

In- person verification

In case of Non Resident Individual - copy of permission for dealing in securities from Authorised Dealer / RBI is mandatory. (Classified as high risk clients)

However, proof of identity and proof address will be verified based on the following documentation:

- Documentation requirement

A. Individual / Sole Proprietorship:

Self attested copies of the following documents may be obtained after due verification with the originals thereof:

For Proof of Identity (any one of the following)

PAN No. , Passport, Voter ID, Driving License, Photo Identity card issued by Employer registered under MAPIN

For Proof of Address (any one of the following)

Passport, Voter ID, Driving License, Bank Passbook, Rent Agreement, Ration Card, Flat Maintenance Bill, Telephone Bill, Electricity Bill, Insurance Policy Certificate issued by employer Registered under MAPIN

For Proof Of Bank : Copy of Cancelled Cheque leaf Pass Book, Bank Statement (containing name of constituent)

For Proof of Demat

Client master issued by DP (bearing DP stamp). Recent Holding statement (containing name of constituent)

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The above documents would be accepted in any language specified in the Eighth Schedule of the Constitution of India. Documents in any language other than a scheduled language must be translated into English, and duly attested by a notary public or gazette officer. Signatures by way of a thumb impression are to be duly attested by a notary public or gazetted officer.

B. HUF

Registration can only be held in the name of the Karta on behalf of the HUF

Proof of Identity : Copy of PAN Card of the HUF

Proof of Identification of Karta

Proof of address : Bank Statement.

Declaration from the Karta in prescribed format.

Financial Status



The Client should disclose his financial status in the following manner, A provision for such disclosure will be made in the application form.

Below Rs. 1,00,000

Rs. 1,00,000 to Rs. 5,00,000

Rs. 5,00,000 to Rs. 10,00,000

Rs. 10,00,000 to Rs. 25,00,000 Above Rs. 25,00,000

Occupation

Occupation details are to be provided by the client. The details to be obtained are the following:

Employed, Self Employed, Business, Professional, House Wife, Others

C. Non- Individuals (Partnership Firm, Corporate, Trust, Others)

- o Copies of the balance sheet for the last 2 financial years (copies of Annual Balance Sheet to be submitted every year)
- o Copy of latest share holding pattern including list of all those holding more than 5% in the share capital of the company duly certified by the company secretary / wholtime director / M.D. (copy of updated shareholding pattern to be submitted every year.)
- o Copy of the Memorandum and Article of Association in case of a company / body incorporation / partnership deed in case of a partnership firm.
- o Copy of the Resolution of board of directors' approving participation in equity / derivatives / debt trading and naming authorised persons for dealing in securities.
- o Photographs of Partners / Whole time directors, individual promoters holding 5% or more, either directly or indirectly, in the shareholding of the company and of persons authorized to deal in securities.
- o For Proof of Bank : Copy of Cancelled Cheque leaf / Pass Book / Bank Statement (containing name of constituent)
- o For Proof of Demat : Client master issued by DP (bearing DP stamp) / Recent Holding statement (containing name of constituent)

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Transaction Monitoring and record keeping



5.1 The Rules notified under the PMLA defines a "suspicious transaction" as a transaction whether or not made in cash which, to a person acting in good faith-

- a) Give rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- b) Appears to be made in circumstances of unusual or unjustified complexity; or
- c) Appears to have no economic rationale or bonafide purpose.
- d) Give rise to a reasonable ground of suspicion that it may involve financing of activities relating to terrorism.

5.2 All persons associated with operations, risk management and back office operations, shall take due care and report any transaction which is felt to be of suspicious nature on any ground; shall alert the Principal Officer through his immediate reporting authority.

The following illustrations would explain the basic approach.

1. Unusually large transactions / patterns which appear to have no economic purpose.
2. Off market transactions with other beneficiary account holders having no reasonable grounds.
3. Clients whose identity verification is difficult
4. Substantial increase in activity without apparent cause
5. Sudden activity in dormant account
6. Suspicious off market transactions
7. Large deals at prices away from the market
8. Large number of accounts having common parameters such as common partner/ directors/ addresses, email address, telephone number/ introducers or authorized signatories.
9. Unusual unique client code change activity with no proper justification in respect of market trades

High Value Transaction shall be identified for review by appropriately back office executive and any transaction of suspicious nature shall be immediately intimated to Principal Officer.

MAINTENANCE AND PRESERVANCE OF RECORDS

The Company shall preserve various records/documents/letters/correspondence received from and sent to clients.

The Company currently maintains all records and documents prescribed under the applicable laws, rules, regulations, byelaws, circulars and guidelines etc. (A copy of SEBI circular is attached as Annexure- II)

The officials shall ensure that the records are kept in an easily accessible manner so that they shall be available as and when required by the relevant authorities.



In case of any suspicious transactions being reported by Principal Officer, all correspondence and documents pertaining to the client and to the transaction be retained and maintained for a period of 5 years as prescribed by law either in the forms of books or stored in a computer or such other form as may be prescribed.

The records for customer identification and KYC forms should also be maintained and retained for five years from the date of cessation of the transactions as per section 12(2) of Prevention of Money Laundering (PML) Act, 2002 as well as till the relationship with the client subsist.

The identification documents and other details should be periodically updated.

Changes required in client bank details and address details pursuant to requests received in properly filled modification form with sufficient proofs should be incorporated in records/database and the same to be retained with client identification documents. The scanned copies of KYCs of the clients are also maintained in database of the Company.

7. REPORTING TO FINANCIAL INTELLIGENCE UNIT (FIU)-INDIA

As per SEBI Circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 and master circular no. ISD/AML/CIR-1/2010 dated 12th February, 2010 on Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002, the Company shall furnish information with respect to cash and suspicious transactions to:

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-1 10021.
Website: <http://fiuindia.gov.in>

Further, as per SEBI circular CIR/MIRSD/1/2014 dated 12th March, 2014, in addition to the existing requirement of a Principal Officer, the registered intermediaries shall also designate a person as "Designated Director". The definition is in terms of Rule 2(ba) of PML rules. The detail of Designated Director is to be communicated to the office of FIU-IND.

If any transaction is identified as suspicious, the principal officer should submit the report directly to the Director, FIU-IND-NEW DELHI in the prescribed format within 7 working days of establishment of suspicion.

Suspicious Transaction Report (STR) is maintained by the Company as per the circulars issued and monitoring the suspicious transactions intimated by BSE/NSE/MCX-SX/CDSL.



The senior official of the Company classifies the Bo's into High Risk, Medium Risk and low Risk category considering the following factors:

1. Client financial status
2. Client occupation

7.1 Time limits prescribed for furnishing information to Director, FIU-IND:

• Rule 8 of the Rules notified by Notification No.9/2005 (as amended by Notification No.15/2005 and 4/2007) prescribes time limit for furnishing information to the Director, FIU-IND.

The time limit for furnishing information about cash transactions and integrally connected cash transactions to Director, FIU-IND is 15th day of the succeeding month.

• All cash transactions whether 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 should be furnished to the Director, FIU-IND not later than seven working days from the date of occurrence of such transactions.

• 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:

- Clients whose identity verification seems difficult or client appears not to cooperate.
- Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- Substantial increases in business without apparent cause ;
- Unusually large cash deposits made by an individual or business;
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- Transfer of investment proceeds to apparently unrelated third parties;



- > Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks /financial services, businesses reported to be in the nature of export-import of small items.
- > Any unusual requests like not-sending of account statements.
- > Sudden surge in activity level, which means 6 transactions in the Fund in a day for 4 days in a span of two weeks.
- > Inoperative accounts for 2 years becoming active suddenly.
- > Frequent change of bank mandates / address i.e., three or more changes in six months. • Certain Suspicious Funds Transfer Activities

Further, obtain a declaration from the client confirming that the source of funds for the payment is legitimate. If no declaration is given, the transaction will be rejected.

All clients, channel partners and distributors are requested to understand the Company's policy on KYC standards and AML measures and co-operate with the Company in implementing these policy.

8. Awareness

The company shall conduct training/ awareness program to develop awareness and vigilance of employees to guard against money laundering and terrorist financing.

9. Investor's Education

The Company shall prepare specific literature so That the clients can be educated on the objectives of the Anti Money Laundering (AML)/Combating Financing of Terrorism (CFI) program.

10. Sub- broker and Employees training, awareness for implementation of Anti Money Laundering Policy.

10.1 The Company shall see that all its sub-brokers should adopt Anti-Money Laundering Policy and comply with the requirements.

10.2 The registered sub brokers shall submit an undertaking for complying with PMLA requirements.

The format of undertaking is attached as Annexure-11.

11. Review of Policy



The company shall regularly review the policies and procedures on the prevention of money laundering and terrorist financing to ensure its effectiveness.

12. Maintenance of records

All the records of transactions including information furnished to FIU-IND for a minimum of 5 years.

