

**Procedures with respect to implementation of Anti Money Laundering Procedures Measures under the
Prevention of Money Laundering Act, 2002.**

1. Objective:

The objective of these measures is to discourage and identify any money laundering or terrorist financing activities. These measures are intended to place a system for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

2. Appointment of Principal Officer:

The company shall appoint a Principal Officer, as required under the Prevention of Money Laundering Act, 2002. The Principal Officer is responsible to discharge the legal obligations to report suspicious transactions to the authorities. The Principal Officer will act as a central reference point in facilitating onward reporting of suspicious transactions and assessment of potentially suspicious transactions.

3. Transactions to Record:

- All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.
- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into/from any non monetary account such as demat accounts.

Note: For recording all the suspicious transactions not only "transactions integrally connected", "transactions remotely connected or related" should also be considered in records.

4. Information to be recorded:

- The nature of the transactions.
- The amount of the transaction and the currency in which it was denominated.
- The date on which the transaction was conducted.
- The parties to the transaction.
- The origin of the transaction.

5. Retention of Records:

- All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period of 10 years as prescribed in PMLA, 2002 and other legislations, regulations or exchange bye-laws or circulars.
- In situation where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that case has been closed.

6. Procedure and manner of maintaining information.

- The company shall maintain information in respect of above transactions with its client in hard and soft copies and in accordance with the procedure and manner as may be specified by the Reserve Bank of India or the Securities and Exchange Board of India, as the case may be, from time to time.
- The company shall maintain such information in form specified above and at such intervals as may be specified by the Reserve Bank of India, or the Securities and Exchange Board of India, as the case may be, from time to time.
- The company to observe the procedure and the manner of maintaining information as specified by the Reserve Bank of India or the Securities and Exchange Board of India, as the case may be.

7. Reporting of Transactions:

- The company shall immediately notify to the money laundering control officers or any other designated officer within the intermediary that may be appointed by the authorities. The transactions will be informed immediately in the format as may be prescribed by the Financial Intelligence Unit (FIU) from time to time. The proper documents and supportings will be maintained and forwarded to the regulators as may be asked for.

8. Customer Due diligence:

a. Identification / Verification

1. The company has very strong system in place for acceptance of new client. The main measures which company has implemented for acceptance of new client keeping in view the PMLA requirements are as follows:
2. The Application forms for opening an account are issued only when the prospective client provides the valid reference & introducer for his account.
3. All accounts are opened only when the prospective client is present in person before the company official. All sub brokers are also instructed to open only those account for which valid reference and introducer is available and client is present in person before the sub broker.
4. The company collects the details of location (permanent address, correspondence address and registered office address), occupation details, nature of business activities, financial details etc. before new clients is registered.
5. The company shall collect the various mandatory documents as required by law, including the proof of identity of the client.
6. The company periodically reviews the trading volumes of the clients and their financial strength in terms of annual income, net worth etc.
7. The company also monitors the financial transactions with clients for pay in payout of funds and securities.
8. The company has the policy not to deal in cash with any of the clients, all transactions, receipt or payment, are carried out only through account payee cheque and demand drafts only.
9. The company transacts only in Indian Rupees and no other currencies are being used for trades with clients.
10. All funds are released to the client by account payee cheques and with details of the bank account of the client written on the cheque so as to restrict the client to deposit cheques in only those bank accounts for which details are provided to us.

b. Policy for acceptance of Customers

Company has developed customer acceptance policies and procedures which aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. The following safeguards are followed while accepting the customers.

- i. No Trading account is opened in a fictitious / benami name, Suspended / Banned Organisation and person.
- ii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to Customers' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc and manner of making payment for transactions undertaken. These parameters enable classification of Customers into low, medium and high risk. Customers of special category (as given below) are classified under higher risk. Higher degree of due diligence and regular update of Know Your Clients profile are carried for these Customers.

Clients of special category include the following:

- Nonresident clients
 - High net-worth clients
 - Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
 - Companies having close family shareholdings or beneficial ownership
 - Politically Exposed Persons (PEP)
 - Companies offering foreign exchange offerings
 - Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.
 - Non face to face clients
 - Clients with dubious reputation as per public information available etc.
- iii. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent-client registered with Company).
 - iv. Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/ regulatory agency.

c. Know your Customer information

- i. Know Your Clients Form information should generally be obtained prior to commencing the relationship and should be updated on a regular basis during the course of the business relationship. A risk based approach should be applied depending on the type of customer, nature of the business relationship, product and any other risk factor that may be relevant, as well as any specific local requirements.
- ii. The client should be identified by the Company by using reliable sources including documents/ information. Adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship should be obtained by the Company.
- iii. The information to be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the Company in compliance with the SEBI Guidelines. Each original document should be seen prior to acceptance of a copy and all copies of the documents should be self certified by the customer.

d. Identification / Verification Measures - Where a potential client has not dealt with the Company in the past and wishes to open a trading account, the procedure is that:

- i. The client provides the necessary information required, including relevant documents
- ii. The client account opening form / client registration form is duly completed by the dealer / sales executive / client (for private clients)
- iii. The client account opening form is approved by Dealing (for institutional Customers)
- iv. Information on the new client is given to Operations who will only effect settlement if the form duly filled and signed, is in place.
- v. The member client agreement is executed (together with the Risk Disclosure Document) and the client registration form is duly filled and signed.
- vi. All material amendments or alterations to client data (e.g. financial information or standing instructions) are in writing.

Note: Photo proofs for identification of the client to be verified against originals and taken before opening a trading account with a new individual client. In case of non individual client, photo identities of the directors / authorised persons are to be verified against original and taken on record.

e. Risk Profiling of Customers

- i. Customer's acceptance to the potential money laundering risk associated to it. Based on the risk assessment, customers should be grouped into the following three categories viz:
 1. Low Risk
 2. Medium Risk
 3. High Risk

- ii. The basis for categorization of clients is the Total income of the client as under:

Total income	Risk Category
> 10 lacs	High Risk
>5 lacs < 10 lacs	Medium Risk
< 5 lacs	Low Risk

- iii. All customers should be assigned one of these categories.
- iv. The category of risk assigned to an account/customer will determine the applicable Customer Identification Procedures, subsequent monitoring & risk management.
- v. Customers who may pose a particular risk to the Company and Money Laundering Deterrence Programme and the Company's reputation, and who should normally be treated as high risk and subject to enhanced Customer Due Diligence, include, but are not limited to the following :-
- Offshore Trusts, Special purpose Vehicles, International Business Companies which are established in locations with strict bank secrecy or confidentiality rules, or other legislation that may impede the application of prudent money laundering controls.
 - Private companies or public companies not subject to regulatory disclosure requirements that are constituted in full or in part by bearer shares.
 - Customers with complex account relationships – e.g. multiple accounts in one, customers with high value and/ or high frequency transactional behavior.
 - No account should be opened in anonymous or fictitious / benami name(s) i.e. to say the anonymous or fictitious/benami customers shall not be accepted.
 - No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verification documents on account of non co-operation of the customer or non-reliability of the data/information furnished of the Company.

Members of the Company must not establish accounts or relationships involving unregulated money service businesses or unregulated businesses involved in aiming / gambling activities.

- f. **Non Face to Face Businesses** Members of the Company should apply Customer Due Diligence procedures which ensure that the process is equally as effective for non face to face customers as for face to face customers. Financial services and products are now frequently provided to non face to face customers via postal, telephone and electronic facilities including the Internet. Customer identification procedures in these circumstances should include appropriate measure to mitigate the risks posed by non face to face business. Ongoing due diligence and scrutiny of transactions and trading account should be conducted.

- g. **Correspondent Accounts** The Company is not permitted to open or maintain “payable through accounts”, (being correspondent accounts that are used directly to transact business on their own behalf) without the written and ongoing annual approval of the Head of Compliance.

9. Training

All new staff including temporary or contract staff who may be involved in customer business must receive suitable and timely induction training to ensure that they understand the Company’s approach to money laundering deterrence, including:

- What money laundering is?
- The Company’s requirements under the Policy, Company Policies & Procedures and additional policy and standards issued under the Company’s Money Laundering Deterrence Programme, as appropriate.
- Legal or regulatory requirements and the risk of sanctions for themselves, the Company.
- Reporting requirements as prescribed by SEBI.
- The role played by their Principal / Compliance Officer in money laundering deterrence.
- The need to protect the Company’s reputation.

Staff in high-risk areas should receive appropriate training to enable them to understand the money laundering techniques which are likely to be used in their area, and to remind them of their personal responsibilities under the Policy, Company Policies & Procedures other applicable Company Policy and standards and local legal requirements.

Refresher training should be provided as appropriate and should as a minimum remind staff in high-risk areas annually of their responsibilities and alert them to any amendments to the Company’s Money Laundering Deterrence Programme or local legal and / or regulatory requirements, as well as any new money laundering techniques being used.

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