

# SHUBHAM STOCK BROKING SERVICES PRIVATE LIMITED

## CLIENT ACCEPTANCE POLICY

### **Policy for acceptance of 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) Do not accept clients with identity matching persons known to have criminal background: - We take undertaking from the client whether they have criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings or by any enforcement/regulatory agency worldwide. If yes, we do not open the client account.
- d) Do not accept clients with identity matching with banned person/ entity as per SEBI/ Stock Exchanges in capital market: -We should check whether the client's identity matched with persons debarred/ banned by SEBI before opening of account. If we find them in that list then we do not open the account.
- e) **In-person verification:** We have to perform the in-person verification process very diligently. Either the client should visit the company/business associates office or concerned official/business associates may visit the client at their residence / office address as per the requirements of the regulations in this behalf. Official /Business associates also verify photocopy of the documents with the original. As far as possible, try to open account of known person or person introduced by an existing client. Further, we also capture the introducer detail in account opening form.
- f) Accept clients on whom we are able to apply appropriate KYC procedures: Obtain complete identification information from the client. It should be ensured that the initial forms taken by the client are filled in completely. All photocopies submitted by the client should be checked against original documents without any exception. 'Know Your Client' guidelines should be followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges should be obtained and verified.
- g) Be careful while accepting Clients of Special category: We should be careful while accepting clients of special category like
- (1) NRIs
  - (2) HNIs- Client having networth of Rs. 25 crore or more
  - (3) Trust, Charities, NGOs
  - (4) Politically Exposed Persons (PEP)
  - (5) companies having closed share holding/ beneficial ownership
  - (6) Companies dealing in/offering foreign currency

- (7) Clients in high risk countries (like Libya, Pakistan, Afghanistan, etc.)
- (8) Non face to face clients
- (9) Clients with dubious background. Clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc). Scrutinize minutely the records/ documents pertaining to clients belonging to aforesaid category. We also define the category of client in back office software.

**h) Do not compromise on submission of mandatory information/ documents:**

Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Accounts where the client refuses to provide information/documents should not be opened. We shall capture data of key person like director & shareholder of all non-individual clients & also taking complete details/documents of Director/ Trustee/Partners etc mandatory while opening the account. In case of corporate client in order to identify client with cross holding, we capture key person data like details of director, share holder.

- i) Verify and Validate circumstances under which the client is permitted to act on behalf of another person/ entity are clearly laid down. It is specified in what manner the account should 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 SHUBHAM STOCK BROKING SERVICES PRIVATE LIMITED, as well as the person on whose behalf the agent is acting is clearly laid down). Adequate verification of a person's authority to act on behalf the client is also carried out.

- j) The CDD process shall necessarily be revisited, if required, when there are suspicions of money laundering or financing of terrorism (ML/FT).

**Risk-based Approach:**

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