

POLICY ON ANTI MONEY LAUNDERING

1. BACKGROUND OF ANTI MONEY LAUNDERING:

The PMLA came into effect from 1st July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on 1st July, 2005 by the Department of Revenue, Ministry of Finance, and Government of India. The PMLA has been further amended vide notification dated March 6, 2009 and inter alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) will now be treated as a scheduled offence under schedule B of the PMLA.

Woodstock Broking Pvt. Ltd. associated with securities market and registered under Section 12 of the SEBI Act, shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include;

- All cash transactions of the value of more than Rs. 10 lakh or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below Rs. 10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency. It may however be clarified that for the purpose of suspicious transaction reporting, apart from 'transaction integrally connected' transaction reporting apart from transaction integrally connected.
- All cash transaction where forged or counterfeit currency notes or bank notes have been used as genuine or any forgery of a valuable security or a document has taken place facilitating the transactions.
- 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 account, security account maintained by **Woodstock Broking Pvt. Ltd.**

For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

2. OBJECTIVE OF ANTI MONEY LAUNDERING:

As per the provisions of the Act, senior management of the company is fully committed to establish appropriate policies and procedures for prevention of money laundering and terrorist financing and ensuring the effectiveness and compliance with all relevant legal and regulatory requirements. The company shall:

- Issue a statement of policies and procedures, on a group basis where applicable, for dealing with Money Laundering (ML) and Terrorist Funding (TF) reflecting the current statutory and regulatory requirements.
- Ensure that the content of these Directives is understood by all staff members.
- Regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures.
- Adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF.
- Undertake client due diligence (“CDD”) measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction.
- Have in system a place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- Develop staff members’ awareness and vigilance to guard against ML and TF.

3. DESIGNATION OF OFFICERS FOR ENSURING COMPLIANCE WITH PROVISIONS OF PMLA:

Mr. Nishit Shah has been appointed as a “Principal Officer and **Mr. Jugal Bajaj** are appointed as a Designated Director” under the provisions of the PMLA till such time SEBI, Stock Exchanges and Depositories identifies an official to act as such.

The Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to the Board of Directors. Names, designation and addresses (including email addresses) of ‘Principal Officer’ & “Designated Director” including any changes therein shall also be intimated to the Office of the Director-FIU and the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company, As a matter of principle, it is advisable that the ‘Principal Officer’ is of a sufficiently senior position and is able to discharge the functions with independence and authority

4. DETAILED DIRECTIVES:

a. Client Due Diligence (CDD):

i. The main aspect of this policy is the Customer Due Diligence Process which means:

- a) Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement
- b) Verify the client's identity using reliable, independent source documents, data or information
- c) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted

Identification of Beneficial Ownership Policy

I. For clients other than individuals or trusts:

Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest. *SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023 has amended* Explanation: Controlling ownership interest means ownership of/entitlement to:

- more than 25 %**(now 10% as per amended SEBI circular mentioned above)** of shares or capital or profits of the juridical person, where the juridical person is a company;
- more than 15%**(now 10% as per amended SEBI circular mentioned above)** of the capital or profits of the juridical person, where the juridical person is a partnership; or

- more than 15% **(now 10% as per amended SEBI circular mentioned above)** of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

In cases where there exists doubt under clause above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

II. For client which is a trust:

Where the client is a trust, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% **(now 10% as per amended SEBI circular mentioned above)** or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

III. Exemption in case of listed companies:

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

IV. Applicability for foreign investors:

Members dealing with foreign investors" viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular SEBI/HO/AFD-2/CIR/P/2022/175 Dated December 19, 2022 and amendments thereon for the purpose of identification of beneficial ownership of the client.

Further in case where no natural person is identified under clauses 1 (a) or 1 (b) above, the identity of the relevant natural person who holds the position of senior managing official should be obtained and kept on record.

The Stock Exchanges and Depositories shall monitor the compliance of the aforementioned provision on identification of beneficial ownership through half-yearly internal audits. In case of mutual funds, compliance of the same shall be monitored by the Boards of the Asset Management Companies and

the Trustees and in case of other intermediaries, by their Board of Directors

- d) Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).
- e) Understand the ownership and control structure of the client.
- f) Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
- g) Registered intermediaries shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there doubt the adequacy or veracity of previously obtained client identification data, and
- h) Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

b. Client Acceptance Policy

- a) To cover customer identification and verification depending on nature /status of the customer and kind of transactions that are expected by the customer.
- b) To comply with guidelines issued by various regulators such as SEBI, RBI, Exchanges & Depositories etc.
- c) For clearly establishing identity of the client, verification of addresses, phone numbers and other details.
- d) In-Person Verification of Client by our Staff Members to ensure the identity of proposed Client.
- e) To obtain sufficient information in order to identify persons who beneficially own or control the trading account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by entity other than the client for verifying the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc. Also, we are cross checking the name of the clients with the lists available on the United Nations Website name:
 - ✧ <http://www.un.org/sc/committees/1988/list.shtml>)
 - ✧ http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.at time of Account Opening as well as regularly on a periodic interval.
- f) To check original documents before accepting a copy.
- g) Apart from the mandatory information specified by SEBI, we are asking for any additional information as deemed fit on case-to-case basis to satisfy themselves about the genuineness and

financial standing of the client.

- h) Checking whether the client is having 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 the proposed Client has been banned from trading in the stock market.
- j) Reluctance on the part of the client to provide necessary information or cooperate in verification process could generate a red flag for the member for additional monitoring.
- k) Clear processes for introduction of clients by members' employees.
- l) Risk based KYC procedures should be adopted for all new clients.
- m) The information obtained through the above-mentioned measures should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the Guidelines.
- n) Factors of risk perception (in terms of monitoring suspicious transactions) of the client to be clearly defined having regard to clients' 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. The parameters should enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile.

For existing clients processes could include:

- a) Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.
- b) Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc., for closer monitoring of high-risk categories.
- c) Obtaining annual financial statements from all clients, particularly those in high-risk categories.
- d) In case of non-individuals' additional information about the directors, partners, dominant promoters, major shareholders to be obtained.

c. Risk Assessment

We shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc.

The risk assessment shall also take into account any country specific information that is circulated by the government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations Security Resolutions these can be accessed at

- http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml

- <http://www.un.org/sc/committees/1988/list.shtml>

The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

Risk Classification:

Clients should broadly be classified in the following categories:

RISK	PARTICULARS
High Risk	Clients which are likely to pose a high risk to RSBL, may be categorized as high risk. -Clients who have defaulted in the past, -Clients who have a suspicious background -High Networth Income clients whose identity and source of wealth are difficult to identify -Politically exposed persons , -Clients of Special Category, -Dormant Account
Medium Risk	Clients which are likely to pose a medium risk to RSBL may be categorized as medium risk. They can be the following: -Where the client profile of the person opening the account is doubtful or dubious. -Where the trading and settlement pattern of the client is suspicious -Intraday clients or speculative client.
Low Risk	Clients who pose low or nil risk. -They are corporate/HNIs who have a respectable social and financial standing. -Clients who fulfill obligations on time.

Clients of special category (CSC)

Such clients include the following:

- Non-resident clients
- High net worth clients,
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High-profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- 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 to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high-risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.

- **Non face to face clients.**- means who have opened Account without visiting the office/branch or meeting the officials of **Woodstock Broking Pvt. Ltd.** video based customer identification process is treated as face-to-face onboarding of clients.
- Clients with dubious reputation as per public information available etc.

The list mentioned above is illustrative. Company will apply its own judgment to ascertain whether new clients should be classified as CSC or not.

d. Client Identification Procedure

Intermediaries shall be in compliance with the following requirements while putting in place a Client Identification Procedure (CIP):

- a) As registered member, we shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs
- b) As registered member, it is required to obtain senior management approval for establishing business relationships with PEPs. . Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.
- c) As registered member, we shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- d) We shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- e) The information must be adequate enough to satisfy competent authorities. Each original

document shall be seen prior to acceptance of a copy.

- f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the intermediary.

e. Reliance on third party for carrying out Client Due Diligence (CDD)

Member may rely on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner.

Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

f. Record Keeping:

Member shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

Member shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

Ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they should retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the FMC Act, SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

Member shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- All cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- All series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions

have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;

- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
- All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

g. Information to be maintained:

As Member, we have to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- the nature of the transactions;
- the amount of the transaction and the currency in which it is denominated;
- the date on which the transaction was conducted; and
- the parties to the transaction

h. Retention of Records:

Maintenance and preservation of records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records have to be maintained and preserved for a period of five years from the date of transactions between the client and intermediary. However as per Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018” & SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18th, 2020 all records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

In situations where the on-going investigations or transactions which have been subject of a suspicious transactions reporting, they shall be retained until it is confirmed that the case has been closed.

Further, the records mentioned in Rule 3 of PMLA Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and intermediary.

As member, we shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transaction of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND.

Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary.

Further, the compliance cell of our company shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

Records of information reported to the Director, Financial Intelligence Unit – India (FIU – IND): As Registered member, we shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

i. Monitoring of transactions:

- a) As Member, we regularly monitor the transactions to identify any deviation in transactions / activity for ensuring effectiveness of the AML procedures.
- b) As Member, we shall pay special attention to all unusually large transactions / patterns which appears to have no economic purpose.
- c) As Member, we may specify internal threshold limits for each class of client accounts on the basis of various plans and pay special attention to transactions which exceeds these limits.
- d) The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIU-IND/other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and intermediary as is required under the PMLA.

j. Suspicious Transaction Monitoring and Reporting:

As member, we analyze and furnish details of suspicious transactions, whether or not made in cash. Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary. We shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting. It should be ensured that there is no undue delay in analysis and arriving at a conclusion. While determining suspicious transactions, intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time. Indicative types of Suspicious Transactions, Abandoned Transactions, TAT for reporting Suspicious

Transactions and additional due diligence for transactions from clients from high-risk countries are also given in the FMC / SEBI circular.

Suspicious transaction means a transaction whether or not made in cash, which to a person acting in good faith gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or appears to be made in circumstance of unusual or unjustified complexity; or appears to have no economic rationale or bonafide purpose.

A list of circumstances which may be in the nature of suspicious transactions is given below:

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Clients in high-risk jurisdiction
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Receipt back of welcome kit undelivered at the address given by the client
- Suspicious background or links with criminals
- Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity
- Attempted transfer of investment proceeds to apparently unrelated third parties;
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash
- Substantial increases in business without apparent cause;
- Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services.
 - Doubt over the real beneficial owner
 - Client having suspicious background or links with known criminals
 - Client appears not to cooperate.
 - If the sources of funds are not clear or not in keeping with the client's apparent standing / business activity.

Any suspicious transaction shall be immediately notified to our designated officer/Principal officer within the intermediary. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that we shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction

Clients of high-risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. We as member, are directed that such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc

k. List of Designated Individuals/ Entities:

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at

<https://press.un.org/en/content/press-release>

The details of the lists are as under:

- The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>
- The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases

We as Registered Member, are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

I. Procedure for freezing of funds, financial assets or economic resources or related services:

➤ **M/s Woodstock Broking Pvt. Ltd.** is aware that under Section 51A of the Unlawful Activities

(Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated March 14, 2019 detailing the procedure for the implementation of Section 51A of the UAPA in view of the reorganization of Divisions in the Ministry of Home Affairs and allocation of work relating to countering of terror financing to the Counter Terrorism and Counter Radicalization (CTCR) Division.

- Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Master Circular ref. no: SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, Further SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023 which needs to be complied with scrupulously. Accordingly, in order to ensure compliance with the Order the company shall follow the following procedure:

In case if any client is found to be guilty under the PMLA provisions then the following procedure to be followed by the DP, the action to be followed will be as under:

1. If the particulars of any of customer/s match the particulars of designated individuals/entities, the intermediary (here **Woodstock Broking Pvt. Ltd.**) shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Central [designated] Nodal officer for UAPA, at Fax No.011-23092551 and also convey over telephone on 011-23092548. The intermediary would also convey the information through e-mail at jsctcr-mha@gov.in.
2. The Company shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The consolidated list of UAPA Nodal Officers is available at the website of Government of India, Ministry of Home Affairs

3. The intermediary would inform the UAPA Nodal Officer of State/UT so that they may take effective action like informing the State Police and /or the Central Agencies for conducting the verification of the individuals/ entities identified by the registered intermediaries.
4. The **Woodstock Broking Pvt. Ltd.** to provide full support to the appointed agency for conducting of the verification so that the verification gets completed within a period of 5 working days.
5. The **Woodstock Broking Pvt. Ltd.** would not provide any prior notice to the designated individuals/entities.

Procedure for unfreezing of funds, financial assets or economic resources or related services :

Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned stock exchanges/depositories and UAPA Nodal Officer of State/UT.

The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 3.1 of Annexure 1 of Circular SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 within two working days

The Central [designated] Nodal officer for UAPA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and registered intermediaries

However, if it is not possible for any reason to pass an order unfreezing the assets within five working days, the The Central [designated] Nodal officer shall inform the applicant expeditiously.

m. Reporting to Financial Intelligence Unit-India:

In terms of the PML Rules, we, as member, are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,

6th Floor, Tower 2, Jeevan Bharat building,
Connaught Place,
New Delhi-110001.INDIA

Telephone : 91-11-23314429, 23314459 ,91-11-23319793(Helpdesk)

Email: helpdesk@fiuindia.gov.in (For FINnet and general queries),

ctrcell@fiuindia.gov.in (For Reporting Entity / Principal Officer Registration related queries)

compliance@fiuindia.gov.in

Website: <http://fiuindia.gov.in>

We shall carefully go through all the reporting requirements and formats that are available on the website of FIU –IND under the Section Obligation of Reporting Entity –Furnishing Information-Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. Page 27 of 31 The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents. While detailed instructions for filing all types of reports are given in the instructions part of the related formats, registered intermediaries shall adhere to the following:

- a. **Cash Transaction Reports (CTRs):** All cash transactions identified as per clause 7(iii) of this policy should be reported to the FIU-IND in Cash Transaction Reports.
 - The CTRs (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month;
 - The Company shall submit the CTRs in electronic format;
 - The CD should be accompanied by Summary of Cash Transaction Reports in physical form duly signed by the Principal Officer.
- b. **Suspicious Transaction Reports (STRs):**
 - All suspicious transactions shall be reported by the Principal Officer to Director, FIU-IND within **7 working days** of establishment of suspicion at the level of Principal Officer. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.
 - The Principal Officer shall submit the STRs in electronic format;
- c. The Principal Officer will be responsible for timely submission of CTRs and STRs to FIU-IND;
- d. Utmost confidentiality should be maintained in filing of CTRs and STRs to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- e. No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

As a Registered Intermediaries we shall not put any restrictions on operations in the accounts where an STR has been made. Registered intermediaries and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

It is clarified that the registered intermediaries, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence.

n. Implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005

The Central Government shall have power to —

(a) Freeze, seize or attach funds or other financial assets or economic resources—

- (i) owned or controlled, wholly or jointly, directly or indirectly, by such person; or
- (ii) held by or on behalf of, or at the direction of, such person; or
- (iii) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;

(b) prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

The registered intermediaries shall:

- (i) Maintain the list of individuals/entities (“Designated List”) and update it;
- (ii) verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, stock exchanges and registered intermediaries shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (“CNO”), without delay. The details of the CNO are as under:

The Director FIU-INDIA

Tel.No.:011-23314458, 011-23314459 (FAX) Email: dir@fiuindia.gov.in

(iii) run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients' particulars match is found then immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay; send a copy of the communication, mentioned in paragraphs 59(ii) and 59(iii) above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to:

SEBI through email to sebi_uapa@sebi.gov.in and Through post to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051;

(iv) prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay and file a Suspicious Transaction Report (STR) with the FIU-IND covering all transactions in the accounts.

The CNO would cause a verification to be conducted by the appropriate authorities to ensure that the individuals/entities identified are the ones in the Designated List and the funds, financial assets or economic resources or related services, reported are in respect of the designated individuals/entities. In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under section 12A would be issued by the CNO and be conveyed to the concerned reporting entity so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/entities. Reporting entities shall also comply with the provisions regarding exemptions from the above orders of the CNO and inadvertent freezing of accounts, as may be applicable.

o. Employees' Hiring/Employee's Training/ Investor Education:

➤ **Hiring of Employees:**

As Member, we have adequate screening procedures in place to ensure high standards when hiring employees. We identify the key positions within organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

➤ **Employees' Training:**

We have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

➤ **Investors Education:**

Implementation of AML/CFT measure requires our company to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for our company to sensitize our clients about these requirements as the ones emanating from AML and CFT framework.

Audit/Testing Of Anti Money Laundering Program.

The Anti Money Laundering program should be subject to periodic audit specifically with regard to testing its adequacy to meet the compliance requirements. Members own personnel not involved in framing or implementing the AML program may conduct the audit/testing or a qualified third party may do it. The report of such an audit/testing should be placed before the senior management for making suitable modifications /improvements in the AML program.

5. CONFIDENTIAL REPORTING OF AML NON-COMPLIANCE:

Employees will report any violations of the firm's AML compliance program to the Principal Officer, unless the violations implicate the Principal/Compliance Officer, in which case the employee shall report to the Chairman of the Board, Such reports will be confidential, and the employee will suffer no retaliation for making them.

6. POLICY REVIEW

The Anti Money Laundering program has been approved in writing by the senior management and is subject to review at least on a yearly basis and on an on- going basis by the management to make it in line with the latest SEBI, Exchanges and Depositories Circulars & Guidelines

Woodstock Broking Pvt. Ltd.

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Santacruz (w), Mumbai – 400 054
Tel. No. 022 69699000

SEBI Regn. No. INZ 000242835

➤ **BOARD OF DIRECTORS APPROVAL**

We have approved this AML program as reasonably designed to achieve and monitor our company's ongoing compliance with the requirements of the PMLA and the implementing regulations under it.