



# **KYC REGISTRATION PROCEDURE AND INTERNAL CONTROL**

**FINDOC  
INVESTMART PRIVATE  
LIMITED**

**Policy Approved By:**

**Shri Hemant Sood  
Director**

**Shri Nitin Shahi  
Director**

**Inder J Arya  
Compliance Officer**

## **1. Objective:**

1.1 KYC or Know Your Customer is a customer identification process. The Securities and Exchange Board of India (SEBI) has laid down guidelines under the Prevention of Money Laundering Act 2002, which makes it binding for financial institutions and financial intermediaries to acquaint themselves with their customers.

1.2 KYC process helps prevent Money Laundering and other suspicious transactions. SEBI, with effect from January 2012, has set out revised KYC norms to make the process uniform across the Securities Market and introduced a common KYC application form for all SEBI registered intermediaries viz. Portfolio Managers, Depository Participants, Stock Brokers, etc. In the revised KYC regulations, In Person verification (IPV) has been made mandatory.

1.3 In order to facilitate an effective control and monitoring mechanism in respect of KYC Registration Process, In-Person Verification, Verification of KYC Documents for Registering a Client with regard to transactions in Cash, Equity Derivative, Currency Derivative and Commodity Market Segments, where Findoc Investmart Pvt Ltd (in short "the Company/FINDOC") is registered as a Trading Member and in respect of Demat Account Transactions as a Depository Participant of NSDL, this **"In-Person Verification & KYC Registration Procedure"** is being formulated under the instructions of the Board Members of the Company, in compliance and/or as mandated by Securities and Exchange Board of India (in short "SEBI") and The Stock Exchanges where the Company is a Trading Member and a Depository Participant.

1.4 The PMLA Policy of FINDOC shall form a part and parcel of this "In- Person Verification & KYC Registration Procedure" Document.

1.5 FINDOC shall not outsource "Account Opening / Client Registration" procedures / modalities to any third party and shall strictly adhere to complete the formalities by its own staff members.

## **2. Regulatory Compliance:**

2.1 All existing active clients are to be apprised about the new KYC Policy laid by SEBI vide its circular no. CIR/MIRAD/16/2011 dated 22nd August 2011 and circular no. necessary efforts should be made to update KYC details from all such active clients in respect of the new KYC Policy laid by SEBI vide its circular dated 22nd August 2011.

2.2 All new prospective clients are to be enrolled / registered as per the new KYC Policy mandated by SEBI vide its circular dated 22<sup>nd</sup> August 2011, with effect from 1<sup>st</sup> September 2011.

2.3 All new prospective and existing active clients are to be enrolled / registered as per the new KYC Registration Agency (in short "KRA") Policy mandated by SEBI vide its circular dated 2nd December 2011.

2.4 All new prospective and existing active clients are to be enrolled / registered as per the new Central KYC Records Registry (in short "CKYCR") Policy mandated by SEBI vide its circular dated 21<sup>st</sup> July 2016 and 10<sup>th</sup> November 2016.

2.5 The Company shall identify the beneficial owners of the client (non-individuals) and shall take reasonable measures to verify the identity of such person as per SEBI Circular CIR/MIRSD/2/2013 dated January 24, 2013.

2.6 All existing active clients shall be apprised about the new KYC Policy laid by SEBI vide its circular dated 22<sup>nd</sup> August 2011 and necessary efforts shall be made to update KYC details from all such active clients in respect of the new KYC Policy laid by SEBI vide its circular dated 22<sup>nd</sup> August 2011.

### **3. Responsibility:**

3.1 The KYC Officer shall be responsible for the implementation of Operational Procedures of KYC Registration, In-Person Verification, Verification of KYC Documents, registration of Clients with KYC & CKYC Authorities, registration of Clients with FINDOC and uploading over the Stock Exchange Portals viz. National Stock Exchange, BSE Limited, Multi Commodity Exchange of India, National Commodity & Derivatives Exchange Limited (NCDEX) and Indian Commodity Exchange Limited (ICEX).

3.2 The KYC Officer shall be assisted by NISM Qualified Team Members who shall collectively closely track all matters pertaining to KYC Registration process as per statutory mandate and report non-compliance(s)/ delay in timely submissions of report to the Stock Exchange/ Regulatory Authorities, if any, to the Compliance Officer.

3.3 The KYC Officer and his Team shall take immediate corrective measures, if lapses have been identified and report to the Compliance Officer of such Corrective Measures

3.4 The Compliance Officer shall take all necessary steps to report the findings to the Board Members as well as the relevant Stock Exchanges and/or regulatory bodies, in a time bound manner, as detailed hereunder and/or as mandated by the Stock Exchanges and/or regulatory bodies.

3.5 The Internal Auditor of the Company, shall review the implementation, documentation, effectiveness and review the actions taken during the period of audit and shall record the observations with respect to the same in their Internal Audit Reports.

3.6 The Board of Directors shall peruse, review and provide necessary guidance with regard to the "KYC Registration Process", periodically, for strengthening the processes.

### **4. General Principles for Client Registration**

#### **4.1 Client Registration Kit**

4.1.1 The Client Registration Kit consisting of Client Registration Form (CRF) / Know Your Client (KYC) Form shall have two parts: (a) Mandatory (b) Non mandatory.

The Mandatory part shall contain: a) Individual/ Non Individual Client Registration Form; b) In-Person Verification Sheet; c) Rights and Obligations; d) Risk Disclosure Document; e) Mandatory Policies & Procedures; g) Tariff Sheet

The Non-Mandatory shall contain: a) Non-Mandatory Policies & Procedures; b) Running Ledger Authorization; c) Receiving of Documents and Verbal Orders

The CRF shall also contain the KRA & CKYC Registration Forms, in case the Client is not registered with such authorities.

4.1.2 All Non-Mandatory documents shall be stated in bold that the document is “voluntary”. As “voluntary” documents are required in order to ensure smooth functioning of special facility, the clients shall be informed clearly that such documents are “voluntary and revocable” and the client(s) need not execute such documents if he / she does not wish to use that facility.

4.1.3 FINDOC shall ensure that no clause(s), which are contravening to Rules, Regulations, Articles, Byelaws, circulars, directives and guidelines of Securities and Exchange Board of India (SEBI) or the Exchange are included in the voluntary or mandatory clauses.

4.1.4 As a matter of general principles Power of Attorney (POA) shall NOT be obtained from the Clients. In the rarest of the rare cases only Revocable Power of Attorney shall be obtained from the Clients in accordance to the Power of Attorney Policy based on the guidance and circulars provided by Securities & Exchange Board of India and Stock Exchanges.

4.1.5 The Client Registration Forms (comprising of KRA and CKYC Registration, KYC Form as well as Other Documents/Declaration as mandated by SEBI/Exchange) for opening of an account shall be issued only when the management is satisfied with the client’s financial credentials to invest / trade in stock market and after the prospective client provides the valid reference for his/her account.

## **4.2 Client Due Diligence & Acquisition**

4.2.1 Relationship with a Client should be established preferably through references after they have had a meeting with the Senior Branch Official/ Authorized Person and/or the Employee(s) of the Company.

4.2.2 The KYC Department shall apply Client Due Diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the Company shall adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that the Company shall obtain necessarily depends on the risk category of a particular client.

4.2.3 Necessary Checks/Due Diligence are to be carried out based upon the searches made on various

web-sites available, regarding any adverse remarks/comments regarding the prospective client. Independent enquiries from internal sources are also to be conducted.

4.2.4 Special additional attention should be given while Opening an Account of a prospective Client which are to be categorized as a Special Category Client at the time of profiling the risk of the prospective Client. The below-mentioned categories of clients have been classified as Clients of Special Category (in short "CSC") and are considered to be High Risk Clients. The categories are as follows:

- a) Nonresident clients;
- b) High Networth clients;
- c) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations;
- d) Companies having close family shareholdings or beneficial ownership;
- e) Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in Client Identification Procedure of this policy document shall also be applied to the accounts of the family members or close relatives of PEPs;
- f) Companies offering foreign exchange offerings;
- g) 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. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website ([www.fatf-gafi.org](http://www.fatf-gafi.org)), shall also independently access and consider other publicly available information;
- h) Non face to face clients;
- i) Clients with dubious reputation as per public information available etc.;
- j) Cash transactions involving counterfeit notes or currencies or any forgery of valuable securities or documents for enabling transactions.
- k) Minors (Cannot be Opened except under circumstances as mandated by SEBI FAQ Dated 25.09.2018)
- l) Senior Citizens;
- m) Illiterate and Blind;

The above-mentioned list is only illustrative and the Company shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

4.2.5 Necessary checks and balance are to be carried out before approaching a Client so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

4.2.6 The Relationship Manager/ Authorized Person shall inform and apprise the client about the risks involved while investing through the stock markets and shall advise the client to read the Risk Disclosure Document to ensure that the prospective Client is well informed and averse about the risks involved while investing in the capital markets as well as derivate markets.

### **4.3 In-person Verification:**

4.3.1 In-Person Verification should be carried out on a face to face contact of the prospective client by the direct Employee(s) and/or Authorized Person of the Company either at the Offices of the Company and/or the Offices of the direct Employee(s) and/or Authorized Person of the Company and/or at the recorded address of the prospective client. Upon carrying out such face to face In-Person Verification of the prospective client, the Verifying Official should affix his/her signature on the Client Registration Form. The Verifying Official also records his/her name, designation and the date of verification while affixing his/her signature with a seal/stamp as mandated in the Client Registration Form.

4.3.2 The Branch Manager/Relationship Manager/Authorized Person of FINDOC, shall visit at the address provided by the Client to verify the address as well as conduct In-Person Verification of the Client.

4.3.3 The Officer visiting the Client shall obtain signature of the client in the format of In- Person verification and shall check the veracity of the Client / details submitted by the client and upon due satisfaction, shall sign the In-Person Verification Form to confirm the genuineness of the client, along with his/her name, designation and the date of verification while affixing his/her signature with a seal/stamp as mandated. In-Person Verification procedure shall be followed as per In-Person Verification Policy.

4.3.4 In case in-person verification of non-resident clients are not done by the direct Employee(s) and/or the Authorized Person of the Company, in such cases attestation of KYC documents are to be done by Notary Public, Court, Magistrate, Judge, Local Banker, Indian Embassy/ Consulate General in the country where the client resides.

### **4.4 Financial Capability of Client(s):**

4.4.1 FINDOC shall give utmost emphasis on assessing financial capability of the client(s).

4.4.2 FINDOC shall collect Copy of Income Tax Return, Copy of Bank statement, Copy of Salary Certificate etc. from its Individual Clients.

4.4.3 FINDOC shall collect Copy of Income Tax Return for last two years, Copy of Audited Annual Report including Profit & Loss Account and Balance Sheets of last two years, Net worth Certificate, Board Resolution etc. from its Non – Individual Clients.

4.4.4 FINDOC shall take up the exercise of regularly updating the financials as well as other particulars about the clients through the network of Dealers, Branch Manager, Relationship Manager, Employees and Authorized Persons as well as through emails / letters and update database to ensure its completeness and accuracy.

4.4.5 FINDOC shall maintain Documentary Evidence in support of financial information from its Client(s), compulsorily from those who opts to deal in Derivative Market Segment. List of any one of the following documents listed herein below shall be collected as proof of financial information:

- a) Copy of ITR Acknowledgement.
- b) Copy of Annual Accounts.
- c) Copy of Form 16 in case of salary income.
- d) Net worth certificate.
- e) Salary Slip.
- f) Bank account statement for last 6 months.
- g) Copies of Demat account Holding statement.
- h) Any other relevant documents substantiating ownership of assets.
- i) Self-declaration along with relevant supporting.

#### **4.5 Verification of Original Documents:**

4.5.1 The direct Employee(s) and/or the Authorized Person of the Company should meticulously ensure that the self-attested photocopies of prescribed documents are valid, legible, clear and complete in all respect as also the coloured passport sized photographs provided by the prospective client are recently captured. It should also be ensured that the signatures affixed at all assigned places and the self-attestation of the submitted prescribed documents by the client are preferably carried out in front of them. In case the signatures are affixed before-hand by the prospective client, signatures of the client are to be obtained once again, at the discretion of the direct Employee(s) and/or the Authorized Person of the Company on the Application Form/submitted prescribed documents for the verification of signatures of the prospective client.

4.5.2 The self-attested photocopies of prescribed documents provided by the clients are to be checked and verified with the Originals, by the direct Employee(s) and/or the Authorized Person of the Company. Upon proper satisfaction on checking and verifying of the original documents, the Verifying Official should affix his/her signature on the Self Attested photocopy of prescribed document(s) provided by the prospective client. The Verifying Official should record his/her name, designation and the date of verification while affixing his/her signature with a seal/stamp mentioning "Verified with Original" as mandated in the Client Registration Form.

#### **4.6 Acceptance of Client Registration Forms:**

4.6.1 The applications for Registration of the Clients are to be accepted once the Application Forms are submitted by the prospective Client, by themselves or through their Relationship Managers or Authorized Persons upon completing the same in all respect and annexing self-attested recent coloured passport

sized photographs along with self-attested photocopies of the prescribed documents, as mandated by the Regulator(s)/Exchanges and/or as assessed by the Company as per its policy.

4.6.2 When the Branch Official/ Authorized Person receives the CRF duly filled, completed and executed by the clients, the same shall be scrutinized and verified by the Branch Official/ Authorized Person with the checklist provided to them to ensure that all the documents as mentioned in the checklist are collected and the account opening form is complete in all respect. The scrutinizer shall ensure that the Proof of Identity, Proof of Address, Copy of Pan Card, Bank Account Proof and Demat Account Proof etc., Photograph, Income Range, Introduction, In-Person Verification and legible Signature(s) at Indicated Places viz. KYC Form, Choice of Market Segment, ECN Declaration, IBT Declaration (if availed), Email-Id., Mobile No., Running Account Authorization, Revocable Power of Attorney (if availed), Nomination, etc. are properly endorsed.

4.6.3 The scrutinizer shall also ensure that all the proof attached with the CRF should be self-attested by the Client and counter signed by the Relationship Manger/ Authorized Person with his/her name and date along with remarks "Verified with Originals".

4.6.4 Unfilled areas of the CRF shall be struck-off to avoid misuse by filling up data on the unfilled areas viz. segment, space provided for giving e-mail id, etc.

4.6.5 FINDOC shall not assist the Client to create e-mail id's for receiving communication and documents. The client has to independently provide their email id's and shall not share the password with any employee/ representative of FINDOC.

4.6.6 If the forms are complete in all respect, the Branch Manager/ Authorized Person shall make a request for opening the Account and shall send the Account Opening form to the Head Office for the Registration of the Client and for a Unique Client Code (in short "UCC").

#### **4.7 Detailed Process of Client Registration:**

4.7.1 After receiving properly filled and signed Client Registration Kit from the Branch along with required documents from clients the KYC Dealing Officer shall:

- a) Check and scrutinize the CRF properly.
- b) Verify the supporting documents.
- c) Verify whether In-Person Verification has been carried out properly.
- d) Check whether the client is listed as a Debarred entity.
- e) Ensure that no client is registered whose name is appearing in the list of individuals and entities which are subject to various sanction measures such as freezing of assets / accounts, denial of financial services etc. as approved by Security Council Committee. The list is verified from the UN Website.
- f) Ensure that the email id., if provided by the client, is independently generated and provided by the Client, for receiving mails and documents and is not shared with any other Client of FINDOC.



- g) Ensure that the Mobile Number, if provided by the client, belongs to the Client and is not shared with any other Client of FINDOC.
- h) Send a Welcome Mail to the Client's E-Mail Address to check its veracity.

4.7.2 Upon being satisfied with the above procedure The Dealing Officer shall conduct a Telephonic verification to:

- a) Call upon the client to reconfirm the interest to open an account with FINDOC along with details of his/her interest in the Market Segments where he/her desires to Trade; Mobile No.; E-Mail Id.; Income Range; Experience in Securities Market; any other information the Dealing KYC Officer deems fit to be verified from the Client as a part of Due Diligence.
- b) Apprise the client about the risks involved while investing through the stock markets and shall advise the client to read the Risk Disclosure Document to ensure that the Client is well informed and averse about the risks involved while investing in the capital markets as well as derivate markets

4.7.3 Upon being satisfied that the application by the prospective client is fully in order, The KYC Officer shall authorize the processing of the Application submitted by the prospective client(s).

#### **4.7.4 Process of Maker Checker Concept:**

4.7.4.1 FINDOC shall implement a Maker/Checker System where the entries are made by one person and verified by another person to ensure correctness of data.

4.7.4.2 Entries over Back Office and Exchange software shall be handled by different set of people.

4.7.4.3 If any discrepancies are observed, the same shall be rectified (as well as intimated to the concerned executive/officer to be more careful in future) and upon complete satisfaction, the Trading Account shall be opened and Unique Client Code (UCC) shall be allotted to the Client.

#### **4.7.5 KRA & CKYC Registration:**

4.7.5.1 As per the SEBI Circulars Nos. MIRSD/Cir-23/2011 dated 02-Dec-2011, MIRSD/Cir- 26/2011 dated 23-Dec-2011 and MIRSD/Cir-5/2012 dated 13-Apr-2012 all existing as well as prospective Clients shall be registered with SEBI Registered KRA Authority. Further as per SEBI Circular No. CIR/MIRSD/ 66 /2016 dated 21-Jul-2016 all individual accounts opened on or after August 1, 2016, registration with Central KYC Records Registry has been mandated.

4.7.5.2 The prospective Client shall be requested to provide his/her Permanent Account Number (PAN), so that necessary checks/Due Diligence can be carried out based upon the searches made on various web-sites available regarding the credentials of the Client. Further, checks shall be carried out to ascertain whether the prospective Client is already registered with any of the SEBI Registered KRA Authority.

4.7.5.3 In case the prospective Client is already registered with any of the SEBI Registered KRA Authority, the data shall be fetched and downloaded from the respective KRA Authority and based on the KYC details

available, initiatives shall be taken to enquire about the client from the Intermediary, who had registered the KYC of the client with the KRA Authorities.

4.7.5.4 Irrespective of the fact that the KYC of a prospective Client is already registered with a SEBI Registered KRA Authority, KYC details shall to be sought “a fresh” from the prospective Client keeping in mind the responsibility of the Company as laid in Regulation 16 of SEBI (KRA) Regulations, 2011. As per the policy of the Company clients shall NOT be registered, in case fresh KYC details as well as, self-attested photocopies of the prescribed documents (such as PAN Card, Proof of Address, Proof of Identity, Bank Details, Demat Details, etc.) are NOT provided by the prospective client. KRA Registration procedure shall be followed as per KRA Registration Policy.

4.7.5.5 Maker / Checker system shall be followed whereby the person verifying the KYC Data provided by the Client and matching of such data fetched and downloaded from the SEBI Registered KRA Authority as well as data fed onto the Back Office System is re-checked by another Dealing Person.

4.7.5.6 In case of any change which is observed, the same shall be brought to the notice of the Client and necessary modification procedure shall to be carried out with the KRA Authorities as well as the Back Office System upon receiving written authorization and documentary proof from the said client.

4.7.5.7 After carrying out the initial KYC of the new clients, the Dealing Officer shall forthwith upload the KYC information on the system of the KRA and send the KYC documents i.e. KYC application form and supporting documents of the clients to the KRA within 7 working days from the date of execution of documents by the client and maintain the proof of dispatch.

4.7.5.8 After doing the initial KYC of the new clients, the Dealing Officer shall forthwith upload the KYC information on the system of the Central KYC Records Registry (CKYCR) within 2 working days from the date of account opening.

4.7.5.9 Where a client submits his/her Aadhaar number, the Dealing Officer shall ensure that the Aadhaar number of such client provided is redact or blackout his Aadhaar number through appropriate means where the authentication of Aadhaar number is not required.

#### **4.7.6 Back Office, Depository & Stock Exchange Registration:**

4.7.6.1 Upon completion of the KRA & CKYC Registration process, the Dealing Officer shall open a Demat Account (if applied by the Client) and register the Client over the Back Office System for a Securities Account with the principle of Maker & Checker Systems and shall do the following:

- a) Allocate a Demat Account No. as generated by National Securities Depository Limited (in short “NSDL”).
- b) Allocate a Unique Client Code to the Client registered from the Back Office Software. It should be strictly ensured that no Client has multiple Codes and has a Unique Code across all market segments and Stock Exchange Preferences.
- c) The details of the Client information along with Unique Client Code shall be uploaded over the designated Web Portals of the Stock Exchanges to register the Client over the

- Stock Exchange(s), where the client has desired to carry out its securities transactions.
- d) The data uploaded over the Stock Exchanges shall be verified by the KYC Officer.
  - e) Once the uploads are successful, the UCCs shall be uploaded onto the Computer-to-Computer Link (CTCL) database by the Risk Management Team for allocation of exposure limits for Securities Trading.

4.7.6.2 Upon activation of the Depository & Securities Account, the Client, the Relationship Manager/ Authorized Persons and the Dealer shall be informed about the Client Identification No. of Demat Account (if applied by the Client) and UCC allocated to the Client.

#### **4.8 Post Client Registration Compliance:**

##### **4.8.1 Providing Client Registration Documents duly executed by Clients:**

4.8.1.1 The Dealing Officer of the KYC Department shall generate a Welcome Letter from the Back Office detailing the Client Details at the time of Registration of the Client and shall provide the same along with the copy of documents executed by the Client by the Client Registration Form free of cost, within 7 days from the date of Opening the Account, preferably through Registered Speed Post for the satisfaction of verification of recorded address of the client.

4.8.1.2 FINDOC shall maintain Proof of delivery or courier slip in safe custody.

4.8.1.3 FINDOC shall intimate the client about the email-id [grievance@myfindoc.com](mailto:grievance@myfindoc.com) to its Client(s) for registering any grievance(s) through the Welcome Letter. The said letter shall also disclose about the status of proprietary trading of FINDOC as well as confirm the email id furnished/recorded by the client in the records of FINDOC, for the purpose of receiving Electronic Contract Notes (ECNs) and other records.

##### **4.8.2 Safe Keeping of KYC-KRA documents & Record Maintenance:**

4.8.2.1 FINDOC shall scan and maintain soft copies of Account Opening documents along with all supporting documents.

4.8.2.2 FINDOC shall maintain physical CRF records pertaining to client account opening forms along with annexures and declarations in a serially arranged manner in accordance to UCC allotted to the clients.

4.8.2.3 FINDOC shall maintain records and keep them in safe custody and shall store in a systematic manner for easy retrieval in future.

4.8.2.4 FINDOC shall conduct periodical preventive maintenance to ensure that the records are not affected in respect of natural wear and tear to avoid mutilation.

4.8.2.5 The KYC Officer shall be responsible for the record maintenance of KYC activities under the supervision of the Compliance Officer.

#### **4.8.3 Updating of Client Particulars viz. Address, E-mail Id, Contact Details, etc.:**

4.8.3.1 As mandated under regulations, Client's are to be requested/advised to provide self-attested photocopies of financial details, fresh proof of current address, valid proof of identity periodically, preferably on a half-yearly basis. These periodical submission of documents by the clients are to be verified with the details already available with the company which were provided by the client at the time of registration and/or subsequently submitted/provided during the course of association. In case of any change which is observed, the same is brought to the notice of the client and necessary modification procedure is to be carried out with the KRA Authorities as well as the Back Office System upon receiving written authorization and documentary proof from the said client. The KYC Dealing Officer shall update and/or change and/or add any client information/ particulars viz. address, e-mail id, contact details, etc., if any, upon written request from the client along with necessary documentary proof.

4.8.3.2 FINDOC may request a personal visit of the Client to the Branch from where the client is serviced, when such requests are entertained from the Client. Alternatively, an Authorized Representative of FINDOC may visit the client at its recorded address.

4.8.3.3 FINDOC upon verification of the documents with originals, shall incorporated update and/or change and/or add any client information/ particulars viz. address, e-mail id, contact details, etc. in the Back Office System as well as the Exchange Software and the client shall be informed with a formal letter.

4.8.3.4 In case of any modification is requested by the client with regard to Account Opening Details, the KYC Officer shall update the Back Office System upon the written request of the Client and the same shall also be updated on the Stock Exchange Interface.

4.8.3.5 The KYC Officer shall con a continuous basis analyze the daily Turn Over of the clients and based on such turnover and financial information declared/ provided by the client, the client(s) shall be marked into 3 Categories, namely High Risk, Medium Risk and Low Risk and the clients will be placed under Low, Medium and High Risk category, based on the and based on the following:

- a) Corporates / HNIs having respectable social and financial standing, Clients who make payment on time and take delivery of shares can be considered **Low Risk Clients**.
- b) Intra-Day clients or speculative clients whose turnover is not in line with the financials declared are considered as **Medium Risk Clients**.

Clients doing large activity in Dormant Account, trading on a regular basis in illiquid scrips in large volume and quantity, those who have defaulted in the past and have suspicious background are to be considered as **High Risk Clients**.

### **5. Transfer of Client Code**

#### **5.1 Transfer of Client Code from One Branch to another Branch:**

5.1.1 In case a Client desires to transfer its Account from one Branch to another Branch, the request for transfer shall be entertained upon a written request from the client citing reasons for such Transfer. No request for Transfer of Client account shall be entertained on the basis of reduction of Brokerage.

5.1.2 Upon perusal of the reasons of such transfer request, the transfer shall be affected under intimation to both the Branch Managers.

5.1.3 Client Code mapping shall be changed on the Trading Terminals as well as the Back Office.

5.1.4 Once such changes are incorporated the client shall be intimated about the same through a written communication.

5.1.5 Once a transfer request is entertained the same cannot be modified and / or changed for a period of one year.

## **5.2 Transfer of Client Code from One Authorized Person to another Authorized Person:**

5.2.1 In case a Client desires to transfer its Account from one Authorized Person to another Authorized Person, the same is entertained upon a written request from the client citing reasons for Transfer along with a "No-Objection / Release Letter" from the our going Authorized Person. No request for Transfer of Client account shall be entertained on the basis of reduction of Brokerage.

5.2.2 Upon perusal of the reasons of such transfer request, the transfer is affected under intimation of both the Authorized Persons.

5.2.3 Client Code mapping is changed on the Trading Terminals as well as the Back Office.

5.2.4 Once such changes are incorporated the client is intimated about the same through a written communication.

5.2.5 Once a transfer request is entertained the same cannot be modified and / or changed for a period of one year.

## **6. Closure/ Suspension/ De-Registration of Client Accounts:**

### **6.1 Closure of Account upon request of Client:**

6.1.1 FINDOC shall entertain request for closure of accounts from the clients in writing only. The signature of the client shall be verified with the signatures recorded with the Back Office.

6.1.2 Upon receiving letters from the Client, the Branch Manger/ Investor Grievance Officer shall speak to the client regarding the decision regarding Closure of Account and shall record the reasons for the Closure Request.

6.1.3 The Investor Grievance Officer shall inform the Compliance Officer regarding the Closure request.

6.1.4 The Fund Settlement Officer verify the ledger account of the client regarding the pending outstanding settlements / auctions / close-outs etc. and settle the account of the Client with regard to

outstanding Funds and Securities.

6.1.5 The RMS Department shall De-Map the Client Code from the CTCL Terminal and close the Client Code.

6.1.6 The KYC Dealing Officer shall suspend/close the Client Code over the Back Office System as also over the Stock Exchange Interface, upon receiving confirmation from Fund Settlement Officer & RMS Department.

6.1.7 Upon the complete settlement of Funds and Securities of the Client, a detailed statement shall be sent to the recorded address of the Client providing the Client a period of 7 days to intimate of any discrepancies.

## **6.2 Temporarily Suspending or Closing a Client's Account at the Client's Request:**

6.2.1 The Securities Trading Account of a Client may be temporarily suspended upon written request to FINDOC. However, before placing such written request, the Client shall settle all outstanding obligations with respect to funds and securities payable to FINDOC with respect to respective account. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

6.2.2 The Securities Trading Account of a Client shall be closed on receipt of a written request of the Client. Client shall settle all dues before the account is closed. Request from a Client where no dues are outstanding would be processed within 7 working days from the date of receipt of the request.

6.2.3 In case the Client wants to revoke suspension or resume fresh business, the Client shall comply with all the formalities required with regard to updation of KYC Norms as required by FINDOC/Stock Exchange.

## **6.3 De-Registration of Client:**

6.3.1 Without prejudice to rights and remedies available to FINDOC under the Rights and Obligations signed by the Client, FINDOC shall be entitled to suspend the account of the Client with immediate effect and if need be deregister the Client in any of the following circumstances:

- a) Where the Client is inactive from more than 12 months.
- b) Where the Client has not cleared the naked or uncovered debits, which are more than 7 days old. Further, if there is reasonable apprehension that the Client is unable to pay its debts or the Client has admitted its inability to pay its debts, as they become payable.
- c) Based on the recommendations made by the Branch Manager due to excessive speculations, un-cleared balances.
- d) Client lodges a complaint either directly with FINDOC or through the Exchange relating alleged un-authorized trades being executed in the account.

- e) On notices received from statutory, Government or Local Authorities and Income Tax, Service Tax, a Judicial or Quasi-Judicial Authority, etc.
- f) On the death / lunacy or other disability of the Client.
- g) If the Client has voluntarily or compulsorily become the subject of proceedings under any bankruptcy or insolvency law or being a company, goes into liquidation or has a receiver appointed in respect of its assets or refers itself to the Board for Industrial and Financial Reconstruction or under any other law providing protection as a relief undertaking. If a receiver, administrator, liquidator has been appointed or has been allowed to be appointed of all or any part of the undertaking of the Client.
- h) If the Client being a partnership firm, has any steps taken by the Client and / or its partners for dissolution of the partnership. If the Client has taken or suffered to be taken any action for its reorganization, liquidation or dissolution.
- i) If the Client has made any material misrepresentation of facts, including (without limitation) in relation to the security. Non Updation of Communications details viz. e-mail id., Mobile Number, Land Line Details or it is found to be belonging to a third person.
- j) If the Client suffers any adverse material change in its financial position or defaults any other terms and conditions with FINDOC.
- k) If the Client is in breach of any term, condition or covenant with FINDOC.
- l) If any of the covenant or warranty of the Client is incorrect or untrue in any material respect.
- m) In case a Client fails to comply with any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- n) In case a Client fails to comply with regard to the timely settlement of Funds and Securities with regard to transaction in the respective Stock Exchanges and / or in the respective Market Segments.
- o) In case a Client have been found in the opinion of FINDOC of any misconduct, forgery, suppression of facts and falsification of information provided by the Client at the time of Opening of the Securities Trading Account with FINDOC.
- p) In case it is found in the opinion of FINDOC that the Client has been violating any terms and conditions, with regard to the Rights and Obligations and / or Mandatory Declarations and /or Voluntary Declarations, signed and entered into by the Client and FINDOC.
- q) In case in the opinion and sole discretion of FINDOC, that the relation and further continuation of business and / or association with the Client would be adverse and detrimental to the Compliance Requirement with regard to any provisions of the Bye Laws, Rules and Regulations of the Exchange / Clearing Corporation, requirements of the Exchange / Clearing Corporation and any Relevant Statutory & Regulatory Authorities.
- r) If the actions of the Client are prima facie illegal / improper or such as to manipulate the price of any securities or disturb the normal / proper functioning of the market, either alone or in conjunction with others. Where the Client indulges in any irregular trading activities like synchronized trading, price manipulation, trading in illiquid securities/options/contracts, trading in "SMS Stocks", self-trades, trading in securities at prices significantly away from market prices, etc.
- s) If there is any commencement of a legal process against the Client under any law in force. Any enquiry/investigation is initiated by the Exchanges/Regulators and/or any regulatory

body, against the Client. Any Regulatory action taken/initiated against the Client by the Exchanges/Regulator including but not limited to debarring the Client from assessing the Capital Market.

- t) Where name of the Client apparently resembles with the name appearing in the list of debarred entities published by SEBI/Exchanges (where no information other than name is available). Name of the Client appears in database/websites of CIBIL, Watch Out Investors, World Check, etc. Further, the Client having suspicious background or linked with suspicious organization.
- u) Where the Client is non-traceable, has pending disputes with FINDOC, possibility of a default by the Client.
- v) Physical Contract Notes are received back undelivered due to reasons like “no such person”, “addressee left”, refusal to accept mails, POD ‘s signed by the third persons, signature mismatch on POD’s or other reasons which may create suspicion, after close out of open positions. Non Delivery of Account Statement sent by FINDOC on periodic basis. Where Electronic Contract Notes failed (Bounced Mails) on more than 3 instances until Client submits and registers new e-mail ids.
- w) Any other circumstances leading to a breach of confidence in the Client for reasons like cheque bouncing or not furnishing the financial and other details as may be called for by FINDOC from time to time, etc.
- x) Such other circumstances which in the sole opinion of FINDOC warrants to de-register the Client.

6.3.2 Under any of the above circumstances, FINDOC shall have the right to close out the existing open positions/contracts, sell/liquidate the margin (in any form) to recover its dues, if any, before de-registering the Client. The Client shall not challenge any action taken by FINDOC in terms of this Policy and FINDOC shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result. Also while de-registering the Client, FINDOC may retain certain amount/securities due/belonging to the Client for meeting any future losses, liabilities, penalties, etc. arising out of dealing of the Client with FINDOC. In case if any securities retained by FINDOC is sold/liquidated to recover any losses, liabilities, penalties, etc., FINDOC shall have the sole authority to decide the mode, manner and the price at which to effect the sale of securities and the Client cannot raise any disputes as to the manner, mode and the price at which the securities are sold by FINDOC.

6.3.3 In any of the above circumstances, if the Client, is able to justify his/her/its innocence either by producing any record, document or otherwise to the full satisfaction of FINDOC, the Company may consider its decision of de- registering the Client. However, in no circumstances any action taken by FINDOC till the date of re-registration shall not be challenged by the Client and FINDOC shall not be liable to the Client for any loss or damage (actual/notional), which may be caused to the Client as a result.



6.3.4 Notwithstanding any such de-registration, all rights, liabilities and obligations of FINDOC and the Client arising out of and/or in respect of transactions entered into prior to the termination of this relationship shall continue to subsist and vest in / be binding on the respective parties or his / its respective heirs, executors, administrators, legal representatives or successors, as the case may be.

## **7. Management Information System (MIS):**

7.1 A daily MIS Report shall be generated by the KYC Officer regarding the KYC Registration, Modification Request & Closure Request and the "Action Taken Report", to the Compliance Officer.

7.2 A Monthly MIS report shall be submitted by the Compliance Officer to the Board of Directors regarding the KYC Activities. The Compliance Officer shall apprise the Board of Directors of the exception(s) noticed, if any as also the Actions taken by him/her.

7.4 Internal Auditor shall verify and submit separate report on a monthly basis in respect of KYC Activities and the actions taken in respect of the Compliances made and pending actions, if any.

**For Findoc Investmart Pvt Ltd**

Compliance Officer