

ANTI MONEY LAUNDERING POLICY

Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the guidelines on Anti Money Laundering Standards vide their Circular No. ISD/CIR/RR/AML/1/06 dated 18th January 2006, vide Circular No. ISD/CIR/RR/AML/2/06 dated 20th March 2006 and vide Circular No. CIR/MIRSD/1/2014 dated 12th March 2014 had issued the obligations of the intermediaries registered under section 12 of SEBI Act, 1992.

The Government of India has serious concerns over money laundering activities, which are not only illegal but anti-national as well. Money laundering is the process by which large amount of illegally obtained money (from drug trafficking, terrorist activity or other serious crimes) is given the appearance of having originated from a legitimate source. All crimes that produce a financial benefit give rise to money laundering.

As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI and they shall be able to satisfy themselves that the measures taken by them are **adequate, appropriate and abide by the spirit of such measures** and the requirements as enshrined in the PMLA.

As a market participant it is evident that strict and vigilant tracking of all transactions of suspicious nature required.

Accordingly the Company has laid down following policy guidelines:

Principal Officer (As per provision 2.11.1 of SEBI's AML Master Circular dated 4th July, 2018):

Mr. Abhay Kumar Sinha is appointed as the Principal Officer. He will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the concerned authorities. Principle officer has the right of timely access to customer identification data, other CDD information and is able to report the same to senior management or the board of directors.

Designated Director (As per provision 2.11.2 of SEBI's AML Master Circular dated 4th July, 2018):

Mr Rakesh Kumar Jain is appointed as the Designated Director of the company in terms of rule 2 (ba) of the PML rules. He will be responsible for ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

In terms of section 13 (2) of PML Act (as amended by the Prevention of Money-laundering (Amendment) Act, 2012), the Director, FIU-IND can take appropriate action, including levying monetary penalty, on the designated director for failure of the intermediately to comply with any of its AML/CFT obligation.

Purpose & Scope:

As a Financial Market Intermediary (which includes a stock-broker, authorised person and any other intermediary associated with securities market and registered under Securities and Exchange Board of India) we need to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Accordingly all the back office and trading staff is instructed to observe the following safeguards:

- 1 No Cash transactions for trading in securities shall be allowed from any client in the normal course of business.
- 2 Maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include:
 - a) All Cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
 - b) All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs 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
 - c) 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 us.
- 3 For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered. (More stringent requirement applicable in case, there is a variance in CDD/AML standards prescribed by SEBI and the regulators of the host country, branches/overseas subsidiaries of intermediaries)
- 4 Frequent off Market transfers from one BO account to another shall be scrutinized and asked for. In absence of valid reason case or found suspicious, it shall be brought to the notice of Principal Officer / Designated

Director.

- 5 Trading beyond ones declared income: The turnover of the clients should be according to their declared means of income. Any abnormal increase in client's turnover shall be reported to Principal Officer / Designated Director. The Back Office staff should take due care in updating the clients' financial details and shall periodically review the same.

Policies & Procedures:

A) Client identification procedure:

The 'Know your Client' (KYC) Policy: -

a) While establishing the intermediary - client relationship

- No account shall be opened unless all the KYC Norms as prescribed from time to time by the SEBI / Exchanges are duly complied with, all the information as required to be filled in the KYC form (including financial information, occupation details and employment details) is actually filled in and the documentary evidence in support of the same is made available by the client. Moreover all the supporting documents should be verified with originals and client should sign the KYC & MCA in presence of our own staff and the client should be introduced by an existing clients or the known reference.
- The information provided by the client should be checked through independent source namely.
- Pan Number must be verified from Income Tax We Site
- Address must be verified by sending Welcome Letter to the client, and in case any document returned / undelivered then we asked from the client to provide his new address proof before doing any further transaction.
- **As per provision 2.2.4 of SEBI's AML Master Circular dated 4th July, 2018**, we must exercise additional due diligence in case of the **Clients of Special Category** which include but not limited to :-
 - a. Non resident clients
 - b. High networth clients (i.e the clients having networth exceeding 1 Crore and doing the intra day trading volume of more than 5 Crore and daily delivery volume more than Rs 50 Lakhs)
 - c. Trust, Charities, NGOs and organizations receiving donations

- d. Companies having close family shareholdings or beneficial ownership
- e. Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.
- f. Companies offering foreign exchange offerings.
- g. 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.
- h. Non face to face clients
- i. Clients with dubious reputation as per public information available etc.
- j. Such Other persons who as per our independent judgment may be classified as CSC.

As per provision 2.2.5.1 of SEBI's AML Master Circular dated 4th July, 2018 - PEP Clients

In case we have reasons to believe that any of our existing / potential customer is a politically exposed person (PEP) we must exercise due diligence, to ascertain whether the customer is a politically exposed person (PEP), which would include seeking additional information from clients and accessing publicly available information / commercial electronic databases of PEPs etc.

- a. The dealing staff must obtain senior management's prior approval for establishing business relationships with Politically Exposed Persons. In

case an existing customer is subsequently found to be, or subsequently becomes a PEP, dealing staff must obtain senior management's approval to continue the business relationship.

- b. We must take reasonable measures to verify source of funds of clients as well as wealth of the clients and beneficial owners identified as PEP.
- c. The client shall be identified by us by using reliable sources including documents / information. We shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- d. The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by us in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- e. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority

As per provision 2.2.1 of SEBI's AML Master Circular dated 4th July, 2018 - Beneficial Ownership

- SEBI vide its circular CIR/MIRSD/2/2013 dated January 24, 2013 had issued guidelines on identification of beneficial ownership. SEBI master circular no. CIR/ISD/AML/3/2010 dated 31 December 2010 has required all registered intermediaries to obtain, as a part of their client due diligence policy sufficient information from their clients in order to identify and verify the identity of the persons whom beneficially own or control the securities account. The beneficial owner has been defined in the circular as the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.
- Pursuant to the above provisions contained in SEBI circular dated Jan 24, 2013, we shall at the time of registering the client other than an individual or trust i.e. company partnership or unregistered associates, body individual shall identify the beneficial owners of the clients and take reasonable measures to verify the identity of such person through the following information:

- a. **For Client other than individual or trust** - Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, we identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
- a. 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.
Explanation: Controlling ownership interest means ownership of/entitlement to:
 - 1. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
 - 2. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
 - 3. More than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
 - b. In cases where there exists doubt under clause (a) 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.
 - c. Where no natural person is identified under clauses (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.
- b. **For client which is a trust** - Where the client is a trust, the we 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% 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
- c. **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.

- d. **Applicability for foreign investors:** If we dealt with foreign investors' then we used clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.
- e. 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).
- f. We have 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 knowledge of our client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
- g. We shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

b) While carrying out transactions for the client

- RMS department should monitor the trading activity of the client and exercise due diligence to ensure that the trading activity of the client is not disproportionate to the financial status and the track record of the client.
- Payments department should ensure that payment received form the client is being received in time and through the bank account the details of which are given by the client in KYC form and the payment through cash / bearer demand drafts should not be entertained.

B) Policy for acceptance of clients (As per provision 2.2.2 of SEBI's AML Master Circular dated 4th July, 2018):

We have developed client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML (Money Laundering) or TF (Terrorist Financing):

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are 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 shall enable classification of clients into low, medium and high risk. Clients of special category may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.
- d) We have not opened any account in case where we are unable to apply appropriate CDD measures/ KYC policies, also apply in cases where it is not possible to ascertain the identity of the client, or the information provided to us is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. We shall not continue to do business with such a person and file a suspicious activity report. *We shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. We shall be cautious to ensure that no return of securities or money that may be from suspicious trades.* However, we consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- e) Adequate verification of a person's authority to act on behalf of the client shall also be carried out.
- f) 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 agency worldwide.

- g) We have revisited client due diligence process when there are suspicions of money laundering or financing of terrorism (ML/TF).
- h) Risk perception of the client need to defined having regard to:
1. Client's location (registered office address, correspondence addresses and other addresses if applicable);
 2. Nature of business activity, trading turnover etc., and
 - a. The Risk categorisation is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as below:
 - i. Arms Dealer
 - ii. Money Changer
 - iii. Art/antique dealers
 - iv. Finance Companies (NBFC)
 - v. Liquor distributorship
 - vi. Multi Level Marketing (MLM) Firms
 - vii. Etc.
 3. Manner of making payment for transaction undertaking.
 4. Clients are those who have defaulted in the past, have suspicious background, do not have any financial status, etc

The parameter of clients into *low, medium and high risk* should be classified. Clients of special category (as given above) may be classified as higher risk and higher degree of due diligence and regular update of KYC profile should be preformed.

Risk - Based Approach (As per provision 2.2.3 of SEBI's AML Master Circular dated 4th July, 2018):

- a. It is generally recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, we have applied each of the clients due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that we adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that we obtain necessarily depend on the risk category of a particular client.

- b. In case where suspicious of ML/TF to any client, low risk provision should not applied to such clients or when other factors give rise to a belief that the customer does not in fact pose a low risk
- c. **Risk Assessment -**
 1. We have carried out risk assessment to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to our 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 Council Resolutions (these can be accessed at the URL - http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>)
 2. 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. We have documented such risk assessment, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

Reliance on third party for carrying out Client Due Diligence (As per provision 2.2.6 of SEBI's AML Master Circular dated 4th July, 2018):

1. We have relied 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.

2. 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, we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.*

C) Policy for Hiring of Employees (As per provision 2.12 of SEBI's AML master circular dated 4th July, 2018)

The HR Department is instructed to cross check all the references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting. The department should obtain the following documents:

- 1 Photographs
- 2 Proof of address
- 3 Identity proof
- 4 Proof of Educational Qualification
- 5 References

D) Record Keeping (As per provision 2.3 of SEBI's AML master circular dated 4th July, 2018)

- a. We ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.
- b. We 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 behaviour.
- c. If there be any suspected drug related or other laundered money or terrorist property, our competent investigating authorities need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, we retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:
 - i. the beneficial owner of the account;
 - ii. the volume of the funds flowing through the account; and
 - iii. for selected transactions:
 1. the origin of the funds;
 2. the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;

3. the identity of the person undertaking the transaction;
 4. the destination of the funds;
 5. the form of instruction and authority.
- d. We ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, they should consider retaining certain records, e.g. customer identification, account files, and business correspondence, for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.
- e. We have a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:
- i. all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
 - ii. 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;
 - iii. 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;
 - iv. all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

E) Retention of records (As per provision 2.5 of SEBI's AML master circular dated 4th July, 2018)

- a. Records pertaining to active clients and staff details collected for recruitment shall be kept safely. Further company has a policy to retain all records relating to PMLA provision for at least a period of 5 years for transaction of clients.
- b. We maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence **for a period of five years** after the business relationship with the client has ended

or the account has been closed, whichever is later.

- c. In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed
- d. **Records of information reported to the Director, Financial Intelligence Unit - India (FIU - IND):** 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 with the client.

F) Information to be maintained (As per provision 2.4 of SEBI's AML master circular dated 4th July, 2018)

Company will maintain and preserve the following information in respect of transactions referred to in Rule 3 of PMLA Rules (at present period minimum specified period is 5 years)

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

G) Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND):

Company will maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of the transaction between the client and us.

H) Employees' Training (As per provision 2.12.2 of SEBI's AML master circular dated 4th July, 2018)

Company adopted an ongoing employee training program 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 customers. It is crucial that all those concerned fully understand the rationale behind these

guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

I) Investors Education (As per provision 2.12.3 of SEBI's AML master circular dated 4th July, 2018)

Implementation of AML/CFT measures requires back office and trading staff to demand certain information from investors which may be of personal nature or which have 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 customer with regard to the motive and purpose of collecting such information. There is, therefore, a need for the back office and trading staff to sensitize their customers about these requirements as the ones emanating from AML and CFT framework. The back office and trading staff should prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the AML/CFT programme.

J) Monitoring of Transactions (As per provision 2.6 of SEBI's AML master circular dated 4th July, 2018)

- a. We have understood the normal activity of the client so that it can identify deviations in transactions / activities.
- b. We pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. We may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. 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/FIUIND/ 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.
- c. 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.
- d. Further, our compliance cell 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.

K) Suspicious Transaction Monitoring & Reporting (As per provision 2.7 of SEBI's AML master circular dated 4th July, 2018)

- a. We ensure to take appropriate steps to enable suspicious transactions to be recognised and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, we should be guided by definition of suspicious transaction contained in PML Rules as amended from time to time.
- b. A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:
 - i. Clients whose identity verification seems difficult or clients appears not to cooperate
 - ii. Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
 - iii. Clients in high-risk jurisdictions;
 - iv. Substantial increases in business without apparent cause;
 - v. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
 - vi. Attempted transfer of investment proceeds to apparently unrelated third parties;
 - vii. Unusual transactions by CSCs and businesses undertaken by offshore banks /financial services, businesses reported to be in the nature of export-import of small items.
- c. If any suspicion transaction found then it should be immediately notified to the Principal Officer or any other designated officer within the company. 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 should be ensured that there is continuity in dealing with the client as normal until told otherwise and the client should 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.
- d. It is likely that in some cases transactions are abandoned /aborted by customers on being asked to give some details or to provide documents. It is clarified that we should report all such attempted transactions in STRs, even

if not completed by customers, irrespective of the amount of the transaction.

Procedure for freezing of funds, financial assets or economic resources or related services (As per provision 1.3.2.2 of SEBI's AML master circular dated July 04, 2018)

- a. 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 August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.
- b. 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.
- c. In the event, particulars of any of customers match the particulars of designated individuals/entities (updated list of individuals/ entities subject to UN sanction measures) we are liable to 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 Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.
- d. If any such event occurred then we have to file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by above carried through or attempted, as per the prescribed format.
- e. 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 registered intermediaries. 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 5(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, 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 fifteen working days, the nodal officer of IS-I Division shall inform the applicant.

As per provision 1.3.2.2 of SEBI's AML master circular dated July 04, 2018,

- f. The above said policies and procedures on prevention of money laundering and terrorist financing are regularly reviewed by us to ensure their effectiveness. Further in order to ensure effectiveness of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures.
- g. Adopt client acceptance policies and procedures which are sensitive to the risk of ML (Money Laundering) and TF (Terrorist Financing) depending on the type of client, business relationship or transactions.

As per provision 1.3.2.3 of SEBI's AML master circular dated July 04, 2018,

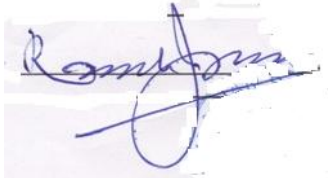
- a) Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

2.10 Reporting to Financial Intelligence Unit-India

2.10.1 In terms of the PML Rules, we 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, Hotel Samrat,
Chanakyapuri,
New Delhi-110021
Website: <http://fiuindia.gov.in>

For Rakesh Kumar Jain



(Director)