

INTERNAL CONTROL POLICY

Internal control policy for R. J. Stock Broking Pvt Ltd (herein after referred as 'RJSBPL') is structured to ensure regulatory compliance, operational efficiency, and the protection of client assets. Under the **SEBI (Stock Brokers) Regulations, 2026**.

- **Client Onboarding & KYC:**

Due Diligence: RJSBPL ensures verification of identity and beneficial ownership (identifying individuals with >25% interest in companies or >15% in partnerships/trusts).

Financial Assessment: RJSBPL ensures mandatory collection of documents such as ITR acknowledgments, 6-month bank statements, or CA-certified net worth certificates to evaluate a client's trading capacity.

Risk Categorization: RJSBPL ensures to classify clients into High, Medium, or Low risk for tailored monitoring.

- **Fund and Securities Management:**

Segregation: RJSBPL ensures strict separation of client funds and securities from the RJSBPL's own proprietary accounts.

Receipt Policy: RJSBPL accepts funds only through registered bank accounts via NEFT/RTGS or cheques. **Direct cash deposits are strictly prohibited at RJSBPL.**

Payouts: RJSBPL ensures funds and securities are released to clients within 24 hours of the exchange payout.

- **Risk Management & Trading Controls:**

Upfront Margin: RJSBPL ensures requirement for a minimum margin (often 10% or more) before entertaining purchase orders.

Exposure Limits: RJSBPL ensures setting system-based limits based on a client's credit balance and collateral.

Error Accounts: RJSBPL always routing genuine client code modifications through a designated "Error Account" to be reported to the exchange; routine modifications are not permitted.

- **Surveillance & Compliance:**

Institutional Mechanism: RJSBPL have systems to detect, prevent, and report suspicious activities like market abuse or "mule accounts".

Whistleblower Policy: RJSBPL have a mandatory written policy providing confidential channels for reporting internal irregularities.

Reporting: RJSBPL submitting summary analysis and action-taken reports on suspicious activities to exchanges on a **half-yearly basis**.

- **Regulatory Compliance Checklist**

Record Retention –

RJSBPL has the mechanism to retain all records for minimum and more than 8 years.

Residency Norms –

RJSBPL ensures that at least of it's designated Director resides in India for 182+days

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Net Worth –

RJSBPL ensures to keep its minimum Net Worth of ₹1 crore

Grievance Redressal –

RJSBPL ensures to address investor grievances within 21 calendar days.

Compliance Review –

RJSBPPL ensures its Internal audit/review of regulatory compliance must occur at least once per quarter.

- **Specific Procedures**

Dormant Account Policy: Accounts inactive for **180 days** (or 6-12 months per firm policy) are flagged as dormant. Reactivation requires fresh identity verification and a signed request letter.

Technical Glitch Framework: Mandatory real-time performance monitoring and capacity planning to ensure system resilience.

Information Security: Restricted access to back-office software via unique user IDs and mandatory "Chinese Wall" policies to prevent insider trading