

## Internal control

### 1. Details

#### ➤ **Background of company**

M Prasad & Co Limited. was incorporated on 17.09.1999 by Sri Rajendra Prasad Bubna having a client base and providing a single platform for trading in BSE, NSE, NSE DERIVATES, BSE DERIVATES. The firm's philosophy is entirely client centric, with clear focus on providing long term value addition to clients while maintaining the highest standards of excellence ethics and professionalism.

### 2. PMLA

#### ➤ **Compliance w.r.t. Principle Officer and adoption of written policy.**

Yes we have appointed the Principal Officer and adoption of written policy

#### ➤ **Measures taken with regard to Anti money laundering Act**

We strictly follow the measures as per Anti Money laundering Act

#### ➤ **System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.**

We constantly keep check on volume of trading done by the clients in proportion to his financial details as disclosed in the KYC and margin deposited by the client to us.

#### ➤ **Alerts for the same generated or not?**

After checking the client margin deposited with us , we provide adequate exposure and M2M limit to the client , and attaining the full limit the order get rejected by the system automatically.

#### ➤ **Any Suspicious Transaction Report (STR) sent to FIU**

We don't have such type of Transaction as such of now.

#### ➤ **Risk categorization of clients.**

It is generally recognize that certain clients may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction and margin deposited by the clients, accordingly we classify the clients so as to protect our self from defaults of clients.

### 3. Introduction/Registration of clients

#### ➤ **Basis of accepting as client**

We follow PMLA rules and regulation for accepting person to act our client. All documents relating to opening of accounts is checked and taken to ensure proper compliance.

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

Before opening any account we strictly follow in – person verification as per exchange norms and regulations our official visits the client place to ensure the identity of our client, well till now we don't have such outstation Clients where in - person verification is not possible.

- **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.**

We sent the XEROX copy to each and every client after opening the trading account with us, and we maintain the details of POD or acknowledgement, so that client's registration documents have reached to the clients. The UCC allotted to the client and our email I.D is written on KYC before sending the XEROX of the same. Any documents require by the existing clients related to KYC is given on request.

- **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
- **Process of record keeping and retrieval of client registration document.**  
All the KYC are kept in safe place and are maintained as per SEBI specific Guidelines.

#### 4. Funds:

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

All the payment and receipt of funds and securities of the respective client is done from the bank/ D.P A/C of which details are uploaded and according to exchange Bye Laws & Regulations. Generally Funds pay in and Pay out is done on T+ 2 days and we fully comply with the SEBI rules & regulations

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

In case of own trading the source of Pay in and Pay out of funds is from Self A/C

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

We are collecting margin for all the clients, and the respective pay –in, and pay out is done for the respective client A/C , and on the basis of margin collected , clients are given appropriate exposure. In case of margin shortfall we communicate to the client during market hours via telephone and detail of short fall is given at E.O.D, and we insist clients to provide adequate margin in the form of securities or cheque. We separately maintain the margin ledger in our system, so that we can provide adequate details to the clients if and when so require.

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

We don't provide any sort of funding to the clients, and details of client funding is uploaded regularly at the beginning of every month.

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

After getting dividend for the respective company we issue the cheque to the respective client after analyzing their securities kept in our margin account and dividend received for our own shares is transfer to our self A/c.

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

We don't have any sub brokers, whereas we follow adequate measures to save our self from defaults of the clients. We maintain proper margining system and keep on checking the exposures of the client from day to day trading and allow adequate exposure in the Odin system to the respective clients after ascertaining the margin kept with us

➤ **Payment to sub brokers / remisiers**

We don't have any sub brokers / remisiers.

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

We don't do accept any such transfers whereas we receive and transfer fund to the respective clients only.

## 5. Trading Terminal

➤ **Procedure of accepting & placing of orders**

Clients give us verbal/ oral instructions for placing the order and give us verbal/ oral instructions for modification/ cancellation of orders. We confirm the specified client is giving the order by asking his name and code, whereas if we suspect that some other person is giving the order, then we ask other personal detail of the client

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

There are various factors determining the trading limit for each terminal / client such as Clients M2M position, clients margin deposited with us, clients financial soundness.

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

Operator entering trades at the terminal is instructed to enter trade at the fair price, showing at the time of order entry and have restricted to enter trades at price which could manipulate the market movement and whereas constant checking is done to ensure that the trade executed in our system fully comply Exchanges rules and Regulations and as per SEBI guidelines.

➤ **System in place to check certification of approved users has not expired**

We have kept details of all the records in place , their certificates Details along with expiry details is well maintain so as to check the expiry of the certificate on time.

## 6. Contract Notes

➤ **Whether printing of contract note is centralized? If not, Place from which CN are printed.**

Printing of contract note is centralized for all the branches located in Kolkata , whereas our branch located at Mumbai , we generally give Off line Exe to our Bombay Branch so that they can import the Exe at our branch office and take print of the contract note so the investors can receive the contract note in the time stipulation as specified by the Exchange.

➤ **Procedure for printing CN in case of outstation clients / sub broker clients**

We don't have such outstation clients, whereas our clients are located in Mumbai, and they get the contract note form our Bombay Branch in the time stipulation as specified the Exchange.

➤ **Basis of numbering**

The numbering of the contract note starts from ONE at the beginning of every financial year and it is continuous till the end of that financial year.

➤ **System for maintaining duplicates & acknowledgement for CNs**

We are sending contract notes to every Branch at the end of the day in the form of hard Copy. Our authorized person is responsible for the delivery of each contract note to the client and obtaining sign on the duplicate copy of the same. Duplicate copy of all the documents are kept and proper filling is done so as to ensure compliance properly

**7. Securities:**

➤ **System of pay in and pay out of securities from / to clients**

All the payment and receipt of funds and securities of the respective client is done from the bank/ D.P A/C of which details are uploaded and according to exchange Bye Laws & Regulations. Generally Funds pay in and Pay out is done on T+ 2 days and we fully comply with the SEBI rules & regulations

➤ **Separate Own Beneficiary Account maintained or not**

We maintain separate Beneficiary Account.

➤ **Separate Client beneficiary account maintained or not**

We do not hold clients share in margin account.

➤ **Client wise segregation of securities maintained or not**

Yes we maintain Client wise segregation of securities.

➤ **Whether Clients' securities maintained with Member**

We don't keep client securities with us, but only in exceptional cases when clients have debit balance as per PMLA.

➤ **Procedure for check on Third party security transfer/ acceptance**

We regularly check the third party securities transfer, we have updated our system with relevant clients depository details, if clients transfer security from ant other account or any third party transfer shares our system refuses to entertain such transaction and such we can ensure compliance

➤ **Policy to ensure that client's securities are not mis-utilised for own purposes or for any other client.**

We have proper segregation of securities in our system for client as well as self securities. we maintain two separate account for holding both the securities so that we can ensure compliance.

**8. Internet Trading**

➤ **Prior Approval taken or not?**

➤ **ITORS agreement entered into with clients or not**

We don't provide Internet trading to our clients.

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

- **What type of documentation (both inward and outward) undertake for closure of account.**

While closing the Account we take written confirmation form the Client that the Accounts needs to be closed specifying the reason and after verification of the documents we closed the Account and give conformation to the Client that the Trading Account s been closed now.

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

In Case of Dormant Account we follow the Policy drafted by us which is mention in the KYC

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

In case of very old dormant Account we take all the Documents penetrating to KYC as specified by SEBI.

## **10. Receiving and Execution of Orders**

- **Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices**

Our Clients verbally give us orders while they are in our office and over Telephone if they are not present in our office and Trade conformation is also provided verbally to the Clients.

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

No documentation is maintained as all our clients place the order verbally and Trade conformation is also provided verbally to the Clients

### **System for identifying authenticity of caller when the order is placed through telephone.**

When the Clients Places the Order over the Telephone, we verify

- a. The Name of the Client.
- b. Client code.
- c. If we suspect we verify the address and contact details of the client.