspicious transactions, in the formats as may be prescribed from time to time,

- (a) The Cash Transaction Report (CTR) (wherever applicable) for each month by 15th day of the succeeding month.
- (b) The Suspicious Transaction Report (STR) -within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally or remotely connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. Further, the Principal Officer shall be required to ensure that there is no undue delay in arriving at such a conclusion.

The Principal Officer shall maintain utmost confidentiality in filing of said CTR and STR reports. The said reports shall be transmitted by the Principal Officer by speed/registered post/fax at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021

Further, the Principal Officer shall ensure that there are no restrictions on operations in the accounts where an STR has been made. Further, the Principal Officer shall also ensure that there is no tipping off to the client at any level.

4. Procedure for acceptance of a new Customer

The department responsible for registration of new clients for the Company shall be required to ensure due compliance of following procedure before providing trading client code to a new constituent:

- i. That all of the clients duly complete the formalities relating to client registration as provided in KYC norms, as in force from time to time. The person in charge of client registration department must also keep track of additional requirements prescribed by regulators e.g. RBI & SEBI from time to time in this regard and ensure compliance thereof.
- ii. That sufficient documentary evidence is collected from the proposed constituent which establishes Identity and address of such constituent beyond any reasonable doubt
- iii. That all the copies of supporting documents are matched with the originals
- iv. That a copy of PAN is taken from each constituent, which has been verified with the original and cross checked with the data available on Income-tax Website. In case of any mismatch, the account must not be opened.
- v. That the signature of constituent on Client Registration Form are matched with the signature given on the PAN Card or any other proof as may be submitted by the constituent and in case of any mismatch the account is opened only if the explanation for such mismatch is found to be reasonable on the basis of further documents e.g. Banker's Signature Verification, as may be submitted by the constituent.
- vi. That sufficient information has been obtained to identify persons who shall beneficially own or control the trading account, whenever it is apparent that the securities proposed to be acquired through the account are likely to be beneficially owned by entity(ies) other than the client in whose name the account is proposed to be opened. Verify the customer's identity using reliable, independent source documents, data or information;
- vii. That the constituent has provided information about the fact whether he has got any criminal background and whether he has been at any point of time been associated in any civil or criminal proceedings anywhere. In case the client is found to have a criminal background, than such a client must not be registered without specific permission from the management, which shall exercise due caution before allowing any client to trade through the Company.
- viii. That no person is registered as constituent/client who has been banned from trading in the stock market.

- ix. That the client has submitted sufficient documentary evidence to prove his financial standing.
- x. That sufficient information has been taken from the client to ensure that the client is genuine and objectives of his proposed trading activities are legitimate and bonafide.
- xi. In case a proposed constituent is found to be reluctant in providing required information, than additional measures are employed to verify identity as well genuineness of such constituent.
- xii. Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted; and Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to customer.
- xiii. That the account for clients which have been introduced by company's' employees are opened only after due permission from respective head of the department or management, as the case may be.
- xiv. That the proposed constituent has been clearly informed that the volumes of trading transactions that shall be allowed to the constituent from time to time, shall solely depend upon the financial standing and amount of margins deposited by the constituent.
- xv. That for the purpose of internal controls and due diligence exercise the constituent has been categorized as low, medium or high risk on the basis of clients' location (registered office address, correspondence addresses and other addresses if applicable), proposed nature of business activity, trading turnover. and manner of making payments. The department in charge shall record reasons in writing for categorizing any client as low, medium or high risk.
- xvi. Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement
- xvii. Conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds
- xviii. Verification of names of customers in updated list of individuals and entities subject to various sanction measures of UN Security Council Committee, other publicly available information and complying with Government order UAPA and verification of sources of funds and wealth of clients identified as PE

5. Review of list of existing clients to ensure compliance of PMLA Guidelines

The department responsible for registration of new clients for the Company shall be required to ensure the following with respect all of the existing constituents of the company:

- i. That the KYC details of all the existing active clients are reviewed in context to the PMLA 2002 requirements (as mentioned in Para 4 above).
- ii. That all the clients are classified into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories etc.
- iii. That annual financial statements are obtained from all the clients, particularly those in high risk categories; and

- iv. That in case of non individuals, additional information is obtained about the directors, partners, dominant promoters, major shareholders.

For the purpose of categorization as envisaged herein above, the clients matching any of the following descriptions shall be compulsorily categorized as a "High Risk Client /Clients of Special Category:

- a) Non resident clients
- b) High net worth clients,
- c) Trust, Charities, NGOs and organizations receiving donations
- d) Companies having close family shareholdings or beneficial ownership
- e) Politically exposed persons (PEP) of foreign origin
- f) Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- g) Companies offering foreign exchange offerings
- h) Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
- i) Non face to face clients
- j) Clients with dubious reputation as per public information available etc.

6. Risk based approach

- o The department responsible for Surveillance and Risk Management shall duly ensure that the testing techniques being employed by it to judge the fairness and risk-element contained in clients transactions are commensurate with the category to which that particular client pertains. The level of checking required for verifying clients' transactions in High Risk Category has to be much more stringent than that required for clients falling in other categories
- o Verification of names of customers in updated list of individuals and entities subject to various sanction measures of UN Security Council Committee, other publicly available information and complying with Government order UAPA .
- o Verification of sources of funds and wealth of clients identified as PEP

7. On-going training to Employees

The Principal Officer of the Company shall ensure that the contents of this policy guidelines are explained to all the concerned staff members of respective departments (including staff working under branches and sub-brokers), whose responsibilities have been spelled out in this policy documents. For the purpose, a copy of this document may be supplied to all concerned under acknowledgement from each of them. The Principal

Officer must also apply such tests e.g. cross questioning from respective officials, to ensure himself/herself that the staff members have actually understood the meaning and intent of this document.

Likewise any amendment in PMLA Guidelines, if any, must be brought to the notice of all concerned without any delay.

Further, the personnel department shall ensure that contents of this documents (including amendments, if any) are explained in detail to all of those concerned officials, who shall made responsible for compliance of this document or who shall be joining this organisation, herein after.

8. Audit/testing of Anti Money Laundering Program.

The Internal Audit Team (which must not include Principal Officer as a part of it) of the Company shall apply suitable measures to ensure the reasonableness and effectiveness of internal guidelines as spelled out in this document, at such intervals as he/she may find reasonable, not being a period of more than six months. The audit procedures must be suitable enough to highlight such discrepancies in these guidelines / implementation of these guidelines, which may lead to non-compliance of provisions as contained in PMLA and/or rules and regulations framed there under.

The internal audit team shall place their report before the Board of Directors of the company at the meeting to be held immediately after completion of respective audit programme, for perusal and necessary action at the end of Directors.

- **Compliance with statutory and regulatory requirements:** The Member shall ensure compliance with statutory and regulatory requirements and shall keep himself / Employees /Principal Officer updated about latest statutory and regulatory circulars and notification by circulating and communicating the same among them.
- **Co-operation with law enforcement authorities and timely disclosure of information :** The Member shall ensure complete co-operation with law enforcement authorities and timely disclosure of information as and when required.

9. Retention of Records

- All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.
- Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence shall also be kept for the same period.

10. Cash Transaction Report

(A)All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.

(B) All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.

(C) Due Date to furnish the information of the cash transactions of a month to Director, FIU-IND by the 15th day (Substituted for the 7th day by Notification No. 15/2005 dated 13-12-2005) of the succeeding month

For Thar Share Brokers Pvt Ltd

**Kapil Mathur
Compliance Officer**

Policy on Client Code Modifications:-

- The modification to the client code is to be done only in exceptional cases and not as a routine one.
- The reason for modification has to be ascertained and analysed and genuineness is to be established and also its impact on the clients should be studied before the modification. If voice recording is in practice, the same should be studied.
- Normally as a principle, other than for punching errors, no modification to the client codes be allowed.
- Therefore it is imperative that the issue should be reported to the senior level Manager/Director and only with his approval, the modification should be carried after being satisfied that it is genuine, the same is required to be done to protect the interests of the client.
- Hence the facility to modify the client codes should be available only at the Corporate Manager level and should not be given to the branches/franchise/sub-brokers.
- Training program should be conducted to all the Dealers and they should be explained how code modifications can be misused and what steps should be taken to avoid the same. It also should be explained that code modifications should not be encouraged to the clients except for cases like 'punching errors'/'typing errors'.
- A register is to be maintained for recording all the code modifications with details like error code, correct code, scrip name quantity, client name, the name of the dealer who punched the code, the explanation of the dealer/Branch Manager, the 'analysis /study' of the authorised Manager and his approval/disapproval for modification.
- Finally the decision of the authorised Manager should be ratified later by the Director.

For Thar Share Brokers Pvt Ltd

Kapil Mathur
Compliance Officer