

Annexure

Internal control (Cash & Derivatives)

1. Details

Date of starting of business :

Background of company :

Fortune Commodities India Pvt Ltd was founded in the year 2003 by Mr. Jose C Abraham. The company took over the business of J C Securities, a reputed stock broking firm and a member of Coimbatore Stock Exchange owned and managed by Mr. Jose C Abraham. J C Securities was in the business of stock broking from the year 1993.

2. Client Code Modification:

Reasons for the modification of client codes: *Misdeal or Punching Errors*

Ratio of modification of client codes done at Head office vis-à-vis other offices: **Done in Ho Only**

Details of authorized representatives for approval of client code modification w.r.t. error

Trades: *Done as per code modification policy of the Company*

Measures taken to reduce the modification of client codes: *by conducting regular inductions to dealers*

Whether the trades have been modified only for the objective criteria allowed by the Exchange? **YES**

Whether securities taken into ERROR A/c are liquidated in the same A/c?: **YES**

3. PMLA

Compliance w.r.t. Principal Officer and adoption of written policy. **YES**

Whether KYC and AML policies have been reviewed in line with SEBI Guidelines? **YES**

Measures taken with regard to Anti money laundering Act

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

Alerts for the same generated or not? **Yes**

Any Suspicious Transaction Report (STR) sent to FIU : **No such transaction during Inspection period.**

Risk categorization of clients: **As per annexure.**

Enumerate the steps taken to verify the identity of persons who beneficially own or control the securities?: **As per annexure**

4. Introduction/Registration of clients

Basis of accepting as client: Through Introduction from existing client

Procedure for In-person verification of clients and maintenance of proof for the same, specifically in respect of out station & sub-broker clients: **No sub brokers. In person** verification done by Head Office (HO) and Branch Officials of the Company

Whether Client Registration Documents (CRD) given to new clients & to existing clients, on demand. Also, whether UCC & email ID communicated to clients on CRD or separate letter, and proof for the above: **Yes**

Do you outsource client registration modalities? No

Do you entertain walk in clients? If yes, what are risk mitigation measures taken in dealings with such client. : **We are not entertaining walk in clients**

5 Funds:

System of pay in and pay out of funds from / to clients:

Pay-in Collected next day of trading day and Pay out will be released immediately once the exchange released the payout to members.

System & source of pay in and pay out of funds in case of Own trading: No own trading in Equity Segment and in Derivatives Segment IL&FS is our clearing member.

Procedure of Margin collection, if any from clients & maintenance of records thereof :
No Client trading in derivative segment

Any funding is done to the clients: No

Credit / transfer of Dividend to the clients / own dividend: Yes

Procedure followed in case of default by client/ sub broker's client: No sub-brokers

Dividends will be credited to client account within one week from the date of receipt by the Company.

Payment to sub brokers / remisiers : No Subbrokers

Any third party transfer of funds? No

6. BOLT / IML Terminal

Procedure of accepting & placing of orders: Through Phone and in person

Factors determining the trading limit for each terminal / client: Based on their Margins
Control over operator to ensure that he is entering authorized trades only: **Supervised by surveillance department of the Company.**

In case where terminals have been located abroad, then Opening of terminal abroad is in compliance with SEBI Guidelines: **Not Applicable**

7. Contract Notes

- Whether printing of contract note is centralised? If not, Place from which CN are printed.: Centralised
- Procedure for printing CN in case of outstation clients / sub broker clients : CN printing is centralized and will be sent by courier to outstation clients
- Basis of numbering: Starts from No.1 from 1st April of every finanl year
- System for maintaining duplicates & acknowledgement for CNs: duplicate copies are maintained and pods given by courier were filed.
- Whether consent for change in e-mail id is obtained through physical letter from the clients? Yes

8. Securities:

System of pay in and pay out of securities from / to clients: As per Exchange Rules
Separate Own Beneficiary Account maintained or not: Maintained
Separate Client beneficiary account maintained or not: Maintained
Client wise segregation of securities maintained or not: Maintained
Whether Clients' securities maintained with Member : No
Procedure for check on Third party security transfer/ acceptance: from Bo software

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

Client's securities are not used for own purposes or for any other client

9. Statements of Accounts

Whether statement of accounts for funds and securities are issued on monthly or quarterly basis. ; Quarterly Basis

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

Statement of Accounts are issued from HO Only.

Whether statement of accounts are issued physically or digitally? : Physically

10. Execution of POA (Power of attorney) (if applicable) -

Please specify in whose name POA has been taken (trading member, its employees or representatives or sub-brokers) : Trading Member only for the purpose of Payin

Process adopted for execution of POA: All POA were captured in Back office system. Once the shares sold by the client the BO system generates the delivery of shares to the Exchange under POA category . The print out of this will be attached to the delivery slip. On behalf of the Company authorized director will sign in POA delivery slips for execution of Pay – in to exchange.

11. Opening & closing of branches

Procedure adopted for opening & closing of branches: As per Exchange norms

In case of closure of branches, how and when do you communicate existing clients?

The clients will be intimated one month in advance through letters from Ho and by e-mail. Subsequently the clients will be mapped to HO for their trading activities

12. Closure of client accounts / dormant account

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

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

Procedure adopted in case of very old dormant account (2 years old): **As per annexure**

13. Receiving and Execution of Orders

Mode of order acceptance at HO/Branches/Sub-brokers office/AP's offices: Over Phone
Any document is maintained for the clients who personally walk into the office and place the order?: Recording System

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

Yes

Mechanism put in place to limit the cumulative value of unexecuted orders from the terminals? Yes

14. Portfolio Manager

Whether Trading Member acting as a portfolio manager? No

Procedure for client registration, order execution, contract notes issuance and settlement mechanism followed for the same. **Not Applicable**

- Whether any of the client of the TM is acting as a portfolio manager? No

15. Brokerage Charged

- Brokerage schemes provided to the clients? No Brokerage Schemes
- Elaborate on the schemes provided? Not applicable

16. Client Margin Information - No Client Trading in Derivative Segment hence NA

- Client margin collected in what forms?
- Client margin when collected?
- Client margin collection and reporting process
- Process for evaluating exposure to be given to the clients?
- Whether client margin information is sent to the clients?
- Whether it contains all the required information as prescribed in the circular?
- What is the mode of informing to clients?
- Whether proof of delivery/dispatch is maintained for the above purpose?