



## **ANTI MONEY LAUNDERING POLICY**

### **Background-**

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. Further, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No. ISD/CIR/RR/AML/1/06 dated 18 January 2006 and had issued the obligations on the intermediaries registered under Section 12 of SEBI Act, 1992 to adopt a written AML policy framework and to implement it in true spirit. 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.

Subsequently SEBI has issued the master circular on AML/CFT on December 31, 2010, July 04, 2018, Oct 15, 2019; June 16, 2023 and October 13, 2023 and explained a detailed account of the procedures and obligations to be followed by all registered intermediaries to ensure compliance with AML/CFT directives.

### **Definition & Applicability-**

Money laundering can be defined as cleaning of dirty money obtained from any/ all sources or activities (legitimate or illegitimate) including drug trafficking, organized & unorganized crime, fraud, terrorism etc with the objective of hiding its source & rendering it in legally usable form. It is an act or attempted act to conceal or disguise the identity of illegally obtained proceeds, so that they appear to have originated from legitimate sources. The process of money laundering (which went through placement, layering and integration in normal circumstances) involves creating a web of financial transactions so as to hide the origin of or the true nature of these funds.

The circular shall also apply to all our branches, business associates (including Authorized person & sub-broker) and subsidiaries located abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws and regulations permit. When local applicable laws and regulations prohibit implementation of these requirements, the same shall be brought to the notice of SEBI. 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 are required to adopt the more stringent requirements of the two.

## Regulatory supervisions-

The GOI has set up an independent body/agency namely financial intelligence unit (FIU India) on November 18, 2004 to counter the menace of money laundering, which will report directly to Economic Intelligence Council headed by Finance Minister.

FIU India has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information related to suspected financial transactions. The agency is also responsible for coordination with the national & international intelligence & enforcement agencies including FATF, formulation and implementation of policies, acting against the culprit within the national boundary or regulatory stretch to pursue the global effort against money laundering, terror financing and related crimes.

## Objective-

The objective of the policy is to control the menace of money laundering by investigating all integrated or non-integrated financial / securities transactions, increasing due diligence of suspicious entities or high risk clients, maintaining a strict policy, practices & procedure to reduce the risk of ML/TF and reporting to all the regulatory bodies including FIU. The final objective is to safe guard the organization and promotes high ethical & professional standard/ practice and process to prevent the company being used intentionally or non-intentionally by criminal or unethical elements.

The policy's objective is to manage the risk created by all deceptive/ illicit/illegal/fraudulent /unfair/unethical activities or practices prevailing or supposed to prevail within the organization or exists during its operations.

| Details of Designated Director   | Details of Principal Officer    |
|----------------------------------|---------------------------------|
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## Implementation of the policy-

The act, rules, regulations, notifications, guidelines and circular issued by SEBI or other regulatory bodies has imposed an obligation on Intermediaries to form a legal framework.

In additional to different measures, the legal framework must include identity of client, maintenance of records & furnishing information to FIU India. The policy shall stress more on customer identification procedures, customer profiling based on the risk perception and monitoring of transactions on an ongoing basis.

The principal officer will act as a single reference point for all the money laundering related measures and shall be responsible for all the policies modification, alteration and implementation. The principal officer will play an active role in monitoring, identification, assessment and reporting of all potentially suspicious transaction.

## Customer Acceptance policy-

**Compulsory in-person verification of the client-** All the clients shall be verified by one or more of the connecting entity/person (Employee/ AP/Sub broker) of Mehta Equities Limited Ltd. For client staying in remote areas /place where inter personal meeting is not possible, the process of In-person verification can be done through web-cam. No account should be opened in anonyms or Fictitious /Benami name.

**Necessary check prior to acceptance of client-** All the new clients should be checked with regard to publicly available information in connection to action taken against him/her. Check whether the client's identity is matching with any person having known criminal background or client inclusion in any of the list which include UN / SEBI Debarred entities/ FATF, etc. or is banned in any other manner of criminal or civil proceedings of any enforcement / regulatory agency worldwide.

KYC team shall check following sites before admitting any person as client: [www.watchoutinvestor.com](http://www.watchoutinvestor.com) & [www.mca.gov.in](http://www.mca.gov.in):

**Fully KYC complied clients-** Accept only those clients, who are able to fulfill at least the minimum KYC requirement of its category if he/she/it falls under normal category, however clients with suspicious or dubious nature or of high risk has to fulfill the additional requirements asked by the KYC / Compliance team. All necessary columns of the forms should be filled in completely. All the documents should be verified with originals either physically or through web-cam.

#### **Clients of Special category or politically exposed persons-**

All special category clients shall be accepted with due care and documents/ records should be scrutinized minutely in almost all aspects. Clients with dubious reputation as per public information available etc. Such Other persons who as per our independent judgment may be classified as Client of Special Category (CSC).

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 etc.

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. We take reasonable measures to verify source of funds of clients identified as PEP.

The client are being identified by using reliable sources including documents / information and obtained adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship. The information 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.

Each original document should be seen prior to acceptance of a copy. Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority.

While accepting a client the underlying objective should be to follow the requirements enshrined in the PML Act, 2002 SEBI Act, 1992 and Regulations, directives and circulars issued there under so that we are aware of the clients on whose behalf we are dealing.

**Client's reluctance to provide documents or showing it in original -** Account shall be opened after due verification and if client shows reluctance to show the original documents or provide the additional documents wherein asked, based on its suspicious/dubious nature then KYC/Compliance can take a call based on different circumstances only after satisfying himself. Do not open the account where we have sufficient reason to believe that client is of high risk & reluctant to provide documents. Failure by

prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority within the intermediary.

#### **Customer Identification policy-**

**Establish identity & address of client and other details with sufficient proof** - No account shall be opened or continued where MEL is unable to complete new due diligence measure with respect to verifiable documents from time to time (with respect to even change in composition/status/ type/control etc).

All the documents shall be accepted as stated/specified by SEBI and/or Exchanges. Obtain complete & sufficient information about the client to identify the actual beneficiary of the account or on whose behalf, transaction has been carried out (i.e. the entity/person behind the transaction). The account should be investigated to find out, who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It shall also incorporate those persons who exercise ultimate effective control over a legal person or arrangement.

Verify the client's / customer's identity using the reliable & independent a)source/data/documents/information.

Conduct on-going due-diligence of the entire clients and increased due diligence for high risk category clients. Scrutinize the account/client to ensure that transactions are in line with the client's background, financial strength, risk profiling, its activities and pattern. Third party reliance for Customer Due Diligence (CDD) is subject to conditions specified in rule 9(2) of PML Act and shall be in accordance with SEBI guidelines.

#### **Identification of Beneficial Ownership**

##### **a) 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 & SEBI circular no. SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023 has amended*  
Explanation: Controlling ownership interest means ownership of/entitlement to:

- more than **10%** of shares or capital or profits of the juridical person, where the juridical person is a company;
- more than **10%** of the capital or profits of the juridical person, where the juridical person is a partnership; or
- 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.

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.

**b) 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 **10%** 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. MEL shall ensure that trustees disclose their status at the time of commencement of an account based relationship

**c) Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

**d) 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

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).

- i. Understand the ownership and control structure of the client.
- ii. 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
- iii. MEL 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 is doubt the adequacy or veracity of previously obtained client identification data, and

- iv. Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process. such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high-risk clients.
- v. No transaction or account-based relationship shall be undertaken without following the CDD procedure.
- vi. Every registered intermediary shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later
- vii. Where registered intermediary is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIU-IND.”

### **Customer Verification Policy**

Check whether the current client’s identity is matching with any person having known criminal background or client inclusion in any of the list which include UN / SEBI Debarred entities/ FATF etc or is banned in any other manner of criminal or civil proceedings of any enforcement / regulatory agency worldwide.

The KYC/Compliance Department 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 Compliance officer & principle officer of the company.

### **Customer continuation policy**

The customer shall be continued to do business in the form & manner, the documents has been submitted. Any material change or/composition/type/constitution/control /holding/pattern / financials shall be conveyed on immediate basis. All the financial details as stipulated by SEBI should be updated every year to ascertain the financial strength of the client.

### **Risk profiling of the clients**

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.

The aim of risk profiling to differentiate different level of due diligence and monitoring of clients in relation to Risk level associated with it.

The factor of risk perception will depend on client’s location, nature of business activities, turnover, nature of transaction, manner & mode of payment, amount associated, nature of securities hold/traded, mode of transaction, trading pattern, etc.

## Category of clients-

A-High Risk, B- Medium Risk, C- Low risk

For the purpose of effective implementation of KYC policy and AML Standards, Compliance Officer monitors transactions of all customer accounts on concurrent basis, on the basis of AML Alerts raised by back office system as well as Alert files provided by Exchanges and NSDL. MEL has put in place a system of periodical review of as per risk categorization of accounts.

Risk Profiling of Clients is done as per Client Category, in order to differentiate different level of due diligence and monitoring of clients in relation to Risk level associated with it.

Periodicity for Re confirmation of KYC as per Risk Profiling of Client is as follows:

- A. High Risk Categorized Client due diligence or Rekyc to be carried out at least once in a year.
- B. Medium Risk Categorized Client Due diligence or Re Kyc confirmation to be carried out atleast once in a 3 years or as when due diligence of Client is required.
- C. Low risk Category Clients Due diligence or Re Kyc confirmation to be carried out at least once in a 5 years or as when due diligence of Client is required.

Classifications of Client Accounts on basis of Categorization are as follows:

### High Risk and Medium Risk Category Clients

- i. Non Resident Accounts either NRE, NRO, etc. on the basis of income level and value of transaction done.
- ii. Clients of Special Category (Trusts, Charities, NGOs and organization receiving donations, companies having closed family share holding or beneficial ownership, Political Exposed persons (PEP) of foreign origin or Political Exposed persons (PEP) of India, Non face to face clients, clients with dubious reputation as per public information available, etc.
- iii. Client's reluctance to provide documents or showing it in original.
- iv. Third party reliance for Customer Due Diligence (CDD)
- v. Client's identity is matching with any person having known criminal background or client inclusion in any of the list which include UN /SEBI Debarred entities/ FATF, etc. or is banned in any other manner of criminal or civil proceedings of any enforcement / regulatory agency worldwide.
- vi. Companies wherein the share holding structure is complex.
- vii. Partnership firms and Limited Liability Partnership Firms
- viii. HUF

### Low Risk Category Clients

All Retail Clients who may not fall in any of the categories mentioned above and are providing maximum information as per KYC & exhibit complete transparency, maybe classified as low risk clients:

Examples:

- i. Salaried employees and their spouses
- ii. Senior citizens / Retired persons
- iii. Good Corporate / Firms / HNIs / Individuals having respectable social and financial standing
- iv. Clients which have been introduced by Authorized Persons / branch managers and they have known them personally and have faith in their genuineness.

In clients wherein AML queries have been raised / AML queries raised have been satisfactorily resolved, then reduce Risk Categorization by one level (i.e. High to Medium / Medium to Low), either retain or increase the existing Risk Categorization. In case of any account wherein alerts are observed on a regular basis, the risk categorization would be increased based on the consensus of the AML monitoring team and the compliance officer.

In case of Non- Individual clients to obtain:

- a) Copy of Balance sheet for the last 2 financial years at the time of Account opening and to be submitted every year thereafter.
- b) Copy of latest shareholding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover regulations, duly certified by the company secretary/ whole time director/ Managing director at the time of Account opening and to be submitted every year thereafter.

#### **General rules-**

No cash transactions for trading in securities shall be allowed at from any client in the normal course of business except under exceptional circumstances up to maximum of Income tax cap.

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:

All cash transactions of value more than Rs.10 lakhs or its equivalent in foreign currency.

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 take place within one calendar month.

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 the registered intermediary.

#### **Retention of records –**

The records pertaining to transactions of clients, documents evidencing Identity of Clients, Information regarding client's transactions whether attempted or executed, reported to FIU will be maintained and preserved for the period of 5 years from date of cessation of transaction between client and intermediary (i.e. the date of termination of an account or business relationship between client and intermediary.)

Further, with reference to the SEBI Circular No. SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18, 2020, MEL as a Depository Participants preserve the records and documents for a minimum period of 8 years in original forms of documents either in physical form or an electronic record, copies of which can be taken by any enforcement agency during the course of their inspection/investigation.

While maintaining record, all sorts of transaction including "transactions integrally connected", transactions remotely connected or related" should also be considered.



## **Reasons for Suspicious:**

### **Identity & verification of client**

Internal parameters

### **Activity in Accounts**

Internal parameters

### **Nature of Transactions**

Internal parameters

### **Value of Transactions –**

Internal parameters

## **Suspicious Transaction monitoring, identification, assessment and reporting:**

Suspicious transaction means a transaction made in any form, which to a person acting in good faith gives rise to reasonable ground of suspicion. It may include any action/activity or transaction wherein it feels either the transaction is of unusual or unjustified complexity; or appears to have no economic rationale/ bonafide purpose or the transaction may involve the proceeds of crime, illicit means or illegal activities.

All the transactions within the organization shall be monitored & it will be the responsibility of the respective heads to monitor it. Any alert generated or suspicious transaction observed shall be reported to Compliance officer/Principle officer on immediate basis

## **Criteria for ascertaining/identification of suspicious transaction Broking Division:-**

- Whether a particular transaction is suspicious or not will depend upon the Client background, details of the transactions, / Identity & Receipt / Payment pattern and other facts and circumstances.
- Unusually large transactions like, clients having traded in scrip/shares of a Company over a threshold Quantity /value in a single day and volume in that scrip of that client is above a threshold percentage of the total volume in that scrip of the Exchange.
- Relation of the client with the company / directors / promoters.
- Clients whose identity verification is difficult which includes non-cooperation of the clients.

To determine frequency of transaction done by a client.

1. In case in a Broking account wherein no transactions have been carried out since last 370 days and does not have any outstanding position in F&O and CDS. It is treated as Dormant Account.
2. In case in broking account Client has done transaction in illiquid securities, Z or T2T categories; Criteria for transactions done in illiquid securities, Z or T2T category for quantity above 2000 shares and value above Rs.1 Lac. In case of irrelevance found in transactions with respect to Volume, Delivery, Financial standing, KYC, etc.
- 3 In case of "S+ framework securities group i.e. "SS" (securities being settled on normal rolling basis and "ST" (Securities being settled on trade to trade basis) due diligence is to be carried out by enhanced monitoring, i.e. Trading in identified securities either by MEL in their own account or on behalf of Client, MEL has to fulfill the criteria as specified by Exchanges from time to time.

Whenever the transaction is done and client makes payment, it should be checked with regards to payment made is from the same bank account of which the details are provided by the client. In case of deviation, the client should be asked to furnish a written explanation as to the reason for making payment from the different Bank Account and to person to whom the account belongs. In case the Account is in Client name, the details should be entered in the back office as additional bank account. In case client fails to provide the information the account should be suspended and no credit to be given until client provides the required information along with supporting documents. In case Client makes payment through Demand Draft/ Pay order, details to be asked from client as to from which account DD/PO has been issued. In case client fails to provide the information, the transaction should be reported to Principal Officer. The final decision to be taken by Principal Officer regarding reporting of the transaction to FIU in their given format.

#### **Criteria for ascertaining/identification of suspicious transaction Depository Division:**

- Alerts generated by NSDL based on transactions in Depository Accounts on following parameters:
- Debit and Credit transactions due to Off-market or Inter-depository transfers, above a threshold quantity, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- Details of debit and credit transactions due to Demat remat and pledge above a threshold quantity / value, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- Details of debit and credit transactions above a threshold quantity/value  
Whichever is smaller, in an ISIN, which exceed a threshold multiple of the average size of the transaction calculated for the previous months' transactions.
- Details of Off-market transactions (within NSDL or Inter-depository) where there are more than a threshold number of transactions in an account, for the past fortnight.
- Any debit transaction in a dormant account for exceeding a threshold  
Quantity/value whichever is smaller, are reported as an alert. An account having no 'Debit' Transaction in the last 6 months is considered as dormant account for this purpose.

The surveillance official will generate the suspicious transaction alert and inspect all alerts to come to the conclusion, regarding which alert (based on gravity of the case) should move to investigation/ assessment purpose.

The final alerts should be investigated & the report should be submitted to Compliance officer/ principal officer. The Compliance/Principle officer will scrutinize all the alerts & report sent to him. After coming to the conclusion by Compliance/Principle officer, the decision for submitting the report or filing the STR will be taken on case to case basis. As the business dynamics are very dynamic & complex, defining the transaction for reporting will be on the sole discretion of Compliance officer/ principal officer, after come to the conclusion.

#### **Risk Assessment**

Clients/ customers from high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, shall have an 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.

Registered intermediaries 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 Council Resolutions (these can be accessed at Securities and Exchange Board of India)

## **Reporting**

In case of suspicion observed for any /some of the client or group then there shall be continuity in dealing with the clients as normal and the client shall not be told of report/suspicion. However, in certain cases based on the gravity & nature of transaction, the principal officer based on its observation (backed by facts) may discontinue the operations in the account and may suspend any or all the transactions.

While reporting the suspicious transaction, the principle officer shall provide all the details including the cases where transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. The principal officer shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

## **Filing of CTR & STR**

The principal officer will file/submit Cash Transaction Report (**CTR**) (wherever applicable) for each month to FIU-IND by 15th of the succeeding month. The principal officer will file/submit Suspicious Transaction Report (**STR**) within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature.

Utmost confidentiality shall be maintained in filing of CTR and STR.

## **Duties of the Principal officer-**

1) The principal officer has legal obligations to report suspicious transactions to the authorities including FIU. The principal officer shall act as a central reference point in.

2) Facilitating onward reporting of suspicious transactions and an active role in the identification and assessment of potentially suspicious transactions and shall report to CEO at the next reporting level or the Board of Directors.

3) The officer shall not put any restrictions on operations in the accounts where an STR has been made until & unless the transactions are of below mentioned type-Fraudulent transaction where company is the ultimate victim/sufferer - Transaction where fair & efficient market mechanism has been distorted - Very serious manipulative nature of transaction or in case client is withdrawing funds & securities to immediately close the account. - Case where distortion of facts can be done.

4) The officer shall ensure that no directors, officers and employees (permanent and temporary) shall be disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND.

## **Role of Designated Director**

Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

### **Training to employees w.r.t AML**

Company adopted an ongoing employee training program so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements should 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.

All the concerned departments will be provided training with respect to AML on Quarterly basis by the compliance team.

### **Recruitment of personnel**

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     |   |                                      |

### **Retention of records**

Records pertaining to active clients and staff details collected for recruitment shall be kept safely.

### **Review of the policy-**

To ensure the effectiveness of the policy, the regularly review of policies and procedures shall be done in the first week of August every year or on issuance of regulatory circular in this regard, whichever is earlier. Further, in order to ensure the effectiveness of policies and procedures, Principle officer in consultation of one of the director will review the policy.

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