

## PMLA POLICY

### **Written procedures to implement the anti-money laundering provisions as envisaged under the Anti Money Laundering Act, 2002.**

The procedures shall include inter alia, the following three specific parameters which are related to the overall 'Client Due Diligence Process':

- (a) Policy for acceptance of clients
- (b) Procedure for identifying the clients
- (c) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

### **Policy for acceptance of clients**

This policy is being developed to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing.

The following safeguards shall be followed while accepting the clients:

#### **a) No account shall be opened in a fictitious / benami name or on an anonymous basis.**

b) Factors of risk perception shall be considered by verifying registered office address, correspondence addresses, nature of business activity, trading turnover etc . and manner of making payment for transactions undertaken. The clients should be classified into low, medium and high risk categories. Clients of special category like NRIs, foreign nationals, FIIs shall be categorized in higher category requiring higher degree of due diligence and regular update of KYC profile.

c) Proper documentation and other information shall be collected in respect of different classes of clients depending on perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.

d) No account shall be opened where the Company is unable to apply appropriate clients due diligence measures / KYC policies. The Company should not continue to do business with a person with suspicious activity. in consultation with relevant authorities.

e) The persons acting for/ on behalf of the clients shall have an authority / consent letter. Adequate verification of a person's authority to act on behalf the client should also be carried out by members of KYC Committee.

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.

### **Procedure for identifying the clients**

1. New clients shall have to be known to either the employees of the company or the sub –brokers/remisiers.
2. Each and every KYC Form received from the clients shall be placed before the KYC Committee for their approval.
3. The respective dealer / the introducer shall personally interview the clients before opening their account and be personally present in the KYC Committee Meeting to give a feedback about the clients interviewed by them.
4. Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to KYC Committee by the dealer / introducer.
5. While carrying out transactions for the client, the dealers / relationship managers shall ensure the identity of the clients by asking them relevant questions like their name and Unique client codes.
6. The Risk management shall ensure that the exposure given to clients are in conformity with the financial background of the client and in accordance with margin provided by them.
7. In cases of doubts regarding the veracity or the adequacy of previously obtained client identification data the principal officer may require the clients to submit additional documents.
8. Every year the KYC Form shall be reviewed and latest documents, if required, shall be obtained from the clients.

### **Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR)**

The following shall be reported to the Principal Officer:

- (a) Clients whose identity verification seems difficult or clients appears not to co-operate;
- (b) Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing/business activity;
- (c) Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high-risk jurisdictions;
- (d) Substantial increases in business without apparent cause;
- (e) Unusually large cash deposits, if any, made by an individual or business;
- (f) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- (g) Transfer of investment proceeds to apparently unrelated third parties;

Further, the trading pattern of the clients shall be closely monitored by Risk Management Department to identify abnormal/suspicious exposure/position taken by the clients. No cash transactions shall be allowed except approval from Principal Officer.

In case, the risk management has doubts about source of funds of the client or is instigated by clients to give abnormally high exposure, the same shall be immediately reported to KYC Committee to take further action.

The Principal Officer, if thinks fit, shall report any suspicion transaction to the Money Laundering Control Officer.