

## Policy for Prevention of Money Laundering as per PMLA

### A. Policy to observe by employee:

#### **1. CLIENT IDENTIFICATION PROGRAMME** **[under sub rule 7 of Rule 9 of PMLA-2002]**

Pursuant to SEBI, NSE & NSDL circulars as under:-

ISD/CIR/RR/AML/1/06 dated 18.01.2006 (SEBI)  
ISD/CIR/RR/AML/2/06 dated 20.03.2006 (SEBI)  
NSE/INVG/2005/013 dated 06.07.2005 (NSE)  
NSE/INVG/2006/09 dated 25.01.2006 (NSE)  
NSE/INVG/2006/33 dated 24.03.2006 (NSE)  
NSDL/POLICY/2006/0002 dated 23.01.2006 (NSDL)

- a) Verification of records of the identity of clients at the time of entering into a “Client-Member Agreement” (Rule 5 r/w Rule 9)  
The following records/documents shall be verified with the Originals thereof. Either client’s signature should be obtained on Xerox Copy of these documents/records or verified with originals’ by officer and shall be preserved for 10 years even after the date of cessation of transactions with the client.
- i) Proof of identity:
  - ii) Proof of Address (both current address as well as Permanent address)
  - iii) Nature of business:
  - iv) Financial status:
- b) Mandatory documents to be obtained from the clients  
[Sub rule (2) to sub rule (7) of Rule 9]
- i) Copy of recent photograph of the signatory
  - ii) Copy of any one of Voter ID Card/PAN Card/Passport/Driving License etc. for Proof of identity(or as specified by SEBI/ Stock Exchange/ NSDL from time to time).
  - iii) Copy of any one of Ration Card/ Passport/Voter ID Card/ Driving License /Electric bill/Landline telephone bill/House Rent receipt/ Bank Statement or Pass Book/I. T. Return filing acknowledgement for proof of address(or as specified by SEBI/ Stock Exchange/ NSDL from time to time).
  - iv) Copy of Memorandum of Association /Partnership deed /R.B.I (NBFC) Regn. Certificate/ Trade Licence/Professional tax registration for proof of nature of business.
  - v) Copy of Audited/unaudited copy of financial statements like Profit & Loss Account/Balance Sheet/Income Tax Assessment order/Wealth tax Assessment order for proof of financial status.
- c) Steps for Continuous identification:
- (i) Quarterly/half yearly dispatch of Statement of Accounts to the given address of the client (for verification of address) .
  - (ii) Obtaining Audited/Unaudited accounts for each financial year (for verification of financial status).
  - (iii) Non active clients to be visited by our executives who shall interact with the client and tally his particulars with the records available with the Partnership Firm.

- (iv) To match the client's transactions with the financial status as given by him at the time of entering into a transaction and keep watch over any large difference if noticed.

## **2. Customer Due Diligence:**

The customer due diligence ("CDD") measures to be observed as under:-

- a) Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
- b) Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted, corroborating the information provided.
- c) 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 our Partnership Firm's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds.

## **B. Policy for acceptance of clients:**

To ensure that:-

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) For monitoring suspicious transactions of the client, match the 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. Hence high risk Clients of special category (as given below) should be watched with higher degree of due diligence and regular update of KYC profile.
- c) Documentation requirement and other information to 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) Ensure that an account is not opened where we are unable to apply appropriate client's due diligence measures / KYC policies. These are the cases where it is not possible to ascertain the identity of the client, information provided to us is suspected to be non-genuine.

- e) Normally the client is not permitted to act on behalf of another person / entity. All guidelines & instructions prescribed by SEBI/ NSE/ NSDL regulations for account operation, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details should be strictly adhered to. Further the rights and responsibilities of both the persons (i.e the agent- client registered with us, as well as the person on whose behalf the agent is acting should be as per mandate/ Power of Attorney furnished to us at the time of entering into transaction) . Adequate verification of a person's authority to act on behalf of the customer should also be carried out and a note of it made in all related documents.
- f) Before opening an account it is to be ensured to the best of our knowledge 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.

### **C. Policy for Clients of special category (CSC):**

[As referred to in clause (b) of (iii) above]

Such clients include the following

- a) Non resident clients
- b) High networth clients,
- c) Trust, Charities, NGOs and organizations receiving donations
- d) Companies having close family shareholdings or beneficial ownership
- e) Politically exposed persons (PEP) of foreign origin
- f) Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- g) Companies offering foreign exchange offerings
- h) 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.
- i) Non face to face clients
- j) Clients with dubious reputation as per public information available etc.

In these cases all inter-connected deals and related documents should be supervised by the principal officer himself to find out any suspected Transaction and shall report the same to authorities as prescribed in PMLA-2002.

**NOTES:**

- 1) The above Anti Money Laundering programme has been approved at the meeting of the Partners of the Partnership Firm held on 3rd August 2018.
- 2) \_\_\_\_\_ - Partner of the Partnership Firm who is compliance officer of the Partnership Firm has been designated as 'Principal Officer' for administering the above-referred programme.
- 3) Each & every staff of the Partnership Firm dealing with the clients is hereby asked to strictly observe above referred programme. Any violation/ suspicious transaction should be brought to the knowledge of the "Principal Officer" and the client should not be tipped of about the suspicion.