

A. K. EQUITIES PVT. LTD.

SEBI REG. No. INZ000239939

Annexure

Internal control

(Please enclosed the policy for the following):-

1. Details

- Date of starting of business : 08-March- 2000
- Background of company:
A.K. EQUITIES PRIVATE LTD (AKE) is a prominent Equity Broking Service provider in the country. The company is a member of the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), India's oldest exchange with 135 years history. The Group Broking activity enjoys an excellent reputation in providing Equity Broking Services since the last 18 years. AKE is empanelled with leading financial institutions, banks and insurance companies. Broking services are offered in the spot segment of the equity markets.
- Equity broking activities are well supported by a dedicated team of qualified professionals and an efficient research desk, which offers Fundamental Research and Technical Analysis on various companies listed on the Stock Exchanges and has a state of art dealing and back office system, to meet the ever demanding business requirements.

2. Client Code Modification:

- Reasons for the modification of client codes : **Punching error**
- Ratio of modification of client codes done at Head office vis-à-vis other offices: **N.A.**
- Details of authorized representatives for approval of client code modification w.r.t. error trades. : **Nimish Mehta (Director)**
- Measures taken to reduce the modification of client codes. **As per policy We have instructed our dealers to be careful while punching the order of the client. The same is evident from the fact that there are no client code modifications during the inspection period.**
- 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? **YES**

3. PMLA

- Compliance w.r.t. Principal Officer, appointment of Designated Director under PMLA and adoption of written policy. : **Mr. Avinash Bhadoria**
We have appointed Principal Officer & Designated Director under PMLA Policy & we have adopted written policy for the Prevention of Money Laundering Act.
- Whether KYC and AML policies have been reviewed in line with SEBI Guidelines? **Yes**

Measures taken with regard to Anti money laundering Act : **As per 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. : **Yes. As per PMLA Policy**
- Alerts for the same generated or not? **Yes. As per PMLA Policy**
- Any Suspicious Transaction Report (STR) sent to FIU : **NO**

A. K. Equities Private Limited

- Risk categorization of clients. : **High, Medium, Low**
We are classifying the clients in low, medium & high risk at the time of on - boarding of clients & subsequently we are doing regular due diligence & updating the risk profile accordingly
- Enumerate the steps taken to verify the identity of persons who beneficially own or control the securities? **Included in PMLA Policy.**

4. Introduction/Registration of clients

- Basis of accepting as client : **We are accepting the client on the basis of references & we do ensure to collect all the requisite documents**
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients : **Yes Our employee conducts in person verification.**
- 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**
- Do you outsource client registration modalities? **No.**
- Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client. **No. We do not entertain walk in client.**
- Process of record keeping and retrieval of client registration document. : **Hard copy of KYC documentation is maintained & Same are easily retrievable.**

5. Uploading of KYC documents to KRA :

- Specify the name of the KYC Registration Agency ('KRA'). : **CVL KRA**
- Procedure followed for uploading the details of KYC to KRA. Also furnish a copy of operational manual, if available, in this regard. : **KRA process is enclosed.**
- 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. : **Our clients are introduced through references. further, we have system of continuous due diligence.**
- 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 : **N.A.**

6. Funds:

- System of pay in and pay out of funds from / to clients: **NA Since presently we have only Institutional Clients trades**
- System & source of pay in and pay out of funds in case of Own trading: **NA Since presently we have only Institutional Clients trades**
- Procedure of Margin collection, if any from clients & maintenance of records thereof: **NA Since presently we have only Institutional Clients trades**
- Any funding is done to the clients: **NA Since presently we have only Institutional Clients trades**
- Credit / transfer of Dividend to the clients / own dividend: **NA Since presently we have only Institutional Clients trades**
- Procedure followed in case of default by client/ sub broker's client: **NA Since presently we have only Institutional Clients trades**
- Payment to sub brokers / remisiers: **NA Since presently we have only Institutional Clients trades**
- Any third party transfer of funds? If yes , policy in this regard: **NA Since presently we have only Institutional Clients trades**



7. Terminal

- Procedure of accepting & placing of orders: **Yes**. All the orders received on telephone We are having only institutional client & they are placing the order on telephone.
- Factors determining the trading limit for each terminal / client: **Yes**
- Control over operator to ensure that he is entering authorized trades only: **Yes. The dealers are in direct contact with customer .he is responsible to ensure that only orders are placed by client himself or person authorised by client.**
- In case where terminals have been located abroad, then Opening of terminal abroad is in compliance with SEBI Guidelines : **NA**

8. Contract Notes

- Whether printing of contract note is centralized? If not, Place from which CN are printed. : **Yes**
- Procedure for printing CN in case of outstation clients / sub broker clients : **All contract note are printed at HO**
- Basis of numbering : **The contract notes are serially numbered & serial no. is being reset to 1 as on 1st April.**
- System for maintaining duplicates & acknowledgement for CNs: **Yes, Maintained**
- 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 : **NA**
 - Separate Own Beneficiary Account maintained or not : **Yes**
 - Client wise segregation of securities maintained or not : **NA**
 - Procedure for check on Third party security transfer/ acceptance : **NA**
- As per the exchange regulations, we do not accept any third party shares. In case the client transfers shares from a demat account not registered with us, we do 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 to wrong id account.
- Procedure to ensure that client's securities are not mis utilised for own purposes or for any other client. : **N.A. We are preparing the reconciliation and we always ensure that client's securities are not mis utilised**

10. Monthly/Quarterly Settlement

- Details regarding the policy and procedure adopted for settlement of running account : **As per Policy NA**
- Whether inter-client adjustments are done for the purpose of settlement of running account. : **NA**
- If the securities/funds are retained towards obligations including expected margin obligations, what are provisions in this regard followed by the stock broker? : **NA**

11. Statements of Accounts:- All clients are settled through Custodian.

- Whether statement of accounts for funds and securities are issued on monthly or quarterly basis.
- Whether the statement explains the retention of funds/securities and the details of the pledge.



- Whether statement of accounts is issued from the branches/sub-broker's office/authorized person's office. If yes, the procedure followed for issuance and the maintenance of the duplicates and proof of delivery.
- Whether statement of accounts are issued physically or digitally?

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

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

13. Opening & closing of branches : NA

- Procedure adopted for opening & closing of branches.
- In case of closure of branches, how and when do you communicate existing clients?

14. Closure of client accounts / dormant account : AS PER POLICY

- What type of documentation (both inward and outward) undertake for closure of account.
- In case of dormant account (six month), what extra caution taken before execution of trade in such account
- Procedure adopted in case of very old dormant account (2 years old)

15. Receiving and Execution of Orders

- Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices –
Order are accepted on telephone & if client visit in person then order slips are being signed by the client.
- Any document is maintained for the clients who personally walk into the office and place the order? : **N.A**
- System for identifying authenticity of caller when the order is placed through telephone. : **YES**
- Mechanism put in place to limit the cumulative value of unexecuted orders from the terminals?
YES, Yes, the limit are being set

16. Portfolio Manager : NA

- 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?

17. Brokerage Charged

- Brokerage schemes provided to the clients? **N.A.**
- Elaborate on the schemes provided? **N.A.**

18. Client Margin Information :- All clients are settled through Custodian.

- Process for evaluating exposure to be given to the clients?
- Whether client margin information is sent to the clients?
- Whether it contains all the required information as prescribed in the circular?
- What is the mode of informing to clients?
- Whether proof of delivery/dispatch is maintained for the above purpose.



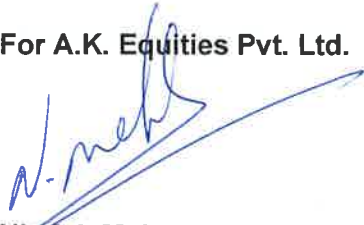
19. Collection and reporting of margins - N.A.

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

20. Risk Management policy w.r.t. Equity Derivatives , Currency Derivatives and Commodity Derivatives - N.A.

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

For A.K. Equities Pvt. Ltd.



Nimish Mehta
(Director)

