



## Ganpati Finsec Pvt. Ltd.

### Internal Control for Account opening and DP operation

#### A. Account opening process (UCI, KYC, CKYC & KRA)

1. All our marketing personals, Branch Manager, Authorized Persons and concern person at main office are directed to collect duly filled and signed CRF kit along with all required documents duly self attested by the clients.
2. Check PAN From Income tax website.  
<https://www1.incometaxindiaefiling.gov.in/e-FilingGS/Services/VerifyYourPanDeatils.html?lang=eng>,  
a) Check PAN AADHAR Link From Income tax website  
<https://eportal.incometax.gov.in/iec/foervices/#/pre-login/link-aadhaar-status>
3. Check PAN of client with updated SEBI debarred list. If found, form should be return to the client.  
<https://www.bseindia.com/investors/debent.aspx>
4. Check name and PAN of client with updated UN updated list of Al-Qaida and Taliban list. If found, form should be return to the client.  
a) Updates to the names of individuals and entities on the 1533 Committee's website pursuant to a decision by the Committee may be found in the "Press Releases" section on the Committee's website. .



<https://www.un.org/securitycouncil/sanctions/1533/press-releases> b) An updated List is accessible on the Committee's website at the following URL: <https://www.un.org/securitycouncil/sanctions/1533/materials> c) An updated and consolidated list of all the Sanction Committees are available at the following URL: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

5. If Client name/PAN is matched with Income Tax website and not found in above both (SEBI and UN) list, form shall be checked thoroughly.
6. Check whether all required supporting documents are enclosed with KYC and self attested. Required supporting list is mentioned in KYC kit.
7. All required supporting documents should be verified with original.
8. Client shall be interviewed by own staff or AP only and details of IPV like name, date signature of person who have done IPV should be clearly mentioned in KYC.
9. After follow up of above points duly filled and signed KYC shall be sent to our main centralized office.

*KYC department is divided in Maker & Checker concept at executive level and both (Maker & Checker) have to report to Manager.*



## Role of Maker

10. CRF kit received for account opening shall be verified by KYC personal
11. Forms incomplete in any respect shall be rejected. Client shall be registered only after ensuring that the same are complete in all respect.

### Note:

- *If form and / or documents are incomplete, do not open account.*
- *Reason to be communicate to the RM / Branch / client*
- *Do not send complete CRF to the RM / Branch / client in case of deficiency. Ask to RM / Branch / client to get required documents additionally(e.g. if documents are not self attested ask to submit fresh self attested documents, If signature is missing ask to submit photocopy of relevant page of CRF with required signature along with letter specifying the reason for photocopy). If necessary only send required documents / part of CRF for rectification.*
- *Mobile no should be verified by calling to the client on recorded line and verification should be strict, Confirm client date of Birth, Pan No to ensure person is same and note down the time and ext no from which confirmation done so that in future if we want to track we can do the same*
- *If mobile no not verified please ask to RM / Branch / Client for the wrong mobile no and also request to give new mobile no and also*



*inform to Head of Department for the same and after that repeat the same process as above*

- *E mail id should be verified by sending the test mail to the client's e mail id and please also confirm the same on phone also or try to receive acceptance mail from Client*
- *If e mail gets bounced, please ask to RM / Branch / Client for the wrong e mail id and also request to give new e mail id through letter specifying the reason for the same. Also inform to management for the same.*

12. In person verification is done by employee of the company for every client.

13. The client's names are compared with the list of persons barred by SEBI and UN Security Council.

Note:

- *If client name is found in the list of persons barred by SEBI and UN Security Council, account should not be opened*
- *Inform to RM / Branch / Client specifying the reason for rejection of account opening request.*

14. The AML compliance with regards to identification of the client as a high risk client is carried out. Accounts of foreigners should be not opened.

15. If client belong to high risk category as per PMLA policy, account opening request to be forwarded to top management



and approval from them required. If not approved. Form to be returned to the clients.

16. Process the CRF kit where no discrepancies found.

17. In those CRF where deficiencies found follow the point no 14 - 16 and get the complete required documents as per discrepancies found before processing the account opening.

18. Account get opened in DP first by punching the details in DP back office by the maker

Note:

- *All discrepancies should be inform to the manager by the maker and communication made to the RM / Branch / Client should be attested by the manager*

### **Role of checker and Manager**

19. Details punched by the maker to open the account should be checked by the checker and do the correction if required and release the data for account opening after getting the approval from manager.

20. Tariff / cost structure of DP should be recheck and approve by the Manager



21. Take the printout of master copy, attached the same in CRF kit and forward it to the trading account opening department.
22. All required details should be rechecked by the Maker of account opening department in respect of trading account's requirement.
23. Client code is allotted to the client and data should be punched by the maker in back office system including brokerage (for maker brokerage entry is not possible)
24. Details punched by the maker to open the account should be checked by the checker of trading account opening department and do the correction if required and release the data for account opening.
25. The UCC is uploaded to the Exchanges including the mobile no & e mail id to receive trade confirmation by the maker.
26. The uploaded UCC in exchange should be verify by the Checker .

And after receiving conformation from exchange "Permitted To Trade "we allow client for trade.



27. After receipt of successful file, client master in DP system generated and DIS is marked in system and register and same shall be issued with BO a/c number duly stamped on DIS

28. A copy of the KYC docket containing the KYC Form, right & obligations, Dos & Do'nts, RDD along with the other documents and Depository master copy with DIS book sent to the client with the welcome letter and the login ID and password. The client is instructed to verify the details like the Name, Address, Bank and Demat account details, PAN etc. and report in case of any discrepancy.

Note:

***If documents get undelivered to the client***

- *Check the reason for undelivered and communicate to the client directly along with RM / Branch*
- *If address is wrong, ask the client for the reason of wrong address. Also ask to furnish the new address proof along with letter specifying the reason for the same.*
- *Deactivate the account immediately in DP and trading*
- *Packet should be kept by the maker of DP department and this is his responsibility to get the required documents and delivery of this packet to the client.*
- *Resent the packet either through SPEED POST or COURIER COMPANY.*



- *Account should be reactivated only after delivery of this packet (after receipt of PROOF OF DELIVERY)*

29. An SMS & E mail about the issuance of the welcome kit is also sent to the client.

### **Process Related to KRA/CKYC/KUI**

30. Maker should check the registration details of client on KRA/CKYC

31. If client is already registered with KRA, there is no need to register again. Maker should check the detail of clients and if any changes is observed then it should be modified with latest details else no need to send KYC to KRA.

32. If data is already uploaded to KRA system, download uploaded details from the KRA system and preserve it.

33. The details is uploaded to the KRA by the Maker with data exported through back office

34. Relevant page of KYC and required supporting documents should be scanned for uploading to KRA system. All scanned documents must be preserved by the KYC department.





35. KYC keeping and retrieval of client registration documents from KRA is handled by Manager only
36. Check the status of client registration details with KRA.
37. If any discrepancies is pointed out by the KRA then it should be rectified as per requirement by the manager.
38. If client wish to get change any details it should be accepted with all necessary supporting document.
39. New details of client must get updated on KRA and previous process no 30-36 must be followed.

### **Process Related to E-KYC**

The company is started facility of e-KYC to make the account opening easier. However, this facility is only available for sole account holder residential individual interested either of demat account or trading account or both.

40. e-KYC process is a software/application based digital process of account opening and our own persons authorized for account opening and/or Authorized Person are allowed to run the application in tablet or smart phone. The details of



client are filed by our person or AP in presence of clients. The details are published in the account opening form that the client e-signs.

41. The client data shall not be get fetched from adhaar ekyc. The data is either obtained from adhaar QR or KRA depending on the client preference. If client is not KRA compliant pr choose the change KRA data, the required documents shall be obtained from the client. Also our person shall conduct IPV and verification of documents with original personally.
42. In case the KYC details will fetched from Adhaar QR code in future, we do follow all the UIDAI guidelines. IPV is mandatory for all scenario except unmodified data fetched from KRA.
43. In case of any modification of KRA based data, client has to produce original documents for verification and our person shall capture these documents from the live mobile/tablet camera from within the application. Also our person will esign these documents as a proof of IPV and DVO. The same process is followed in other method of form filling such as Adhaar QR or as a current practice of physical account opening.
44. If the client opt to have nomination, physical form is obtained immediately dully signed by the client along with witness physically. In case of no nomination opt by the client, physical document is not required and account can be open with negative nomination.



45. If the client wishes to give Power of attorney, physical copy of POA duly stamped as per stamp duty act and duly signed by the clients is obtained immediately. The scan copy of POA is also captured in the ekyc application.
46. The photograph of the client is captured from the application and same is published in application form and to be esigned by the clients.
47. Specimen wet signature: The signature copy is obtained in the application individually, it is also obtained on the POA and nomination form if client is opt.
48. Bank details and other supporting details: The scan copy of bank details, financial details, etc. is obtained in the application. These are subsequently annexed to the application form to be esigned by the client.
49. Thus the client photo, wet signature, bank proof, etc. is captured from the live mobile camera from within the application. These all documents are also e-signed with the application form.
50. In case of address modification, we would take the physical copy of the address proof and to be verified with original by the officials and stamped as original seen and verified.
51. The account opening consists of all the regulatory details to be sent to the client.

## **B. 20 Identification of Beneficial Ownership (BO)**



**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, we shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- a. 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.

(Note: 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.
- b. In cases where there exists doubt under clause 4 (a) 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.

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

- c. Where no natural person is identified under clauses 4 (a) or 4 (b) 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*, we 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. For foreign investors**

**In case of foreign investor** viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, KYC and identification of beneficiary owner must be done accordance with Annexure III.

## **Exemption of KYC/identification of beneficiary owner requirement:**

- **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 is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

➤ **In case of foreign investors:**

In case of Sovereign Wealth Fund, Foreign Governmental Agency, Central bank, international or multilateral organization and Central or State Government Pension Fund, we shall satisfy our self about their status and thereafter, only relevant provisions of Annexure III shall be applicable. Further, these entities shall also be a part of KRA centralized system of KYCs

**C. DIS**

- ✓ Fax indemnity facility for receiving DIS is not taken by the client.
- ✓ DIS shall be checked thoroughly as to whether it is dully filled/strike off and not over writing
- ✓ DIS shall be stamped with date and signature
- ✓ In case DIS received after 4 PM for pay-in purpose on next date, stamp off risk disclosing shall be put on DIS
- ✓ Verify client signature with our system
- ✓ DIS shall be punch in back office system by the maker
- ✓ DIS shall be punch again in back office system by the verifier
- ✓ Checker/manager shall authorize the punched DIS and then upload to the CDSL system.



- ✓ Checker shall also verify the batch file processing with annexure
- ✓ Manager shall authorize the high value punched DIS and put stamp
- ✓ Response file from CDSL shall be processed in back office
- ✓ In case of dormant account, manager shall enquire with client over phone
- ✓ Scan all DIS at end of day or in case not possible by EOD then next day
- ✓ Upload scan DIS to CDSL system and DIS shall be preserve by manager
- ✓ Dematralisatioin of mutual funds process also same except share certificate is not required
- ✓ Check demat charge charged to the client

#### **D. Demat and Remat process**

##### Demat

- ✓ Check whether DRF dully filed and signed
- ✓ Check DRF with share certificate and its details
- ✓ Check signature and name and if mismatch then return it to client
- ✓ Stamped with date and time on DRF
- ✓ Put stamp of surrender of certificate and DP details on share certificate and mutation
- ✓ Put details in register after giving receipt to client
- ✓ Punch in back office system
- ✓ Manager shall verify and batch file uploaded as checker
- ✓ Report file alongwith DRF and share certificate shall be sent to the transfer agent and entry of POD shall be maintain in register



- ✓ In case any issue raised by the company/transfer agent same is mentioned in register and client be informed accordingly.
- ✓ In case any delay at company/transfer agent end, follow-ups call shall be done

#### **D Remat**

- ✓ Dully filled form along with dully signed holding statement in two set is required
- ✓ Request shall be punch in system by maker
- ✓ Punched request shall be checked and verified by checker
- ✓ Upload to CDSL system
- ✓ Request forward to RTA for process of rematlisation

#### **E. Redemption of Mutual Funds**

- ✓ Check whether redemption form is dully filled and signed
- ✓ Check details in the system like name, quantity, etc.
- ✓ Manager shall punched the request in online system

#### **F. DIS re-issue**

- ✓ Loose DIS shall not be issued
- ✓ In case client bring DIS request in dully printed performa, the maker shall check client signature
- ✓ In case client send DIS request in dully printed performa by post, the maker shall enter details in register and check client signature. In case signature mismatch, then client be informed telephonically





- ✓ Enter the new DIS details in the system and register and handed over to the client or send by courier as applicable and get receipt

#### G. Transmission

- ✓ Transmission request form shall be duly signed by nominee
- ✓ Death certificate issued by relevant authority, demat client master of nominee, ID proof of nominee, indemnity bond dully executed on stamp paper and attested by Notary is mandatory for transmission, if name differ in record/id proof.
- ✓ In case value of stocks under transmission is more than 5 Lakh, then Court order is also mandatorily required
- ✓ Signature of nominee shall be verified
- ✓ After receipt of duly completed request shall be stamped and record be maintained in register.
- ✓ Further processing shall be done by Manager level.

#### H. Modification

- ✓ Written request for modification in client information is mandatory
- ✓ In case client not visited personally with modification request then copy of client's ID is mandatory
- ✓ Telephonic confirmation is required before processing of modification request.
- ✓ Modification request shall be punch by Maker and verified by checker.
- ✓ Modification shall be also done in UCC, CDAS, and KRA system accordingly.



#### I. Pledge/Unpledge

- ✓ Dully filled form is mandatory
- ✓ Pledge setup in the system by maker
- ✓ In case pledge request in favor of NBFC then pledger's signature is also required
- ✓ Checker approve pledge form
- ✓ Verifier upload pledge request in CDSL system
- ✓ Acknowledgment shall be provided
- ✓ Same process also applicable for unpledged request

#### J. BSDA

- ✓ BSDA facility shall be provided to every customer at the time of account opening.
- ✓ In case client is interest, he must be briefed about charge structure verbally
- ✓ Prospective client eligible for BSDA shall be shortlisted every quarter and if found, client shall be informed about shifting of nature of account from normal to BSDA
- ✓ In case client is not willing to get his account shifted under BSDA, written confirmation shall be taken mandatorily
- ✓ Prospective client eligible for shifting from BSDA to normal category shall be shifted and applicable charges shall be levied
- ✓ Applicable charges also levied to BSDA account

#### K. Miscellaneous

- ✓ AMC Shall be charged as per the applicable rate and terms



- ✓ In case of closure of account. AMC shall be refunded in proportionate
- ✓ Sending of statement is outsourced to CDSL
- ✓ Periodic financial statement shall be sent over e-mail and if client request, physical statement shall be given to the client
- ✓ In case of closing request for BO A/c. due diligence shall be verified and holding if any shall be transferred to only BO Name in the account maintained with other DP.

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For Ganpati Fin Sec Private Ltd

Director