

CLIENT ACCEPTANCE POLICY

JALAN & CO

1. Objective & Scope

The objective of this policy is to lay down explicit criteria for onboarding clients, ensuring that no account is opened in fictitious, anonymous, or *benami* names. This policy outlines the principles of customer acceptance, risk categorization, and background verification before initiating any business relationship.

2. Core General Principles

The company shall strictly enforce the following rules during client onboarding:

- **No Anonymous Accounts:** No account shall be opened in an anonymous, fictitious, or pseudonymous manner.
 - **Mandatory Documentation:** No account shall be activated unless a complete Account Opening Form (AOF) with valid KYC documents is submitted.
 - **In-Person Verification (IPV):** Physical or digital IPV must be successfully completed for every prospective client.
 - **No Tipping Off:** If a suspicious background is detected during onboarding, the account will be declined or escalated internally without tipping off the applicant.
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3. Client Onboarding & Identification Procedure

Before a client is formally accepted, the compliance or KYC department must execute the following verifications:

3.1 Document Collection & Original Verification

Brokers must obtain and physically or digitally match original copies of:

- **Identity Proof:** PAN Card (compulsorily verified against the Income Tax Database) and Aadhaar/Passport/Voter ID.
- **Address Proof:** Valid permanent and correspondence address proofs.
- **Financial Proof (Mandatory for Derivatives Segments):** ITR Acknowledgement, Form 16, latest 6-month bank statement, or salary slips.

3.2 Ultimate Beneficial Ownership (UBO)

For non-individual clients (Corporates, Partnerships, Trusts, HUFs), the firm must:

- Identify the natural persons who ultimately control or own more than the threshold percentage of shares/capital (e.g., 10% for companies, 15% for firms/trusts under PMLA).
- Obtain constitutional documents such as the Certificate of Incorporation, Memorandum & Articles of Association (MoA & AoA), Board Resolutions, and authorized signatory lists.

4. Client Risk Categorization

To determine the intensity of ongoing monitoring, all accepted clients must be classified into one of the three risk levels based on their background, occupation, geography, and financial standing:

Risk Level	Description & Target Group	Due Diligence Required
Low Risk	Salaried employees, domestic retail investors, and government entities with clear income sources.	Standard KYC, basic PAN verification, and automated transaction scanning.
Medium Risk	High Net-worth Individuals (HNIs), non-resident clients (NRIs), and companies with close family shareholding.	Enhanced verification of financial capability and business background.
High Risk	Politically Exposed Persons (PEPs), NGOs, trusts, charities, and clients from jurisdictions blacklisted by FATF.	Enhanced Due Diligence (EDD), management/Principal Officer approval, and source of wealth proof.

5. Clients of Special Category

Clients categorized as CSC require senior management approval prior to account activation. This category includes:

1. Non-Resident Indians (NRIs) and Foreign Portfolio Investors (FPIs).
2. Politically Exposed Persons (PEPs) or close relatives of PEPs.
3. Trusts, Charities, Foundations, and Non-Governmental Organizations (NGOs).
4. Companies having close family shareholdings or beneficial ownership.

6. Circumstances for Refusal or Termination of Account

The firm reserves the right to reject an application or freeze an active trading account under the following conditions:

- **KYC Deficiencies:** Failure of the client to submit genuine identity, address, or financial status proofs.
- **Regulatory/Sanction Match:** The applicant's name appears on SEBI debarred lists, RBI defaulter lists, or global watchlists (UN Security Council, FATF, OFAC).
- **Inability to Verify UBO:** Inability to identify or verify the actual controlling/beneficial owners of a corporate or institutional account.
- **Suspicious Source of Funds:** Ambiguous source of initial deposit or high-volume transactions disproportionate to declared financial means.

7. Policy Review & Implementation

- **Timeline Oversight:** The KYC details must be pushed to KRA within 3 working days of successful account activation.
- **Periodic Review:** This policy shall be reviewed annually by the Principal Officer / Proprietor to incorporate any new circulars, guidelines, or amendments issued by SEBI or the Stock Exchanges.

BY ORDER

PROPRIETOR

