



Adwealth Stock Broking Private Limited

POLICY ON INTRODUCTION & REGISTRATION OF CLIENTS INCLUDING IPV & POLICY ON ONBOARDING OF NEW CLIENTS & POLICY ON ACCEPTANCE OF CLIENTS

Circular: - Ref.

Policy created by	Compliance Team
Policy reviewed by	Compliance Officer
Policy reviewed on	01-04-2024
Policy Approved by	Board of Directors
Policy approved on	01-04-2024

Version - 1.0

Acceptance of clients

The company is governed by the byelaws, rules, and regulations of the SEBI and Multi Commodity Exchange of India Limited and National Commodity and Derivatives Exchange Limited. The authorities have specified minimum documentation and verification required before opening an account of a client, which is quite extensive. We do not outsource client registration service. Apart from that the authorities have made rules and regulations and issued circulars from time to time for proper governance of securities market. Compliance of these rules and regulations ensures that all the transactions have proper audit trail as well as client verification. However, all representatives of the company must ensure following while opening an account of a client and doing transaction with them:

- No account is opened in a fictitious / benami name or on an anonymous basis.
- 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.
- 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 AML Rules, Directives and Circulars issued by SEBI from time to time.
- Ensure that an account is not opened where the company is unable to apply appropriate Client Due Diligence 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 the intermediary is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. The company 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. The company shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the company shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- 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 the intermediary, 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.

- 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
- The Client Due Diligence process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT)

Registration Procedure

Individual Clients

- Generally, a client is introduced by another existing client or by new/existing branch head/relation managers/ Authorised Persons. However, if a client approaches directly, a proper verification of address, occupation and credential must be carried out by the Compliance Officer.
- Know your client (KYC) / Client Registration form must be duly filled up and the information regarding residence/correspondence address, bank details, depository details must be verified with the original documents and if required from any other authentic sources.
- The Client must provide a recent photograph and necessary identity proof and address proof as specified in the KYC form.

Non Individual Clients

- The company will open a trading account for Non-individual entity, if the Partner/ Director/ Karta of Partnership Firm/ Company/ HUF respectively is our client and he/she has been properly verified as mentioned for individual clients.
- Copies of PAN card, financials for last 2 years or from inception of such entity if such entity is not older than 2 years, must be obtained strictly.
- Shareholding pattern and list of controlling persons must be obtained
- Photograph of each Partner/Whole time Director/Karta/controlling person and details must be obtained as specified by the SEBI and Stock Exchange.

The registration forms which are duly filled in and signed are collected and sent to the Head Office. In-person Verification/ Digital KYC is done by the employees/ Authorised Person (AP). Verifying Personnel's Name, Designation Signature and date of verification is marked in the Registration form. Then the client details are entered in the Back Office software after receipt of the original forms and supporting documents.

For outstation clients an online verification through SKYPE or any other such mode is carried out after receiving the hard copy of account opening form in HO.

Defective forms are sent back to the clients/AP for rectification with a covering note. For all satisfactory forms, PAN is checked with IT site and then required additional details, if any are entered in the back office, based on the Original form.

For individual clients we have incorporated financial details in our client registration kit and it is ensured that the same is duly filled by the client and the bank statement for the previous three months and minimum six months for derivative clients/ last ITR copy is also collected from the clients. For Corporate clients we are collecting at least 2 years' audited financial statements and income tax return.

Thereafter, the Unique Client Code (UCC) code is generated and activates the account after cross verification of all the details once again. The Required client details are then uploaded to Commodity Exchange site. After obtaining the Success file the same is given for mapping in the trading terminal.

A welcome kit including a welcome letter mentioning the Client code, Xerox copy of the Client registration form are sent to the Client and the proof of dispatch is maintained. The Unique Client Code activated for the client is intimated to the client by means of E-mail & SMS simultaneously.

All the Client forms and the supporting documents are kept in safe custody at the Head Office. We have also started the process of updating the Client details including the financial details at regular intervals. This process is done in co-ordination with the APs.

Execution Procedure

Client Registration Policy

- The agreement along with the Know Your Client (KYC) and Risk disclosure document (RDD) should be signed by the client. The required documents should be collected from the clients strictly as per the documents mentioned in the checklist of the agreement book.
- Primary Client Agreement checking by Back Office executive.
- Final Checking by Senior Back Office Executive including interview if required.
- Allotment of Client Code.
- Uploading the client details to the MCX by Senior Back Office executive or Compliance Officer.
- On receipt of Valid Report, confirming the codes allocated to clients by Back office executive.

- Final Review by Internal Auditors.
- Periodical Review of financial data by Compliance Officer on yearly basis of all active clients by Back Office executive.
- Deactivation of Client Code by Senior Back Office executive on receipt of written documents from Client and/or written instruction from Compliance Officer/ Board of Directors.
- Intimation in writing to Client regarding deactivation of client code & reason thereof.
- Keeping client Registration kit of closed account separately and/or handover records to legal department.
- Accounts introduced by 'deactivated client' to review & report the same to Compliance Officer.

Closure of Client Accounts

The Client accounts shall be closed upon receipt of a closure request received from the client as per the specific format as decided by the Company, from time to time. The closure shall be effective only after a period of one month has elapsed from the date of application/intimation or the date of settlement of account or the date of re-activation of dormant account whichever is later.

Settlement of account shall mean that there is no outstanding balance in the books of the client and the same is confirmed by the client. The date of confirmation shall be the effective date of settlement. If the Client has credit balance in his/ her account, the remaining amount will be refunded to the client and if the client has debit balance in his/ her account, he/she will clear all his/ her dues first before closing the accounts.

If the account is dormant and the client wants to close his/ her account, he/ she will follow the procedure of re-activation of dormant account first as per the Company's policy on Re-activation of Dormant Accounts. His/ her account will be closed only after re-activation of dormant accounts successfully.

Dormant Accounts & Procedure of Re-activation


In case of dormant trading accounts in which no transaction has been placed during the last 365 days (Three Hundred and Sixty-Five days) i.e., 12 calendar months, the account of the client shall be suspended and the client shall not be permitted to execute a fresh transaction in the account unless the client provides either of the following:

- A written request in hard copy along with completed & signed Dormant Account Reactivation Form to reactivate the account and process the transaction duly signed by Client and submitted to HO along with the latest 6 months' bank statements for updating the financial details.
- Concerned Dealers are required to check the identity of the person before taking down orders.

- The said client before placing orders has to confirm their KYC requirements as provided earlier and in case the KYC requirement stands changed meanwhile, he will be required to first comply with the latest one.

The Compliance Team shall take necessary measures to reactivate the dormant clients after verifying all the documents.

For Adwealth Stock Broking pvt Ltd



Jayant Jain

Director