



Internal control

1. Details

- Background of company
Arham Commodity Brokers Private Limited (ACBPL) is established on 26st July 2011 and promoted by Shri Rushit Mehta, Shri Naresh Mehta, Shri Arvind Mehta, Shri Priyank Mehta & Smt Ritu Mehta.

Promoters of ACBPL tryst with excellence in customer relations since last more than 15 years.

2. PMLA

- Compliance w.r.t. Principle Officer and adoption of written policy.
Please find the PMLA policy attached.
- Measures taken with regard to Anti money laundering Act
At the time of client registration and also during the course of conducting business with the clients, we categorize all our clients as high risk, medium risk or low risk clients from the money laundering perspective. We also identify the client of special category. All these categorizations are captured in the back office system. Further, we regularly update the client's financial information as required by the SEBI circular. The turnover of the client is checked vis-à-vis the client's financial information. Also, the client's turnover in particular scrip is verified against the total turnover of that scrip on the Exchange on a given day.
- System of keeping a check on Volume of trading done by the client is in proportion to his financial details as disclosed in the KYC.
We periodically update client's financial information as required by the SEBI circular. The client's turnover is then verified against the income of the client updated in our records.
- Alerts for the same generated or not?
Yes, the alerts are generated based on the client's financial information vis-à-vis the client's turnover and also based on the client turnover in a scrip vis-à-vis the total turnover in that scrip on the Exchange.
- Any Suspicious Transaction Report (STR) sent to FIU
No, till date we have not come across any suspicious transaction which is to be reported to FIU.
- Risk categorization of clients.
We have categorized all our clients in low risk, medium risk and high risk from the money laundering perspective. Further, we have also identified clients of special category (CSC) as required by the PMLA act. The CSC clients are also categorized as high risk clients. The above categorizations are properly captured in our back office system.



3. Introduction/Registration of clients

- Basis of accepting as client
Client should be introduced by any existing client or employee of the company or any other person personally known to the top management. Clients are registered only after receiving all the client registration documents and relevant supporting as required by the SEBI / Exchange rules and regulations.
- Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients
A Client account is opened only after the person is introduced by any Sub broker / existing client. The client is interviewed by our company official and all Xerox copies of relevant documents are verified with their originals and in person verification stamp are affixed. All Pan Cards received are verified from the Income Tax / NSDL website before the account is opened.
- Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above.
Yes we do send CRD to new clients and existing clients on demand. Further, we also send a welcome letter to our clients giving details about the allotted UCC and client email ID registered with us.
- Do you outsource client registration modalities?
No, we do not outsource client registration modalities.
- Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client.
No, we do not entertain walk in clients.
- Process of record keeping and retrieval of client registration document.
We keep client registration document at our office.

4. Funds:

- System of pay in and pay out of funds from / to clients
Customers have given written authority to us for maintaining running account of funds. Payout of funds is released as and when customer requests for the same. The said credit of the funds is even adjusted towards Margin requirement in Derivatives segment of respective client, if required. Cheque against purchase should receive from Client's Bank A/c and no third party cheques are accepted. Further, as required by the SEBI circular, we settle client funds and securities every quarter / month as per the preference of the client.
- System & source of pay in and pay out of funds in case of Own trading
We do not undertake any PRO trading.



- Procedure of Margin collection, if any from clients & maintenance of records thereof
Margin from client may be collected in the form of cash or security. For securities applicable haircut is applied. In such cases our risk management team decides about the extent of the margin to be collected from client. Further, the Exchange requirements for client's margin are also followed. All the customers are allowed to trade in derivatives segment only after receiving sufficient margin by way of cheque / securities from them.
- Any funding is done to the clients
No, we don't do any type of funding to clients.
- Procedure followed in case of default by client/ sub broker's client
Company follows very conservative RMS policy and exposure is given only to client whose collaterals are lying with us. In case of any debit in clients account, regular reminders are sent to the client for payment of dues. In case client fails to respond to our calls or fails to make payment then his/her/its securities are liquidated up to the extent of amount recoverable by us. RMS team takes care that debit receivable from any client is not outstanding for longer time period.
- Payment to sub brokers / remisiers
Sub broker / remisiers are paid only through cheque. Due care is taken before paying to sub broker / remisiers to ensure that only the amount which is due to the sub brokers / remisiers is paid.
- Any third party transfer of funds? If yes , policy in this regard
We do not accept / pay third party transfer of funds.

5. Terminal

- Procedure of accepting & placing of orders
Company routes customer's orders through CTCL, client are first mapped in on particular terminals and orders can be punched in through such empanelled terminals only. Thus due care is taken that orders are not punched on anywhere / anyone basis. Access to CTCL database is allowed only to authorize user and system has a password mechanism which restricts access to authenticate users. Only orders that are within the parameters specified by the Risk Management Systems are allowed to be placed. The client places the orders through phone to their respective RM. The client identity is verified before accepting the order.
- Control over operator to ensure that he is entering authorized trades only
Operators do confirm the identity of the client properly before placing the order. They also give confirmation to client after placing orders. We also send SMS to clients at the end of the day in addition to the SEBI / Exchange required documents to be sent.
- System in place to check certification of approved users has not expired
Our IT staff regularly checks whether certification of approved users has expired or not.



6. Contract Notes

- Whether printing of contract note is centralized? If not, Place from which CN are printed.
Yes, printing of Contract Note is centralized.
- Procedure for printing CN in case of outstation clients / sub broker clients
Contracts are issued to clients within 24 hours of Trade Day. Contracts are collected personally by customers who come to dealing office. Contracts are physically delivered to all the customers who are unable to collect their contract personally. Contract Notes are sent to outstation clients / sub broker clients through Courier.
- Basis of numbering
Numbering is system base. The numbering is renewed every year.
- System for maintaining duplicates & acknowledgement for CNs
We do maintain acknowledgement or POD for CNs.

7. Closure of client accounts / dormant account

- What type of documentation (both inward and outward) undertake for closure of account.
If any client wishes to close his trading account with us then he has to inform us in writing. His account is checked thoroughly and all the dues, owing to him / us are settled. Any margins lying with us by way of securities / cheques are returned to respective clients. His exposure is blocked and unique client code is mapped out of the terminal.
- In case of dormant account (six month), what extra caution taken before execution of trade in such account
If no trade is executed in trading account for a minimum period of six months then that particular account is blocked for any further trades. If client intends to restart trading in the account then he / she has to submit a request letter for restarting the account along with self attested identity proof or any other document as required by us.
- Procedure adopted in case of very old dormant account (2 years old)
If no trade is executed in trading account for a minimum period of 2 years then that particular account is blocked for any further trades. If client intends to restart trading in the account then he / she has to personally visit our office along with the request letter for restarting the account along with self attested identity proof or any other document as required by us.



8. Receiving and Execution of Orders

- Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices
Company routes customer's orders through CTCL, client are first mapped in on particular terminals and orders can be punched in through such empanelled terminals only. Thus due care is taken that orders are not punched on anywhere / anyone basis. Access to CTCL database is allowed only to authorize user and system has a password mechanism which restricts access to authenticate users. Only orders that are within the parameters specified by the Risk Management Systems are allowed to be placed. The client places the orders through phone to their respective RM. The client identity is verified before accepting the order.
- Any document is maintained for the clients who personally walk into the office and place the order? Yes
Maintain Register for placing the order. Also Clients place their orders through telephone.
- System for identifying authenticity of caller when the order is placed through telephone.
Operators are allotted clients terminal wise. Operators know their clients as they are in touch with them on daily basis. If any unknown call is received to operators then they do confirm the client details (like PAN, date of birth, address, etc.) before placing orders.

For Arham Commodity Brokers Pvt. Ltd.


Priyank Mehta - Director

