



K. A. GUNDERIA & CO.

SHARE & STOCK BROKERS

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POLICY FOR RISK MANAGEMENT & SURVEILLANCE

Customer Due Diligence/KYC Standards

New Customer acceptance procedures adopted include following processes :

- a) Customer identification and verification depending on nature/status of the customer and kind of transactions that are expected by the customer.
- b) Client should remain present for registration personally
- c) Establishing identity of the client, verification of addresses, phone numbers and other details.
- d) Obtaining sufficient information in order to identify persons who beneficially own or control the trading account.
- e) Verification of the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc.
- f) Checking original documents before accepting a copy.
- g) Asking for any additional information as deemed fit on case to case basis to satisfy about the genuineness and financial standing of the client.
- h) Whether the client has any criminal background, whether he has been at any point of time been associated in any civil or criminal proceedings anywhere.
- i) Checking whether at any point of time he has been banned from trading in the stock market.
- j) As per policy, New Clients are procured through closed reference of director, sub-brokers & Employees after in person verification.

For existing clients processes include :

- a) Review of KYC details of all existing active clients.
- b) In case of non individuals additional information about the directors, partners, dominant promoters, major shareholders is obtained.

Following Risk based KYC procedures are adopted for all clients :

1. Unusual activity compared to past transactions
2. Doubt over the real beneficiary of the account
3. Payout/pay-in of funds and securities transferred to/from a third party
4. Inconsistent with the clients' financial background

Monitoring & Reporting of Suspicious Transactions:

Ongoing monitoring of accounts which includes

1. Identification and detection of apparently abnormal transactions.
2. Daily overview of all transaction for each Client by Employee of the Broker & his superior or by principal officer in this respect.
 - i) Sudden activity in dormant accounts,
 - ii) Source of funds are doubtful or inconsistency in payment pattern;
 - iii) Transfer of investment proceeds to apparently unrelated third parties ;
 - iv) Large deals at prices away from the market.