

J.G.A.Shah Share Brokers Pvt.Ltd.

Policy Documents

(Last updated on & approved by the board on 7th July, 2018)

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**(Issued as per the requirements of the PMLA
Act 2002)
adopted 7th July 2018**

Applicability

J.G.A.Shah Share Brokers Pvt.Ltd. (JGA), SEBI Registered Intermediary (Broking/ DP)

In compliance with

- The PMLA Act 2005 as modified and rules thereof

- SEBI Circular and Directives including SEBI Master Circulars ref. SEBI/HO/MIRSD/DOS3/CIR/P/2018/104 dated 04-July-2018.

1. JGA Policy

It is our policy to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

2.1. Written Anti Money Laundering Procedures

JGA has adopted these written procedures to implement the anti- money laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following three specific parameters which are related to the overall 'Client Due Diligence Process':

- a) Policy for acceptance of clients
- b) Procedure for identifying the clients
- c) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

2.2. Client Due Diligence (CDD)

2.2.1 The CDD measures at JGA shall comprise the following:

- a) Obtaining sufficient information in order to identify persons who beneficially own or control the 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 shall 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
- b) Verifying the client's identity using reliable, independent source documents, data or information.
- c) Identifying beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted.

i. For clients other than individuals or trusts

Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, JGA shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

aa) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;

ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or

iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

bb) In cases where there exists doubt under clause (aa) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

ii. For client which is a trust:

Where the client is a trust, JGA shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

iii. Exemption in case of listed companies:

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it will not be necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

iv. Applicability for foreign investors

While dealing with foreign investors, JGA will be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

v. Monitor of compliance

The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by the Board of Directors of JGA

d) Verifying the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).

e) Understanding the ownership and control structure of the client.

f) Conducting 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 JGA's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds

g) JGA shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process

2.2.2 Policy for acceptance of clients:

2.2.2.1 The client acceptance policies and procedures of JGA is a part of the "JGA Client On boarding and Periodical Review Policy" (Attached as Annexure A) and aims to identify the types of clients that are likely to pose a higher than average risk of ML or TF. By establishing such policies and procedures, JGA will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following safeguards will be followed while accepting the clients:

a) No account is opened in a fictitious / benami name or on an anonymous basis.

b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.

c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.

d) Ensure that an account is not opened where JGA is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to JGA is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. JGA shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. JGA shall be cautious to ensure that we do not return securities of money that may be from suspicious trades. However, JGA

shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

e) The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with JGA, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

f) Necessary checks and balance to be put into place before opening an account 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

g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

2.2.3 Risk-based Approach:

2.2.3.1 It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, JGA shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that JGA 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 JGA shall obtain necessarily depend on the risk category of a particular client.

2.2.3.2 Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk

2.2.3.3 Policy for due diligence measures on a risk sensitive basis is a part of the "JGA Client On boarding and Periodical Review Policy" (Attached as Annexure A)

2.2.3.3 Risk Assessment

a) JGA shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under thevarious United Nations' Security Council Resolutions. These can be accessed at the URL

http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and

<http://www.un.org/sc/committees/1988/list.shtml>

Policy for risk assessment and categorisation is a part of the "JGA Client On boarding and Periodical Review Policy" (Attached as Annexure A)

b) The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

2.2.4 Clients of special category (CSC)

Such clients shall include the following:

a) Non - resident clients

b) High net-worth 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 the subsequent para 2.2.5 of this policy 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 centres, 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, JGA shall 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), 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.

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

2.2.5 Client identification procedure:

2.2.5.1 The KYC policy shall clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the client relationship, while carrying out transactions for the client or when JGA has doubts regarding the veracity or the adequacy of previously obtained client identification data. JGA shall be in compliance

with the following requirements while putting in place a Client Identification Procedure (CIP):

a) JGA shall proactively put in place appropriate risk management systems to determine whether its existing client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs. Further, the enhanced CDD measures as outlined in 2.2.5 shall also be applicable where the beneficial owner of a client is a PEP.

b) Senior management approval would be obtained for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, JGA shall obtain approval from Director to continue the business relationship.

c) JGA shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.

d) The client shall be identified by JGA by using reliable sources including documents / information. JGA shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

e) The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by JGA in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.

f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority (Principal Officer) within JGA

The JGA KYC policy is a part of the "JGA Client On boarding and Periodical Review Policy" (Attached as Annexure A)

2.2.5.2 SEBI has prescribed the minimum requirements relating to KYC from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, JGA shall frame their own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices. Further, JGA shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the JGA is aware of the clients on whose behalf it is dealing.

2.2.5.3 JGA shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients and such other additional requirements that is considered appropriate to enable JGA to determine the true identity of its clients.

The JGA CIP is a part of the "JGA Client On boarding and Periodical Review Policy" (Attached as Annexure A)

2.2.5.4 It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to JGA from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by JGA. This shall be strictly implemented by JGA.

2.2.6 Reliance on third party for carrying out Client Due Diligence (CDD)

2.2.6.1 JGA may rely on a third party for the purpose of

a) Identification and verification of the identity of a client and

b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

2.2.6.2 Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that JGA shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

2.3. Record Keeping

2.3.1 JGA shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

2.3.2 JGA shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

2.3.3 Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, JGA shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

a) the beneficial owner of the account;

b) the volume of the funds flowing through the account; and

c) for selected transactions:

i. the origin of the funds

ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.

iii. the identity of the person undertaking the transaction;

iv. the destination of the funds;

v. the form of instruction and authority.

2.3.4 JGA shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, JGA shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

2.3.5 More specifically, JGA shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;

b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;

c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;

d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

2.4. Information to be maintained

2.4.1 JGA will maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

a) the nature of the transactions;

b) the amount of the transaction and the currency in which it is denominated;

c) the date on which the transaction was conducted; and

d) the parties to the transaction.

2.5. Retention of Records

2.5.1 JGA shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and JGA.

2.5.2 As stated in sub-section 2.2.5, JGA is required to formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business

relationship between the clients and JGA has ended or the account has been closed, whichever is later.

2.5.3 Thus the following document retention terms shall be observed:

a) All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.

b) JGA shall maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of five years after the business relationship between a client and JGA has ended or the account has been closed, whichever is later.

2.5.4 In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

2.5.5 Records of information reported to the Director, Financial Intelligence Unit – India (FIU – IND):

JGA shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction between the client and JGA

2.6. Monitoring of transactions

2.6.1 Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only if JGA has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.

2.6.2 JGA shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. JGA may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIUIND/ other relevant Authorities, during audit, inspection or as and when required. These records will be maintained and preserved for a period of five years from the date of transaction between the clients and JGA.

2.6.3 JGA shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities (Director) within JGA.

2.6.4 Further, the compliance cell of JGA shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

2.6.5 All regulatory alerts generated by the Market Infrastructure Institutions (MIIs) shall be monitored by the Principal Officer for necessary action to be taken

2.7. Suspicious Transaction Monitoring and Reporting

2.7.1 JGA shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, JGA shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

2.7.2 A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- a) Clients whose identity verification seems difficult or clients that appear not to cooperate
- b) Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing/business activity;
- c) Clients based in high risk jurisdictions;
- d) Substantial increases in business without apparent cause;
- e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- f) Attempted transfer of investment proceeds to apparently unrelated third parties;
- g) Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export- import of small items.

2.7.3 Any suspicious transaction shall be immediately notified to the Money Laundering Control Officer (Principal Officer) or any other designated officer within JGA. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

2.7.4 It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that JGA shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

2.7.5 Clause 2.2.4 (g) of this policy categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or

which do not or insufficiently apply FATF standards, as 'CSC'. Such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

2.8. List of Designated Individuals/ Entities

2.8.1 An updated 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 the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. JGA shall ensure that accounts are not opened in the name of anyone whose name appears in said list. JGA shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

2.9. Procedure for freezing of funds, financial assets or economic resources or related services

2.9.1 Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

2.9.2 Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

2.9.3 JGA shall ensure effective and expeditious implementation of the procedure laid down in the UAPA Order dated August 27, 2009 as listed below:

a) On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities') from the Ministry of External Affairs (MHA)' and forwarded by SEBI, JGA shall take the followings steps:

i. JGA will maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with them.

ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, JGA shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or

economic resources or related services held in the form of securities, held by such customer on their books to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

iii. JGA shall send the particulars of the communication mentioned in (ii) above through post/fax and through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, BandraKurla Complex, Bandra (E), Mumbai 400 051 as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU-IND.

iv. In case the aforementioned details of any of the customers match the particulars of designated individuals/entities beyond doubt, JGA would prevent designated persons from conducting financial transactions, under intimation to Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

v. JGA shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph 2.9.2 (a) (ii) above carried through or attempted, as per the prescribed format.

b) On receipt of the particulars as mentioned in paragraph 2.9.3 (a) (ii) above, IS-I Division of MHA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by JGA are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by JGA are held by the designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.

c) In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND. The order shall take place without prior notice to the designated individuals/entities.

d) Implementation of requests received from foreign countries under U.N. Securities Council Resolution 1373 of 2001.

i. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.

ii. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.

iii. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.

iv. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the list would be forwarded to JGA and the procedure as enumerated at paragraphs 2.9.2 (a) and (b) shall be followed.

v. The freezing orders shall take place without prior notice to the designated persons involved.

e) Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person

i. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to JGA. JGA shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 5

(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and JGA. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of IS-I Division shall inform the applicant.

f) Communication of Orders under section 51A of Unlawful Activities (Prevention) Act.

i. All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to stock exchanges, depositories and JGA through SEBI.

2.10. Reporting to Financial Intelligence Unit-India

2.10.1 In terms of the PML Rules, JGA is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,

Financial Intelligence Unit-India,

6th Floor, Hotel Samrat,

Chanakyapuri,

New Delhi-110021.

Website: <http://fiuindia.gov.in>

2.10.2 JGA shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, JGA shall adhere to the following:

a) The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

b) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.

c) The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

d) The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;

e) Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.

f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.

2.10.3 JGA shall not put any restrictions on operations in the accounts where an STR has been made. JGA and its directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level. It is clarified that the JGA, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if JGA has reasonable grounds to believe that the transactions involve proceeds of crime.

2.11. Designation of officers for ensuring compliance with provisions of PMLA

2.11.1 Appointment of a Principal Officer:

2.11.1.1 To ensure that JGA properly discharges its legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have

access to and be able to report to senior management at the next reporting level or the Board of Directors.

Mr. Rajnikant Rathod was appointed as Principal Officer. The details of his appointment has been intimated to the Financial Intelligence Unit, India (FIU - IND). Mr. Rajnikant Rathod is also appointed as the Money Laundering Control Officer of JGA

Names, designation and addresses (including email addresses) in case of change in 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, 'Principal Officer' of JGA will be of a sufficiently senior position and is able to discharge the functions with independence and authority.

2.11.2 Appointment of a Designated Director:

2.11.2.1 In addition to the existing requirement of designation of a Principal Officer, JGA shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

"Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes -

- a) the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company,
- b) the managing partner if the reporting entity is a partnership firm,
- c) the proprietor if the reporting entity is a proprietorship firm,
- d) the managing trustee if the reporting entity is a trust,
- e) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
- f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above."

Mr. Vikram Shah was appointed as Designated Director of JGA. The details of appointment of Mr. Vikram Shah as Designated Director has been intimated to the FIU-IND.

2.11.2.2 In terms of Section 13 (2) of the PMLA, the Director, FIU - IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of JGA to comply with any of its AML/CFT obligations.

2.11.2.3 JGA shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU - IND.

2.12. Employees' Hiring/Employee's Training/ Investor Education

2.12.1 Hiring of Employees

2.12.1.1 JGA shall have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within its own organization structures having regard to the risk of money laundering and terrorist financing and the

size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

2.12.2 Employees' Training

2.12.2.1 JGA will have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

2.12.3 Investors Education

2.12.3.1 Implementation of AML/CFT measures requires JGA to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for JGA to sensitize its clients about these requirements as the ones emanating from AML and CFT framework. JGA shall prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme. The said literature/ pamphlets shall be displayed on JGA's website www.bcbbrokerage.com

3. Other principles

JGA shall ensure the following:

- a) Currently, there are no group companies on which the requirements of PML Act is applicable. However, if any when such companies come into the fold, JGA will ensure the statement of policies and procedures are issued on a group basis, for dealing with ML and TF reflecting the current statutory and regulatory requirements
- b) JGA shall ensure that the content of these Directives are understood by all staff members
- c) JGA will regularly review the policies and procedures on the prevention of ML and TF on an annual basis to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures
- d) JGA will adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF
- e) JGA will undertake client due diligence ("CDD") measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction
- f) JGA have in system a place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- g) JGA will develop staff members' awareness and vigilance to guard against ML and TF

This revised policy was approved at the Board meeting of BCB Brokerage Private Limited held on 7th July 2018

For Board of Directors of BCB Brokerage Private Limited

Chairman

Annexure A - JGA Client On boarding and Periodical Review Policy

Encompassing

Client acceptance policies and procedures/ Due diligence measures on a risk sensitive basis/ Risk assessment and categorisation

Client onboarding Process at JGA

- When individual client account opening form is received, all requirements under CKYCR and KRA shall be completed
- When non-individual client account opening form is received, all requirements under KRA shall be completed. As and when CKYCR starts accepting non-individual clients, CKYCR process shall be completed even for non-individual clients
- JGA will use the Permanent Account number (PAN) allotted by the Indian Income Tax Department as the main identifier for the identity of all individuals. The PAN as provided shall be independently verified from the Income Tax Database/ databases of other entities authorised by the Income Tax department.
- All processes like in-person verification, verification of copies against originals, and all other requirements of KRA and CKYCR shall be met at all times by JGA diligently

A public database search of the individual (in case of individual clients) and beneficial owners/ senior management in case of non-individuals clients shall be conducted at the following places:

- PAN number search on Google
- Search on Stock exchange provided lists
- Search on whatchoutinvestors.com
- Search on UN databases
- Search in any other commercial database that JGA may subscribe to

The search shall ensure that 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.

If any alerts are generated during the search, then matter shall be escalated to Principal Officer to take a decision whether to open the account or not.

Income and networth details shall be taken for all clients on a self declaration basis. In case of clients trading on derivatives, documentary evidence of financial details as prescribed under SEBI Circular MIRSD/SE/Cir-19/2009 dated 03-Dec-2009 as modified/ updated/ reissued shall be taken.

Where the above details are not available, the account shall not be opened

Risk categorisation

All clients, at the time of onboarding shall be classified in low, medium and high risk categories, based on the following parameters;

Meets all four parameters - High Risk

Meets three parameters - Medium Risk

Meets two or less parameters - Low risk

- Parameter 1(Location) - If the clients' location (registered office address, correspondence addresses and other addresses if applicable) is out of India in any of the high risk jurisdictions as defined by FATF
- Parameter 2(nature of business activity) - If the client is dealing in derivatives segment
- Parameter 3(Trading turnover) - If the turnover of the client is not commensurate with the income/ net worth as provided to JGA
- Parameter 4(Manner of making payment for transactions undertaken) - it client attempts to make payments from accounts other than its own bank accounts

Persons authorised to trade on behalf of the client

Where an individual client has given authority to another person who is not a relative to trade on its behalf, the matter shall be escalated to Principal Officer

Where a non-individual client has given authority to another person who is not an employee/ office bearer to trade on its behalf, the matter shall be escalated to Principal Officer

In case the authority is given to a SEBI Registered Intermediary like Portfolio Manager or Investment Advisor, the SEBI registration details of such intermediary shall be kept on record.

Client KYC periodic review at JGA

- the KYC of all clients shall be reviewed and updated on a five yearly basis
- For CSC and High Risk Clients, the KYC shall be reviewed and updated every three years
- For PEP, the KYC shall be reviewed and updated every two years

Risk Management Policy & Internal Controls Policy of J.G.A. SHAH SHARE BROKERS PVT. LTD.

Preamble

Our Company believes that there should be a constant balance between risk and returns. Our policies and actions are guided giving due weightage to risk factor. In our industry major part of revenue is eroded due to bad debts resulting through client defaults. We have identified issues crucial to our business and have tried to address the risk arising from such entities and situations. Risk arising from client default, Business Associates, employee turnover and operational risk is discussed here. Back up for technology risk is also covered here.

Selection of Client

We mainly acquire retail clients from 2 different channels comprising direct clients serviced from our office and through business associates (sub broker/remesier).

Internet client: We have facility to allow clients to trade through BSE's Webx Portal. The clients who are interested in carrying out internet trading are permitted only after signing all the relevant papers as stipulated. We set trading limits in advance for all such clients depending on his risk bearing capacity of the client or deposit with us.

Direct clients: We do not have a marketing setup for acquiring clients to be serviced from our office. Clients serviced are those who have been acquired through relationships and referrals from known sources or existing clients.

Through BA: Our large number of clients is sourced through BA. We appoint a BA and enter into a service level agreement with them defining respective role and responsibilities. The main responsibility of the BA is to introduce clients in our books and service clients as per his need.

Our other stated policy on client selection is to acquire clients whose basic belief is investing and less of speculation. We ensure through various measures including risk management measures that we are able to attract more of delivery base client rather than speculative based. This policy is explained to the sub-brokers/remesier.

The BA are requested to generate a prospective list of clients based on financial and social standing of a person. We insist that before we introduce the client to our company they complete documentation like KYC, Client Broker Agreement etc. and register the details into the UCC module of BSE.

Sub broker Selection

We collect information about the background, financial status, local standing about the lead who agree to become our sub broker. We also collect information on availability of adequate infrastructure.

All documents are collected, scrutinized and if in order sent to exchange for further processing. We also enter into a business agreement with the sub broker detailing the roles and responsibilities of both parties along with commercials.

In the meantime the sub broker along with his key staff member is invited to our Mumbai office to undergo 3 day intensive training on our value system and methodology of working.

We go through the websites of SEBI and Reserve Bank of India in order to check whether there is any penal action against the sub-broker. Our staff also enquires about the integrity and social standing of the person. Adequacy of infrastructure is checked.

Receiving, validating & entering the orders.

Most of our traders and investors carrying out full time investment activities are invited to our front office. They give orders themselves to our dealers who enter the order into the BOLT system in the respective client codes. Clients codes are generated by back office on completion of registration process. For validating client codes online communication channel is established between front office and back office.

We also receive orders from our clients through telephone and fax. These orders are executed into the BOLT system only after ascertaining the identity of caller and validating client codes as explained above.

Our BA collects orders from their clients and give instructions to our dealers to execute them and sometimes they themselves execute if present in our front office.

At end of the day all the trades are processed and contracts /bills are generated showing executed trades, market rate, net rate, brokerage and other statutory/non-statutory levies. The contracts/bills are delivered to clients within stipulated time.

Policy for dealing with wrong trades

Wrong trade necessitate client code changes. These client code changes are done during post closing session. Some time if the changes are not carried out in the post closing session for any reason then they are done after trading hours by a request to the back office. The client code changes in relation to sub-broker clients are done at the request of the sub-broker. In case of direct clients and trades done from the back office the client code changes are authorized by the head at the dealing desks.

Client Default Risk

In line with our thought process we decided on a policy of monitoring risk at client level. The clients are acquired directly by us or through sub

brokers/Remesiers. Few years back this industry had the system of billing the sub broker and not the ultimate client. Due to this the risk on account of each client cannot be measured. At the time of sub broker default the main member was faced with litigations. This system also encouraged misuse by sub broker as credit of one client was adjusted against default of other client. To overcome this we introduced the concept of registering clients directly in our books through Sub-brokers/Remesiers and started motivating our sub brokers to adopt this system. Though we faced some resistance in the beginning but after realizing the plus point of this system our existing sub brokers started converting to this system. In due course SEBI realized the benefit of this system and made it compulsory in the whole industry.

We have designed our software in such a way that client level risk monitoring is feasible. In fact we are one of the very few in the industry who has individual client level risk management. The underlying principle behind this policy is to ensure client with good credentials backed with security are encouraged. Good clients are not put to hardship due to defaulted clients.

To identify the potential of the client we have our own internal mechanism by which clients can be categorized into 2 categories namely No risk Category & Risk Category. We use different parameters to carry out this exercise. These parameters include financial background of clients, references and past dealings.

The limits are set based on money credit and valuations of their stock available in their depository account with us. The exposure differs for every client and is set based on their individual grading. To safeguard our interest against limit extended against stock valuation we have a limited power of attorney in our favour for delivering shares from their depository account against their sales to exchanges.

Our business associate is responsible for bad debts arising on account of clients introduced by them.

In case of client selling shares the same are accepted only from his designated account. If the client wants to deliver from account other than his designated account then he has to submit proof of ownership of the other account. No third party shares are accepted. Likewise shares are released only to designated account. The shares are released through process of Auto Payout i.e. shares are directly credited to the client's designated account by passing our Pool Account. We are adopting this process for our clients in " No Risk Category". For Clients in Category " Risk " the shares are released after verifying the client has clear credit or nil balance in his ledger account. In case of debit balance the system ensures the shares are withheld to the extent of debit subject to not releasing partial settlement.

In case of fund payout it is done in the name of the client only and no third party cheques are issued. This is to safeguard from misuse by any individual. This also takes care of the benefit of limited POA and is not misused by the associate.

We have a clear-cut policy of not adjusting one clients debit against another except if the client belongs to one family or belongs to single Remesier. We allow offsetting interfamilial debit credits by passing journal vouchers only if the instruction is received in writing. This is done to safeguard from misuse of accounts among family members and a later date dispute, which may result in liability to us.

Business Associate Risk:

As regards business routed through BA, the clients accounts are maintained in our books so that it is transparent and we are aware of the client default risk. The clients are provided with a facility to view their holdings of securities in their depository account through Internet on 24X7 and their financial balance with us on live basis. This will bring to light misuse if at all, committed by BA to the client at a very early stage and remedial course can be taken.

We take upfront deposit before the relationship is started to protect against any dues arising out of client default for clients under "Risk" Category.

Operational risk:

We believe in technology to such an extent that we bring innovative products and practices in the industry. The usage of technology also ensures reduction of operational risk to a large extent. We also constantly work towards automating all our process, which is manpower intensive. Due to automation the error % is reduced leading to lesser risk. By implementing automation we have achieved standardization resulting in quality improvement.

Manpower risk: The industry is prone to high attrition. To overcome this we believe in recruiting fresher and train them. Due to training and imbibing our value system at the initial stage of a persons career the attrition is comparatively low. We also ensure to recruit 10-15% extra staff to take care of work not affecting due to employee churning. The job profile and expectations are made clear at all levels. Second rung leaders support the head of the department and we ensure they are groomed so that replacement is not a factor. We take care to avoid over dependence on any single individual by either readjusting the portfolio and or by training the next in command

Business Continuity Planning :

We give very high importance to business continuity in case of disaster as we are highly dependable on technology & infrastructure. Keeping this in mind we have designed very strict schedule and we follow them religiously.

Most of our trading terminals have UPS (Uninterrupted Power Supply) to take care of power break down. Similarly all our back office servers are connected to UPS.

We backup all our database on daily basis. We create this backup on different medium. On daily basis we create copy of database on stand by PC. On weekly basis the entire database is backed up in 2 media namely DAT drive and Portable HDD. These backups are stored either at Director's residence or in safe deposit vault.

We have also established connectivity through Lease Line for trading from our back office. In case of disaster if our front office is inaccessible the trading activity is carried out from back office. Even to safe guard failure of lease line we have stand by ISDN line to carry out trading activities.

J.G.A.Shah Share Brokers Pvt.Ltd.
Policy on Prohibition & Circulation of Unauthenticated
News

(Pursuant to SEBI Circular Cir/ ISD/1/2011 dated March 23, 2011 31-March-2011)

Introduction:

Securities and Exchange Board of India (SEBI) vide its circular Cir/ISD/1/2011 dated 23rd March, 2011 has ordered restriction on transmitting 'unauthenticated news' by Broking houses and other SEBI registered Intermediaries on blogs, chat forums, messenger sites in an effort to prevent stock manipulation through unverified news and rumours. Intermediaries need to have proper internal controls and ensure that proper checks and balances are in place to govern the conduct of their employees to prevent speculative news and rumours. The move follows growing concerns over some employees indulging into activities like fraud against the clients, front-running, circular trading and manipulating stock prices through rumour mongering. Market rumours can do considerable damage to the normal functioning and behaviour of the market and distort the price discovery mechanisms. Broking houses will also have to ensure that any market-related news received by their employees, either in their official or personal mail, should be forwarded to clients only after the same has been approved by its compliance officer.

Concepts:

Company: For the purpose of this Policy Company shall mean J.G.A.Shah Share Brokers Pvt.Ltd., being a SEBI registered Intermediary.

Employee: Employee means persons on the payroll of the Company and includes persons employed on a contractual basis.

Unauthenticated News: Unauthenticated News means information which are not established or confirmed from reliable sources. The claims made by or about the subject may or may not be true.

Blogs: Blogs are a type of website or part of a website wherein regular entries of commentary, descriptions of events, or other material such as graphics or video etc. are maintained and discussed in an interactive way.

Chat Forums: Chat forums or message board, is an online discussion site where people can hold conversations in the form of posted messages.

Communication Channels: Communication Channels means a channel, whether electronic or otherwise, used to convey any market related information. For example telephone/mobile phones, SMS, MMS, Blogs, Chat Forums, Messenger sites, Social Networking Sites and such other channels as may from time to time be used.

Scope:

Employees of the Company especially those who have access to market information viz. Sales Team, Dealers, Research analyst, Equity/ Portfolio Advisors etc. shall not encourage or circulate rumours or unverified

information obtained from client, industry, any trade or any other source without verification. Employees shall circulate only that information which is received from reliable sources only. If the source of the information is not verifiable, then such information may be used only after its use is approved by the Compliance Officer of the Company.

Illustrative list of Reliable Sources includes Information posted on websites of Government/Regulatory authorities, Print media and their websites, Business New Channels and such information which are communicated by the Corporates by way of press release.

Reporting:

Employee of the Company is obliged to promptly furnish any market related news/information received by him from an unverified source /communication channels to the Compliance Officer of the Company and shall forward the same only after the same has been approved by the Compliance Officer.

Restricted Internet Usage:

The company has restricted the access of Private E-Mails, Chat Forums/Messengers, Blogs, Social Networking websites etc. in office, unless otherwise permitted to specific individuals by the Management. Such individuals irrevocably undertake that access to such sites will not be misused to the extent of facilitating unauthenticated news in any manner. The use of the official e-mail id for posting unauthenticated news in mail groups, forums, blogs etc. will attract disciplinary action. Further strict action would also be initiated against any employee representing the company in any manner whatsoever, who facilitates posting unauthenticated news during the non-business hours and outside the office premises.

Penalty:

An employee of the Company fails to observe the provisions of this Policy shall be deemed to have violated the various provisions contained in SEBI Act/Rules/Regulations etc. and shall be liable for penal action. The Compliance Officer shall also be held liable for breach of duty in this regard. Nothing contained in this clause shall prevent the Company/Management/Compliance Officer to take appropriate action against such employee for breach of duty. The Compliance Officer of the company shall take all prudent steps to identify and restrict any act that may lead to violation of this policy.

For **J.G.A.Shah Share Brokers Pvt.Ltd.**

(Director)
1st April 2011

CONFLIT OF INTEREST POLICY
of
J.G.A.Shah Share Brokers Pvt.Ltd.

(In compliance of SEBI Circular CIR/MIRSD/5/2013 dated August 27, 2013)

Introduction:

We, J.G.A.Shah Share Brokers Pvt.Ltd. Corporate Trading Member of BSE and NSE registered with SEBI more than one decades. We have been involved in Stock Broking Services for Retail as well as HNI Clients and also involved in Proprietary Trading and Investment Activities.

As a Stock Broking Outfit we were so far governed by the provisions for avoidance of conflict of interest as mandated in the respective regulations read with relevant circulars issued from time to time by SEBI.

On the lines of Principle 8 of the International Organisation of Securities Commissions (IOSCO) Objectives and Principles of Securities Regulations, SEBI had issued circular No. CIR/MIRSD/5/2013 dated August 27, 2013, providing general guidelines on Conflicts of Interest of Intermediaries, Recognized Stock Exchanges, Recognized Clearing Corporations, Depositories and their Associated Persons in Securities Market.

In compliance with the same this document lists down our principal policies for "Conflict of Interest".

Aim and Approach:

This Conflicts of Interest Policy is designed to identify actual or potential conflicts of interest that may arise between:

- J.G.A.Shah Share Brokers Pvt. Ltd. and its clients or potential clients,
- different clients or groups of clients of the organisation,
- J.G.A.Shah Share Brokers Pvt. Ltd.'s staff members and clients, or
- two departments of the Office

and to detail the procedures we have put in place to manage such conflicts.

In the event that we are unable to satisfy ourselves that our procedures and measures for managing conflict or potential conflict will prevent the risk of damage to your interests, we will disclose to you the nature of the potential

conflict in order to give you an opportunity to consider whether or not to accept our services.

Possible Conflicts of Interest:

Given the type of business activities carried out by us it is unavoidable that a number of actual or potential conflicts of interests may exist during the course of our relationship with you. In agreeing to enter into all KYC Documentation and beginning business activities with us you acknowledge and agree that J.G.A.Shah Share Brokers Pvt. Ltd. or some other party connected with us (including other clients) may have an interest, relationship or arrangement in relation to a transaction or service that conflicts with a duty owed to you.

By way of example, in providing investment services to you, or when we recommend a transaction to you or enter into a transaction for you we (or some person connected with J G A Shah Share Brokers Pvt Ltd) could be:

- acting as principal in the transaction (where we trade with you positions that we have on our own books). This will be reflected in the contract note issued to you.
- matching your transaction with that of another client by acting on his or her behalf as well as yours.
- aggregating your transaction with transactions for other clients, but only where it is unlikely that the aggregation will operate to yours or any other client's disadvantage.
- buying investments where we are involved in a new issue, rights issue, take-over or a similar transaction concerning the investment.
- buying investments where we, an associate or an affiliate are involved in a new issue, rights issue, take-over or a similar transaction concerning the investment.
- involved in business relationships with the company or a related entity in relation to the investment concerned.
- may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned.

Managing Conflicts of Interest

We control conflicts of interest through a range of administrative and organizational processes to maintain logical & physical segregation by business area, preserve the highest level of confidentiality, restrict information flows and ensure independence in our activities which are designed to safeguard the interests of our clients.

The measures and procedures to manage possible conflicts of interest include:

- in the circumstances where we execute client orders with J.G.A.Shah Share Brokers Pvt.Ltd.as principal we will ensure that you received the best possible result.

- the restriction of the flow of information (Chinese Walls) solely to employees requiring access to that information for the purposes of their duties and an enforced policy for information management to ensure no information is handled inappropriately.
- aggregation and allocation of orders is undertaken in FIFO basis to ensure that no client is unfairly disadvantaged.
- the application of rigorous personal account dealing rules to all members of Group staff and connected persons.
- all staff are required to act independently in the best of interests of clients. J.G.A.Shah Share Brokers Pvt.Ltd.undertakes ongoing training in relation to our internal procedures and code of conduct and the requirement to act in the best interest of our clients.
- we restrict the giving and receiving of gifts, entertainment or minor hospitality to ensure that no conflict of interest might arise on the basis on an inducement.
- We do not deal in securities while in possession of material non published information nor do we communicate the material non-published information while dealing with securities on behalf of clients.
- We do not in any way contribute to manipulate the demand for or supply of securities in the market or to influence prices of securities.
- We do not have an incentive structure that encourages sale of products not suiting the risk profile of their clients.
- We do not share information received from clients or pertaining to them, obtained as a result of their dealings, for their personal interest.

We review this “Conflict of Interests” policy at least annually and, where appropriate, on an ad hoc basis to ensure it adequately reflects the types of conflicts or potential conflicts that might arise. Should you like to discuss any aspects of our policy please do not hesitate to contact the Compliance officer of J.G.A.Shah Share Brokers Pvt.Ltd. directly.

J.G.A.Shah Share Brokers Pvt.Ltd.

Vikram Shah
(Director)

J.G.A.Shah Share Brokers Pvt.Ltd.

Policy for prefunded instruments electronic transfers

(In accordance with SEBI circular ref. no. CIR/MIRSD/03/2011 dated June 9, 2011)

1. All pre funded instruments (demat drafts/ pay-orders) of a sum of Rs.50,000/- and above should be accompanied by a bank certificate/ other relevant proof from the client that the said instrument has been created from the account of the client only
2. In case of electronic transfer of funds, the funds should be received from the account of the client only

For J.G.A.Shah Share Brokers Pvt.Ltd.

Siddharth Shah
(Director)

Surveillance Policy and Procedures of J.G.A.Shah Share Brokers Pvt.Ltd.

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Surveillance and monitoring is very crucial part of today's trading system. Effective surveillance can achieve investor protection , market integrity and safeguard of capital market. The main objective of surveillance is to stop suspicious and manipulated trading activity by individual or group of individuals on the exchange platform.

1. Receipt of Alerts from Exchange : As per the circulars issued by the exchanges the trading member will receive certain alerts from the exchange on daily/monthly basis as mentioned below :

Sr .	Transactional Alerts	Segment
1	Increase in client trading activity from previous month	Cash
2	Significantly increase in client activity	Cash
3	Sudden trading activity in dormant account	Cash
4	Clients/Group of Client(s), deal in common scrips	Cash
5	Client(s)/Group of Client(s) is concentrated in a few illiquid scrips	Cash
6	Client(s)/Group of Client(s) dealing in scrip in minimum lot size	Cash
7	Client / Group of Client(s) Concentration in a scrip	Cash
8	Circular Trading	Cash
9	Pump and Dump	Cash
10	Wash Sales	Cash & Derivatives
11	Reversal of Trades	Cash & Derivatives
12	Front Running Cash	Cash
13	Concentrated position in the Open Interest / High Turnover concentration	Derivatives
14	Order book spoofing i.e. large orders away from market	Cash

2. Analysis of Client(s) transaction(s)/alert(s) : On receiving the said alerts from the exchange we shall analyze each and every alerts with the information available with us. In order to analyze/verify such alert we shall examine trading activity of the Client(s) / Group of Client(s) or scrips identified based on above alerts.

On receiving alerts, in the first stage link it up with clients (a) operating for sizeable length of time with good records with us and (b) new clients and (c) clients who have scarcely traded and/or have stray deals leading to alerts.

In respect of (b) & (c) alerts.

a) We may seek written explanation/undertaking from such identified Client(s) / Group of client(s) for entering in to such transactions.

b) We may ask for documentary evidences such as Bank statement /Demat transaction or holding statement within the period of such transactions or more than that. We may also ask for financial Details of the client such as income tax return , salary slip , Annual returns etc.

After analyzing the documentary evidences, such as the bank / demat statement or any other documents relevant to the said alert/transaction, we shall record its observations for such identified transactions or Client(s) / Group of Client(s). In case any adverse observations are recorded, we shall report all such instances to the Exchange.

3. Time frame for disposition of alerts : In case adverse observations/alerts are recorded , we shall report such instances to the Exchanges within 45 days of alert generation. In case there is delay, we shall seek from the concerned Exchange, extension of the time period from the exchange after giving proper reason for delay.

4. Suspicious / Manipulative activity identification and reporting process: After analysis of the transaction/alerts, documentary evidences and information available with us. We shall identify the suspicious / manipulative transactions of any of the client /group of clients, if any and shall report the same to the exchange within the prescribed or extended time limit. Further we may caution the client that he should desist from such/similar trades. However, upon repeated observation thereafter, we may stop/banned client for doing further trading at our end.

5. Record maintenance: We shall maintain and keep such important records and documentary evidences that have been analyzed/taken by us

either In soft copy or In hard copy for the time period as prescribed by the regulatory authority. We shall produce such records as and when asked by exchanges or by the regulatory authority.

Policy of J.G.A.Shah Share Brokers Pvt.Ltd on Limit Setting:

(As per the requirements of NSE Circular ref. NSE/COMP/21990 dated 23-Oct-12)

Objective:

To pre- define limits for each terminal and monitor the same on a continuous basis.

Scope of the Policy:

This policy covers the procedure and checks in place for allotting limits to each terminals.

Defining of Limits:

The following limits shall be defined for each terminal:

- Quantity Limit for each order
- Value Limit for each order
- User value limit for each user ID
- User quantity limit for each user ID
- Branch value limit for each Branch ID
- Spread Order Quantity and Value Limit (Derivatives)
- Market Price Protection Percentage

Procedure for setting of Limits:

We follow the practice of setting of limits at each level i.e Admin, Dealer levels. Limits are reviewed on a regular basis and if required to revise than only after consultation of Proprietor/Compliance Officer during the day. The Limits utilization are continuously monitored during the day. Any request of upward revision in limits by dealer is done post receipt of specific consent from Management and after taking necessary risk assessment.

Checks in place:

- Limits of terminals will be defined and reassigned on daily basis only after analyzing past trading history and assessment of risk.
- Terminals limits will be set up by the Front Office ADMIN Terminal by Management Team Only.
- No user/ branch will be provided unlimited limit.

Place: Mumbai

DOCUMENTED CLIENT CODE/ERROR POLICY
of
J.G.A.Shah Share Brokers Pvt.Ltd.

While placing orders in the BOLT/NEAT system, sometimes error is done in client code punching, scrip code punching by the dealers. The same trade is rectified by modifying the wrong punch code to “ ERROR ” account and the same is liquidated in the market in the client code “ ERROR”.

A fresh trade is executed with proper due diligence in the correct client code and scrip code.

Profit & loss arising out of these transactions are either debited/credited to client or borne by the Company depending on the nature of the error.

Policy of J.G.A.Shah Share Brokers Pvt.Ltd.
on
Dormant account / Inactive Account
(as required by SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3,
2009)

DORMANT ACCOUNTS

This Policy defines the treatment of Dormant/Inactive accounts of the clients maintained with the Company.

Definitions

In case of trading account the term dormant/Inactive account refers to such account wherein no transactions have been carried out since last 12 calendar months.

In case of Demat account the term Dormant/Inactive accounts refers to such accounts where no debit transaction had taken place for a continuous period of 12 months.

Transaction in Dormant/Inactive Trading Accounts

The Dormant accounts identified based on the above criteria shall be flagged as such in company's record. Company reserves the right to freeze/deactivate such account and refuse to Permit to carry out any fresh transactions in such account.

The clients account would be reactivated only after undertaking proper due diligence process and fulfillment of such conditions as may be deemed fit, in the cases where the account is freezed/deactivated.

The client's request through recorded telephone lines may be impressed upon to reactivate the account or carry out any fresh transactions in a Dormant/inactive accounts.

MONITORING OF TRANSACTIONS

1. Sudden activity in dormant accounts may be viewed as a suspicious transaction
2. Any debit transactions in dormant Demat accounts or any transactions in dormant trading account.
3. Trading accounts shall be reported as an Alert.
4. Such alerts/reports shall be reviewed by the Authorized Official.
5. Transactions found to be suspicious shall immediately be reported to the Risk Management and Compliance Department.

The above stated policy may vary depending on various rules, regulations and bye laws as may be prescribed by SEBI, exchanges or any other authority or as per Internal policy of company from time to time. This Policy for dormant accounts is over and above the transaction monitoring in Dormant account as per Anti-Money laundering Policy of the Company.

Place: Mumbai

on Client Dealings

(as required by SEBI circular MIRSD/ SE /Cir-19/2009 dated December 3, 2009)

Policies and Procedures adopted by J.G.A.Shah Share Brokers Pvt.Ltd. (shortly 'JGA') in respect of clients trading in any segments of BSE, NSE or any other Exchange of which it acquires membership.

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- A **Refusal of orders for penny stocks:** (A stock that trades at a relatively low price and low market capitalization)

JGA does not encourage trading in penny stocks or securities and reserves its right to refuse orders in such securities from the clients desiring to deal in such shares, stocks, securities.

Under exceptional circumstances and considering merits on case-to-case basis, trading in penny stocks category may be allowed to client only on delivery basis. The trading limits will be allowed subject to the client making margin payments, history of the client, trading platform, intention of doing the trades. The said additional trading limits may not be allowed on a regular basis to the client.

However if it is observed that client is indulging in trading activities only in penny stocks, he may be denied trading in penny stock. If however client is carrying on any insider trading activity, the client account may be immediately suspended without any reasons being given to the client.

Further client's traded volumes vis-à-vis market volumes will be considered and certain percentage of market volumes or such market volume as decided by JGA from time to time, will be allowed, subject to due diligence of the risk management system (RMS) and Compliance department of JGA.

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- B **Setting up client's exposure limits:**

Exposures shall be allowed based on the clear credit balance in client's ledger + stocks lying in beneficiary account + margins (securities and cash) with JGA. However, JGA may at its own discretion allow additional exposure based on credit balances in client account/cash margins/collaterals deposited by the client or client's track record.

Further the client agrees not to take any fresh positions in securities/contracts in F&O under ban period as and when put by the exchanges. The client shall bear the penalty, if any, charged by the exchange on such trading.

- C **Imposition of penalty/delayed payment charges by Member-NSE-BSE:**

JGA will apply delayed payment charges (DPC) at the rate of 15 % p.a. on a daily basis from the settlement date on all outstanding obligations. The client understands that such DPC is deterrent in nature & as such JGA can not be assumed to be financing/funding the client's settlement obligations.

JGA reserves its right to change the DPC rate or waive the same at its sole discretion without assigning any reason therefore. Any change in DPC shall be communicated to the Client/s at least 7 days in advance.

D Right to sell clients' securities or close clients' positions

JGA will have the right (without any obligation on JGA to do so) to close out all open positions or sell client's securities, without any notice to client, as and when the client defaults in his settlement/sale delivery/margin/mark to market (MTM) obligations in any segment of the exchanges. The close out/selling will be to the combined extent of shortages in Margins/MTM or settlement obligations on all segments of exchanges.

E Internal Shortages:

In case of an internal shortage in any scrip in the same settlement where both buyer & seller are clients of JGA and seller does not deliver shares for his pay-in obligation than the short delivering client will be asked to purchase short delivery from market on T + 2 or latest by T + 3. Such purchases will be debited to short delivering client and delivery so received will be given to buyer on pay-out. If short delivering client fails to do so than JGA will initiate the same process.

If securities cannot be purchased from market due to any force majeure condition, then all shortages not bought-in are deemed to be closed out and short delivering seller client will debited as per then prevailing rules regarding closing out of unsettled obligation of concerned Exchange. Likewise the receiving client will be credited in the same manner.

F Restrictions or Regulations on Dealings of clients:

JGA shall decide, from time to time, the volume of business, which the client shall be allowed to transact. However, JGA shall have absolute discretion of reducing/restricting or zeroing the volumes of the client without any prior intimation/notice to the client interalia, in particular F&O segment having regards to:

- Failure by the client to maintain the applicable collaterals/margins with JGA as per the Byelaws, Rules and Regulations and Circulars of the respective Stock Exchanges, Guidelines and directives of SEBI.

- The client may not be allowed to take fresh positions if any client's intraday mark to market loss crosses 70% of the margin. Client may be asked to close all the position if the intra day mark to market loss crossed 80% of the margin.
- Delays by the client in meeting its obligations/dues relating to the business/dealings done by the client.
- Observing/discovery any abnormal behavior/action/deed/trading pattern of the client's dealing with the member for e.g. Cheque bouncing, non fulfillment of sale obligation, any regulatory action taken by any of the regulations, ban of the client by SEBI etc.
- Any restrictions in relation to volume of trading/outstanding business or margins stipulated by Stock Exchanges.
- Volatility in the market/market segments of respective stock exchanges
- In view of impending price sensitive announcements by the concerned Exchanges, Listed Companies or Government announcements.
- Political/financial instability in the country or otherwise.
- Presence of any other price sensitive factors in the economy
- In scripts which are re-listed and where the circuit filters are not applicable on the day of re-listing.
- Orders for buying/selling 1 (one) share may not be allowed except for high value scripts after considering the client's history and trading pattern.

G Suspending a client:

JGA may send show-cause notice to a client and/or temporarily suspend a client for further trading and/or temporarily withheld funds & securities payouts, if JGA has reasons to take such action which may arise due to the alerts generated by its Risk Management/Surveillance System and demand reasons/explanations from such client. The account of such client may be suspended till such time explanation found satisfactory by JGA is not received.

JGA shall temporarily suspend or close a client's account at the request of client within 24 hours of having received client's such request.

H De-registering a client:

JGA will de-register a client without any prior intimation/notice with regards to:

- The Client has found to be of unsound mind by a court of competent jurisdiction and the findings is in force
- The Client becomes un-discharged insolvent
- The Client applies to be adjudicated as an insolvent
- The Client has been convicted by a Court of any offence involving moral turpitude
- The client being declared a defaulter by any of the regulatory bodies of the country or under any law being in force
- In the event of JGA becoming aware of any proceedings being initiated against the client by any of the regulatory bodies of the country or under any law being in force or the client being involved in any criminal proceedings or any illegal business or JGA becoming aware of the client's past offences which are illegal or prohibited by the regulatory bodies of the country or under any law being in force.
- The death of the client.
- The depository account with member is closed and no alternative depository account details are provided in writing to JGA.
- The client makes a voluntary written request to de-register itself/himself.
- In the event of client defaulting in meeting its obligations.
- On the specific written directions of any Exchange or statutory/legal /Regulatory Authority.

I. Policy for Dormant Accounts:

An account (irrespective whether having debit or credit balance) shall be classified as dormant account in case there are no transactions (trade, payment, receipts) for a period in excess of 6 Months from the last transaction date. The following limitation / restriction shall apply to a dormant account unless the same is re-activated:

- Account shall be frozen for further transaction
- Pay-out of funds and/or securities will be retained by JGA.

In the interest of the clients, as & when any account has been classified as dormant accounts as above the client shall be informed through either direct

phone or mail or letter to the contact details/address last available with the company within seven days of such classification.

A dormant account can be re-activated upon request of the client.

J Applicable brokerage rate:

Brokerage will be charged as may be agreed with the client from time to time subject however to the ceilings prescribed by SEBI/Exchanges.

K Pro Account trading:

JGA undertakes proprietary trading and as a policy declares to all the clients that they undertake OWN/ PRO account trading.

L Investor grievance email ID:

JGA has designated E-mail ID grievance@jgashah.com which should be availed by the client for conveying his grievances. Client seeking any clarification on this subject not covered in this may use above E-mail ID. In case of any dispute, please write to JGA at the above mentioned E-mail ID within 7 days.

OUTSOURCED ACTIVITY POLICY **of** **J.G.A.Shah Share Brokers Pvt.Ltd.**

(Ref: SEBI Circular No. CIR/MIRSD/24/2011 Dated 15-12-2011)

1. INTRODUCTION

Outsourcing refers to use of a third party – either within or outside the group - to perform the activities associated with intermediation services. A third party may be used to perform one or more activities or one or more third parties may be used to perform different activities associated with the intermediation service. Such use may be for a specified period or on a continuing basis. In an extreme form, the third parties may be used to perform all the activities associated with the intermediation service, including legal and regulatory compliances and risk management. This includes use of successive third parties, where the first third party may use the second third party to perform the activities and so on.

Securities market intermediaries in many jurisdictions are increasingly resorting to outsourcing with a view to reduce costs, and at times, for strategic reasons. This benefits market in terms of better access and better expertise. However, since the third parties may not be subject to the regulatory discipline and the activities and, not the accountability can be outsourced, outsourcing raises a variety of concerns both for the regulator and the outsourcing Intermediaries. While it is not desirable to ban outsourcing completely for obvious reasons, the concerns need to be addressed and the outsourcing needs to be organized in an orderly manner. Hence JGA has framed a Policy for outsourcing of its Few Activities.

2. RISKS ASSOCIATED WITH OUTSOURCING

They can be grouped into three broad categories: operational, reputational, and legal risks. The operational risks arise because JGA loses direct control over the activities and the processes, procedures, systems and people engaged in these activities. Therefore, it fails to exercise due care and diligence if the activity / service fall short of the regulatory standards. The reputational risks arise from failure by the third party to deliver as per regulatory standards which may invite regulatory actions. The legal risks emanate from the failure to enforce the contractual obligations particularly when the contractual relationship is not redefined with every change in basket of activities outsourced or the way these are discharged.

On being satisfied that a person has the required infrastructure and is a fit and proper person, JGA) may outsource the activities to a third person.

3. ACTIVITIES THAT CAN BE OUTSOURCED

- Data entry and opening of trading accounts
- Scanning and storage of account opening forms
- Printing and despatch of welcome kits and despatch of quarterly transaction statements
- Customer services
- Despatch of contract notes
- Stock brokers acting as distributors for Mutual Funds schemes - distribution, maintenance of nomination details by distributors for the various schemes of Asset Management Companies, etc.

4. ACTIVITIES THAT SHOULD NOT BE OUTSOURCED

Since JGA is registered based on their strength, outsourcing of key activities by them to unregistered third parties defeats the purpose of regulation. It is therefore felt that the key activities which are crucial to the intermediation service may be delivered by the JGA itself. The informal feedback indicates that the compliance with securities laws, investor grievance Redressal and KYC must not be outsourced under any circumstance. Besides, the following activities ought not to be outsourced to third parties:

- Creation of user id/login id, password generation for internet clients
- Order management

- Operation of trading terminals
- Operations & Monitoring of Bank A/cs & DP A/cs
- Pay in / pay out of funds and securities
- Generation & dispatch of contract notes, quarterly statement of accounts, daily margin statement and monitoring of the said activities.
- Control of servers and online trading platform
- Maintenance & monitoring of client database & client financial information
- Surveillance function
- Allotment / surrender of trading terminals, opening & closing of branches
- Implementation of PMLA policies
- Risk Management system (which includes margins, trading limits, scrip / terminal enablement etc.
- IT Technology Infrastructure
- Printing of contract notes

J.G.A.Shah Share Brokers Pvt.Ltd.

Internal Policy in respect of passing of NISM-Series -VII: Securities Operation and Risk Management Certification Examination

Reference

1. SEBI Notification No.LAD-NRO/GN/2010-11/21/29390
2. NSE Circular no. NSE/INSP/16536 December 15, 2010
3. NSE Circular no. NSE/INSP/27495 September 02, 2014
4. BSE Notice no.20101215-19 dated December 15,2010
5. BSE Notice no. 20140902-8 dated September 02,2014

Brief

SEBI issued Notification no. LAD-NRO/GN/2010-11/21/29390 dated December 10, 2010 , according to which, following categories of associated persons associated with a registered stock broker/trading member/clearing member in any recognized stock exchanges, who are involved in, or deal with any of the following:

- a. Assets or Funds of investors or clients
- b. Redressal of investor grievances
- c. Internal control or risk management
- d. Activities having a bearing on operational risk

shall be required to have a valid certificate of NISM Series VII - Securities Operation & Risk Management (SORM) from National Institute of Securities Market(NISM). NSE and BSE has also issued circulars requesting the members to comply with the requirement of said SEBI Notification.

Need For the Policy

The Company being a trading member BSE, NSE & MCX-SX, provisions of the aforesaid requirement is applicable to all its employees & sub-brokers involved in the activities as mentioned above.

Definition of Associated Person

“Associated Person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign institutional investor or a foreign venture capital investor working in India.

Policy

As required in the aforesaid notification of SEBI, all existing persons associated with the Company as on date of publication and engaged in deal with:

- (a) Assets of funds of investors or clients
- (b) Redressal of investor grievances
- (c) Internal control or risk management
- (d) Activities having a bearing on operational risk

shall obtain the valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within two years from the date of such notification. Simultaneously whenever the company employs any associated person specified as mentioned above, the said associated person shall obtain valid certification of NISM Series VII - Securities Operation and Risk Management (SORM) within one year from the date of his /her employment/registration as sub-broker.

Exemption

Associated persons handling the basic clerical / elementary functions in the aforesaid specified areas shall be exempted from obtaining the certification of NISM Series VII - Securities Operation and Risk Management (SORM). For this purpose, the company considers following activities as basic elementary level / clerical level:

Internal Control or Risk Management

- 1. Inwarding or collateral's / Cheques
- 2. Person performing market entries
- 3. Maker entry in the database
- 4. Photocopying, printouts, scanning of documents
- 5. Preparing of MIS
- 6. Sending of letters / reports to clients, Exchanges, SEBI
- 7. Attending Calls, etc.

Redressal of Investor Grievances

- 1. Inwarding of complaints
- 2. Seeking documents from clients
- 3. Person performing maker entries
- 4. Maker entry in the database
- 5. Photocopying, printouts, scanning of documents
- 6. Preparing of MIS
- 7. Sending of letters / reports to clients, Exchanges, SEBI updation, data entry, uploading on SCORES
- 8. Attending calls, etc

Activities having a being on operational risk and dealing with assets of funds of investors of clients

1. Person performing maker entries
2. Maker entry in the database
3. Preparing of MIS
4. Generating of reports, Files
5. Photocopying, printouts, scanning of documents
6. Dispatching documents to clients
7. Sending of letters / reports to clients, Exchanges, SEBI
8. Attending calls, etc

However, any of the works (as stated herein above) being performed by such persons, obtaining, NISM-SORM Certification shall be optional provided that they are supervised by his / her supervisor who shall have to obtain / continue to have NISM - SORM Certification or such other prescribed certification at all times

**Policy of J.G.A.Shah Share Brokers Pvt.
Ltd. for Code of conduct for prevention
of
Insider Trading**

A. Preservation of “Price Sensitive Information”

Employees and Directors shall maintain the confidentiality of all Price Sensitive Information. Employees and Directors must not pass on such information directly or indirectly by way of making a recommendation for the purchase or sale of securities.

1. Need to know

Price Sensitive Information is to be handle on a “need to Know” basis, i.e.Price Sensitive Information should be disclosed only to those within the organization who need the information to discharge their duty and whose possession of such Information will not give rise to a conflict of interest or appearance of misuse of the information.

2.Limited access to confidential information

Files containing confidential information shall be kept secure with Compliance officer. Computer files must have adequate security of login and pass word, etc.

3.Chinese Wall

- To prevent the misuse of confidential information the organization shall adopt a “Chinese Wall” policy which separates those areas of the

organization which routinely have access to confidential information, considered "inside areas" from those areas which deal with sale/marketing/ investment advise or other departments providing support services, considered "public areas". Accordingly "Dealing room" at Rotunda-626 is identified as inside area where as "Administrative Office" is identified as outside area.

- The employees in the inside area shall not communicate any Price Sensitive Information to anyone in public area.
- The employees in inside area are demarcated and physically segregated in trading office from employees in public area in back office.
- In exceptional circumstances employees from the public areas may be brought "over the wall" and given confidential information on the basis of "need to know" criteria, under intimation to the compliance officer.

B. Prevention of misuse of Price Sensitive Information

Employees/ Director shall not use Price Sensitive Information to buy or sell securities of any sort, whether for their own account, their relative's account, organization's account or a client's account. The following trading restrictions shall apply for trading in securities.

1. Pre clearance of Trades

All Directors/ Officers/ Designated employees of the organization who intend to deal in the securities of the any company above 1% of paid up capital of that Company shall obtain pre-clearance the transactions from the Compliance Officer.

C. Other restrictions

- All Directors/ designated employees shall execute their order within one week after the approval of pre-clearance is given. If the order is not executed within one week after approval is given, the employee/ Director must pre clear the transaction again.
- Analysts, if any, employed with the organization while preparing research reports of a client Company(s) shall disclose their share holdings/ interest in such Company(s) to the compliance officer.
- Analysts who prepare research report of a listed company shall not trade in securities of that company for thirty days from preparation of such report.

D. Penalty for contravention of code of conduct

- Any employee/ director who trades in securities or communicates any information or counsels any person trading in securities, in contravention of the code of conduct may be penalized and appropriate action may be taken by the organization.

- Employees/directors of the organization who violate the code of conduct may also be subject to disciplinary action by the company, which may include wage freeze, suspension, etc.
- The action by the organization shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Policy of J.G.A.Shah Share Brokers Pvt.Ltd. on Investor Redressal Mechanism

JGA has designated E-mail ID grievance@jgashah.com which should be availed by the client for conveying grievances. Investor grievance register is maintained and compliant are recorded as soon as they are received. Complaint if received is immediately attended by Compliance Officer & if not resolved within 7 days then the same is escalated to Directors.

J.G.A.Shah Share Brokers Pvt. Ltd.

Margin collection and reporting:

Following practice is generally observed in respect of collection of mandated margin from clients in respect of F & O segment.

1. It is the policy of the company to collect mandated initial margin from clients in respect of F & O segment before allowing any exposure to any of clients.
2. Most of the time, this margin is collected by way of cheque but if any client is desirous of depositing approved securities then the same is transferred from his BO account to Company's BO account.
3. In respect of old trading clients with long period or with good payment records:
 - a. Exposure is allowed on receipt of physical instrument being either cheque or Demate shares Delivery Instruction slip(DIS)

b. The cheque so collected is posted in client's accounts and credit balance of his ledger after considering said cheques is informed to dealers for allowing him to take exposure in F & O segment

c. Such all cheques along with other regular cheques of clients for various obligations in various segments are accumulated during the day and are deposited in banks for realization on the same day or by next working day.

d. Likewise such DIS so collected are sent to his Depository Participants for getting his shares transferred to Company's beneficiary demate account dedicated for margin.

4. In case of new client, exposure is allowed only after cheques are deposited in the Bank.

5. While reporting margin to Exchange in MG13, if there are any shortfall in mandated initial margin, following credit balance are considered and the same are transferred in end of day (EOD) process.

- a. NSE Cash segment
- b. BSE Cash segment
- c. BSE F & O segment