



B2B Prime Services

INTERNAL PROCEDURES & COMPLIANCE MANUAL

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1. Operational Procedures Adoption

The Board of Directors of **B2B Prime Services** (the ‘Company’) set out below the internal procedures that need to be adopted prior by all officers and staff members of the Company in respect of internal control, risk management and supervision policies considering the nature and scale of our business.

These procedures are critically important for the Company to operate with the best standard as an Investment Dealer excluding Underwriting.

The Company and all its staff and officers should be aware that we need to comply with all Rules, Notices, Code of conduct, Circulars and Guidelines set by the Financial Services Commission and the Exchange platforms. In addition, the Company also needs to comply with the requirements of the Securities Act 2005 and the rules and regulations made under it.

2. Organisation structure and segregation of duties

Our organization structure, devised considering the nature and scale of our activities as an Investment Dealer License holder with the FSC.

3. Auditors

3.1. External Auditors

We shall appoint Nexia Baker & Arenson, Chartered Accountants as Auditor(s) to audit the books of accounts and prepare the financial statements in accordance with IFRS standards.

3.2. Auditor Independence

We have taken reasonable steps to ensure that the auditor is appropriately qualified to carry out the audit properly, and is independent. Our auditor is not the Chairman or a director on our Board to avoid all types of conflict of interest.

We shall extend all co-operations and provide all information in true and fair manner to the auditors. There shall be no obligation of confidentiality imposed on auditors with regard to reporting any deficiency, non-compliances or violations to the FSC and any Exchange platforms.

We shall not enter into any financial transactions (other than payment of fees for audit services) with the Auditors.

3.3. Internal Auditing / Assessment

We shall carry out an internal audit/assessment of our firm including a compliance audit. The scope of work of the internal audit include review of the internal controls and processes and risk management requirements in line with our group policy and review and reporting on compliance by our firm with the FSC and the Exchange platforms

requirements. The internal audit annual report shall be sent to the Directors directly highlighting areas requiring attention. The Board shall take necessary actions on the reports of the internal auditors.

3.4. Auditor Access to Outsourcing Providers

We will ensure that internal and external auditors have timely access to any relevant information from our outsourcing service providers to fulfill their responsibilities.

4. Corporate Ethics

We have specified the below mentioned Code of conduct for all employees and officers. The code of conduct emphasizes on:

- (a) Honesty;
- (b) Integrity;
- (c) The avoidance or disclosure of conflicts of interest;
- (d) Maintaining confidentiality;
- (e) Professionalism
- (f) Commitment to the law and best practices; and
- (g) Reliability.

Our policies and procedures also include identification, reporting and prevention or management of potential conflicts of interest, including matters such as:

- (a) Related party transactions;
- (b) The misuse of assets; and
- (c) The use of privileged information for personal advantage ('insider trading').

Any transaction in which Board members or any member of management have potential conflicts of interest should either be proscribed or require formal documented approval by the Board, with measures taken to manage those conflicts.

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services or a combination thereof and whose existence may damage the interests of a client, the Company takes into account, whether the Company or a relevant person, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) The Company or relevant person is likely to make a financial gain, or avoid a

financial loss, at the expense of the client;

- (b) The Company or relevant person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- (c) The Company or relevant person has a financial or other incentive to favor the interest of another client or group of clients over the interests of the client;
- (d) The Company or relevant person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- (e) Where a conflict arises and the Company is aware of it, it will disclose the conflict to the client prior to undertaking investment business for that client or, if it does not believe that disclosure is appropriate to manage the conflict, we may choose not to proceed with the transaction or matter giving rise to the conflict.

5. Risk Management

5.1. Responsibility

Responsible officer takes responsibility for the establishment of an adequate and effective framework for identifying, monitoring and managing risks across all our operations.

We recognise the range of risks that our firm faces and the need to manage these risks effectively. Our risk management framework is expected to have the resources and tools to identify, monitor and control all material risks considering the nature and scale of our operations. Our risk management function will monitor and assist us in this endeavour. The levels of arrangement we have made to address risks emanating from our operations are of international standards.

5.2. Systems and Controls

The Exchange technology platform in which we operate provide the state of the art online risk tools;

We recognise that this ensures that the market risk and operational risks are minimised to a large extent. Since we do not handle client business or indulge in any lending activities, we do not have any credit risk. We are also committed to maintain the records relating to risk controls specified by the FSC and the Exchange platforms.

5.3. Liquidity Risk

Responsible officer directly monitors and manages liquidity risks through various arrangements. We also have robust software for monitoring our portfolio and generally we operate in contracts that are highly liquid.

For the purposes of testing liquidity risk, we carry out appropriate stress testing and scenario analysis, including taking reasonable steps to identify an appropriate range of realistic adverse circumstances and events in which liquidity risk might occur or crystallise. We normally consider scenarios based on varying degrees of stress and both firm-specific and market-wide difficulties.

5.4. Limit Setting

For effective management of liquidity risk we set limits for the operational team reflecting a spectrum of possible risks, from those arising in day-to-day liquidity risk management to those arising in stressed conditions. For instance we generally set limits considering:

- (a) Instrument types;
- (b) Open Positions;
- (c) Mark to Market losses;
- (d) Where appropriate, net leverage and gross leverage; and
- (e) Daily settlement limits.

5.5. Contingency Planning

Our Board will also maintain contingency funding plans for taking action to ensure that we can access sufficient liquid financial resources to meet liabilities as they fall due.

5.6. Market Risk

Market risk relates to the exposure of our firm to fluctuations in the market value, currency or yield in respect of positions in financial instruments (either long or short).

The Directors has identified the firm's appetite for market risk, and put in place mitigation factors including on-going access to global research on market scenario, tools for monitoring stresses originating by concentration and diversification of portfolio. On this basis we have we have set the following parameters;

- (a) The financial instruments, assets and liabilities (and mismatches between assets and liabilities) that we are exposed to and the limits on those exposures;

Activities that are intended to hedge or mitigate market risk including mismatches caused by, for example, differences in the assets and liabilities and maturity mismatches.

5.7. Risk Measurement

We carry out stress testing to assess the resilience of our financial resources to any identified areas of material market risk under reasonably foreseeable circumstances.

5.8. Risk Monitoring

We submit to our Directors, market risk reports at various levels. At firm wide level, a market risk report includes the following information:

- (i) Summarising and commenting on the total market risk that a firm is exposed to
- (ii) On VaR calculations
- (iii) Commenting on significant risk concentrations and market developments; and
 - (a) At the business unit level, a market risk report may include information summarising market risk by currency, trading desk, maturity or duration band, or by instrument type;
 - (b) At the trading desk level, a market risk report may include detailed information summarising market risk by individual trader, instrument, position, currency, or maturity or duration band; and
 - (c) All risk data should be readily reconcilable back to the prime books of entry with a fully documented audit trail.

5.9. Record Keeping

In relation to market risk, we shall retain appropriate prudential records of:

- (a) Off and on market trades in financial instruments;
- (b) The nature and amounts of off and on balance sheet exposures, including aggregations of exposures;
- (c) Trades in financial instruments and other assets and liabilities; and
- (d) Methods and assumptions used in stress testing and scenario analysis and in VaR models.

We also keep a data history to enable it to perform back testing of methods and assumptions used for stress testing and scenario analysis and for VaR models.

We are also required to keep records for all documents for a period of seven years pursuant to the Mauritius Companies Act 2001.

5.10. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. In identifying the types of operational risk losses that we may be exposed to, we for instance consider the following:

- (a) The design, implementation, and operation of the processes and systems used in the end-to-end operating cycle for a member's products and activities;

- (b) The risk culture and human resource management practices; and
- (c) The business operating environment, including political, legal, socio-demographic, technological, and economic factors as well as the competitive environment and market structure.

When assessing its operational risks, we may be able to differentiate between expected and unexpected operational losses. Our Directors have considered it is appropriate to adopt a more quantitative approach to the assessment of its expected operational losses, for example by defining tolerance, setting thresholds, and measuring and monitoring operational losses and exposures.

In establishing mechanisms and controls, our Board has considered the following factors;

- (a) Delegation of authorities;
- (b) Outsourcing of functions;
- (c) Financial and human resources;
- (d) Risk management tools and processes;
- (e) Administrative systems and procedures;
- (f) Audit trail;
- (g) Management information systems;

5.11. Risk Monitoring and Controlling

When monitoring the operational risk, the Compliance Officer is expected to report regularly to the Board, the operational exposures, loss experience (including if possible cumulative losses), and deviations from the member firm member's operational risk policy; unauthorised deviations from the firm's operational risk policy; likely or actual breaches in predefined thresholds for operational exposures and losses, where set; and Significant increases in the firm's exposure to operational risk or alterations to its operational risk profile.

6. Confidentiality Obligations

6.1. Obligation to Maintain Confidentiality

Our Directors, officers, employees and representatives shall maintain, and aid in maintaining, the confidentiality of all information that:

- (a) Comes to the knowledge of the firm or any Director or any of the officers, employees or representatives; and

- (b) Is in possession of the firm, or any of its officers, employees or representatives.

6.2. Exceptions to Obligation to Maintain Confidentiality

The obligation to maintain confidentiality shall not apply to the disclosure of information by the firm or its Directors or officers, employees or representatives for the following purposes or in the following circumstances:

- (a) The disclosure of information is necessary for the making of a complaint or report under any law for an offence alleged or suspected to have been committed under such law;
- (b) The disclosure of information is necessary for the execution of a transaction in any securities or futures contracts or clearing or settlement of a transaction and such disclosure is made only to the Exchange or the Clearing house through which the transaction is traded or cleared or settled.
- (c) disclosure of information is necessary:
 - (i) In any disciplinary proceedings of the FSC, the Exchange or securities regulator
 - (ii) For the publication, in any form or manner, of the disciplinary proceedings and the outcome thereof;
- (d) The information disclosed is already in the public domain;
- (e) The disclosure of information is made in connection with:
 - (i) The outsourcing or proposed outsourcing of any service or activity of the member to a third party;
 - (ii) The engagement or potential engagement of a third party by the member to create, install or maintain back-up or internal control systems of the member; or
 - (iii) The appointment or engagement of an auditor, a lawyer, a consultant or other professional by the member under a contract for service;

6.3. Records and controls

Where information is disclosed under the above provisions, the firm shall maintain a record of the circumstances relating to the disclosure of information. Any such disclosure of information shall be only to the extent insofar as this is necessary for the relevant purpose.

6.4. Segregation of Client money

Our firm shall at all times hold client money in a segregated client bank account separate

from its own account.

We will comply with the FSC and the Exchange platforms requirements for segregation of Client money from our company's accounts and will communicate to our clients in writing, at a minimum, the information regarding client assets held.

7. Anti Money Laundering

We undertake to comply with the necessary norms prescribed by FSC and the Exchange platforms with regard to the Anti – Money Laundering laws applicable in Mauritius and other jurisdictions where the Exchange platforms will be situated. Please find annexed our Compliance & Anti-Money Laundering Procedures Manual with respect to same.

We will perform the necessary due diligence on our client prior to acceptance of their business and during the period of engagement with the client.

8. Client Engagement

It should be noted that in order to engage our services as a TCM through the Exchange, all Clients need to enter into Agreement as per the Exchange prescribed format.

The following operational procedures shall be adopted:

8.1. Process of Acceptance of New Clients

The process for accepting clients requires all clients to complete their Account Opening Process and each account application should be accompanied by:

I. In case of individuals

A. Proof of Identity

1. Recent Photo of client
2. Any One –
 - Tax Account Number (TAN) or
 - Photocopy of National Identity Card or
 - Copy of Passport,

We will accept photocopies of identity documents if they are duly certified by the relevant authority in client's jurisdiction. These documents could also be accepted if the original is shown at the time of submission.

B. Proof of Current Address –

1. An original utility bill
2. A Bank Statement or Credit Card Statement showing name and address.
3. Bank Reference

These should not be dated more than three months.

- C. Bank Account details (through which transactions will generally be routed.)

II. In case of Corporate or Firm

- A. Copy of
 1. Memorandum & Articles of Association or Constitution
 2. Certificate of Incorporation
 3. Utility Bill showing the Registered Office address. (This should not be dated more than three months) or a Company Bank Statement clearly showing the Registered address of the Corporate/Firm.
- B. Authorization letter approving the participation in the respective market segment and should include authorized signatories
- C. Customer Due Diligence (CDD) of at least 2 Directors / Partners as the case may be Names of Directors and their residential address
- D. Names of Controllers/Promoters /Partners and their residential address
- E. Bank Account details (through which transactions will generally be routed.)

We would require all documents notarized or certified by the relevant authority. This is not a comprehensive list as we need to follow the procedures in the Compliance & Anti Money Laundering Manual.

Upon receipt of the completed Account Opening form along with all the required documents, confirmation of account opening will be provided.

8.2. Know your Customer (KYC) Checklist – Retail and Corporate clients

KYC and due diligence procedures shall be carried out in accordance with the Compliance & Anti Money Laundering Procedures Manual (Appendix II)

8.3. Privacy Policy

All personal information on clients for business purposes, processing their requests, informing them about products and services that may be of interest to them, and providing customer service. Such information may include information they have provided when registering such as name, email, address, date of birth, etc. We ensure that our Web sites are secure and that they meet industry standards. We also use other safeguards such as firewalls, authentication systems (e.g., passwords and personal identification numbers), and access control mechanisms to control unauthorized access to systems and data. The Company shall not disclose any client information to third parties, except as described in this Internal Procedures Manual and it will not sell any client personal information.

8.4. Treating customers fairly

All clients shall be treated fairly.

These are the key factors which determine our policy of Treating Customers Fairly:

- (a) Products and services marketed and sold are designed to meet the individual needs of our customers.
- (b) Our Customers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- (c) Where we offer advice to our customers, the advice is suitable and takes account of their individual circumstances.
- (d) Customers are provided with products that perform as we have led you to expect, and that the associated service is of an acceptable standard, and is as you have been led to expect.
- (e) We will ensure that any complaints or grievances are handled in a sympathetic, positive and professional manner and the Company shall keep a Complaints Log for that purpose.

9. Books and Records and Other Requirements

Our firm shall maintain Accounting and financial books and records (whether in electronic or hard copy form) sufficient to produce financial statements and show a complete record of the business undertaken by us. These books include accounts, files and other records (e.g. trial balance, general ledger, bank statements, reconciliations, list of counterparties). It also includes records that substantiate the value of the assets, liabilities and off balance sheet activities, files and valuation documentation.

We will be maintaining the records in the English language. If any of the records are in any other language, we will keep a certified English language translation. Records will be kept current and will be open for on-site verification or review by the FSC and the Exchange platforms.

Records will be accessible at any time from within Mauritius, or as otherwise agreed with the FSC, the Exchange and the Clearing House in writing.

The records shall be kept for 7 years in accordance with Mauritius laws.

9.1. Transaction Records

We shall keep completed transaction records for as long as they are relevant for the purposes for which they were made (with a minimum period in all cases of ten years from the date when the transaction was completed). Records of completed transactions shall be kept in their original form (whether in hard copy and/or electronic format).

9.2. Other Records

Our firm must maintain the following records in original form or in hard copy form;

- (a) Internal policies, procedures and operating manuals;
- (b) Corporate records, including minutes of shareholders', Directors' and management meetings;

- (c) Correspondence with the FSC and the Exchange and records relevant to monitoring compliance with FSC and the Exchange requirements;
- (d) Reports prepared by the member firm member's internal and external auditors; and
- (e) Employee training manuals and records.

10. Business Continuity Requirements

We have provided to:

- (i) maintain adequate business continuity arrangements;
- (ii) document business continuity arrangements in a business continuity plan;
- (iii) test and review business continuity plans regularly; and
- (iv) appoint emergency contact persons.

10.1. Business Continuity Plan

For proprietary members:

In the initial stages, we will be using the Exchange applications on the internet. Therefore the availability of systems and uptime is maximum. We will install the applications on dual PCs therefore ensuring continuity in case of system failure.

10.2. Critical Elements of a Business Continuity Plan

Our Board has devised a Business Continuity Plan with the following elements:

- (i) Risk assessment: This includes a comprehensive assessment of business continuity risks (including financial and operational risks) and threat scenarios which may severely disrupt the firm's operations.
- (ii) Business impact analysis: This is an evaluation of the impact of the risks and threat scenarios identified in (i) above. The business impact analysis identifies critical business functions (including support operations and related information technology systems) and potential losses (monetary and non monetary) to enable the firm to determine recovery.

Strategies/priorities and recovery time objectives;

- (iii) Work area recovery: This refers to continuity arrangements for the firm's critical functional capabilities in the event that the firm's primary office becomes inaccessible, for example, availability of a disaster recovery site ready for

activation within a reasonable period of time;

- (iv) Crisis communications: This refers to a communications plan for the firm to liaise with its internal and external stakeholders such as the FSC and the Exchange, employees and regulatory authorities during a crisis;
- (v) Roles and responsibilities: This refers to the identification of a firm's key personnel and management staff, their roles and responsibilities, and reporting lines.
- (vi) Backup for critical functions, information technology systems and data; Critical functions refer to business functions whose failure or disruption may incapacitate the firm.
- (vii) Key service providers : This refers to assessing a firm's dependencies on key service providers in recovery strategies and recovery time objectives, and taking steps to ensure that key service providers are capable of supporting the Member's business, even in disruptions; Key service providers refer to third-parties who are performing functions that are not normally carried out;
- (viii) Outsourcing service providers: This refers to assessing whether the service provider has established satisfactory Business Continuity Plans commensurate with the nature, scope and complexity of the outsourced services; and
- (ix) Any other elements that the firm deems necessary to be included in its business continuity plan or which FSC and the Exchange may prescribe from time to time. Outsourcing service providers refer to third parties who are performing functions that would normally be performed by Members internally. For example, Operations and Technology.

10.3. Emergency Response during a Crisis

The firm has established at a group level, a crisis management plan that includes:

- (i) Emergency response procedures;
- (ii) Roles and responsibilities of the crisis management team;
- (iii) Command and control structures; and
- (iv) Salvage and restoration procedures.

11. Regular Review, Testing and Training

As a group policy, our firm would review and test its business continuity plan periodically to ensure that the business continuity plans remain relevant.

12. Emergency Contact Persons

We have notified the emergency contact persons to the FSC and the Exchange.

The Company reserves the right to review and amend the above rules whenever it deems appropriate.