



DHAN STOCK & SHARE BROKERS PVT. LTD.

MEMBERS : Bombay Stock Exchange Limited : SEBI Regn. No. INB 011242733 / INF 00997137
The National Stock Exchange Of India Limited : SEBI Regn. No. INB 231242737 / INF 231242737

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**PMLA POLICY ON STOCK BROKING
FOR
CREATING OF CLIENT AWARENESS
ADOPTED BY
M/S DHAN STOCK & SHARE BROKERS
PVT LTD**

Regd. Office : 637, Rotunda Building, Mumbai Samachar Marg, Mumbai - 400 001
Dealing Office (Mumbai) : Shop No. 2, Sompuri Market, Station Road, Santacruz (West), Mumbai - 400 054
Phone : (022) 2605-3042 / 2528, Fax : (022) 2605-9238, e-mail : silver@bom5.vsnl.net.in
Dealing Office (Kolkata) : Poddar Court Building, Gate No. 3, 4th Floor, 18, Rabindra Sarani, Kolkata - 700 001
Phone : (033) 3985-0030 [10 Lines], Fax : (033) 2225-1440, e-mail : kamal_pugalia@rediffmail.com





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BACKGROUND

- 1.1 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 NOTIFICATION No ISD/CIR/RR/AML/1/06 DT 18th JAN, 2006 & CIRCULAR NOS ISD/AML/CIR-1/2008 DT 19th DEC, 2008 FOR THE INTERMEDIARIES REGD WITH SEBI u/s 12 OF THESEBI ACT.
- 1.2 SEBI IN ITS CIRCULAR ISD/AML/CIR-1/2009 DT 1st SEPT 2009 HIGHLIGHTS THE NEEDS OF MORE ELABORATE SCRUTINIZING TRANSACTIONS OF SPECIAL CATEGORY CLIENTS & THE REQUIREMENTS OF CHECKING UPDATED LIST OF INDIVIDUALS & ENTITIES WHOSE ACCOUNTS HAS BEEN FREEZED, AND WHO ARE SUBJECT TO VARIOUS SANCTIONS MEASURES, FROM DESIGNATED WEBSITES,BEFORE OPENING OF CLIENTS. DETAILS OF ACCOUNTS BEARING ANY RESEMBELANCE TO THE LIST SHOULD BE ON PRIORITY BASIS REPORTED TO FIU.
- 1.3 SEBI IN ITS MOST RECENTCIRCULAR CIR/MIRSD/2/2013 DT 24JAN 2013, SPECIFIED THAT THE GOVT OF INDIA IN CONSULTATION WITH VARIOUS REGULATORS HAS NOW SPECIFIED A UNIFORM APPROACH TO BE FOLLOWED TOWARDS DETERMINATION OF BENEFICIAL OWNERSHIP OF ACCOUNTS OPENED WITH RESPECTIVE INTERMEDIARIES.
- 1.4 SINCE , THE COMPANY IS AN INTERMEDIARY REGD WITH SEBI u/s 12 OF THE SEBI ACT, THE ACT IS APPLICABLE TO IT & THE COMPANY AND ITS REPRESENTATIVE HAVE TO TAKE THE STEPS AS SET OUT IN GUIDELINES ISSUED BYSEBI TO DISCOURAGE & IDENTIFY ANY MONEY LAUNDERING OR TERRORIST FINANCING ACTIVITIES WHILE IT IS RECOGNISED THAT A "ONE-SIZE FITS ALL" APPROACH MAY NOR BE APPROPRIATE FOR THE SECURITIES IND IN INDIA, EACH REGD INTEMEDIARY SHOULD CONSIDER THE SPECIFIC NATUREOF ITS BUSINESS, ORGANISATIONAL STRUCTURE, TYPE OF CUSTOMES AND TRANSACTIONSETC WHEN IMPLEMENTING THE SUGGESTED MEASURES & PROCEDURES TO ENSURE THAT THEY ARE EFFECTIVELYAPPLIED. THE OVERRIDINGPRINCIPAL IS THAT THEY SHOULD BE ABLE TO SATISFY THEMSELVES THAT THEMEASURES TAKEN BY THEM ARE ADEQUATE, APPROPRIATE & FOLLOW THE SPIRIT OF THE MEASURES & THE REQUIREMENTS AS ENSHRINED IN THE PREVENTION OF MONEY LAUNDERING ACT, 2002. (PMLA)

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2) WHAT IS MONEY LAUNDERING & GUIDELINES ON ANTI MONEY LAUNDERING STATUS?

2.1 MONEY LAUNDERING CAN BE DEFINED AS ENGAGING IN FINANCIAL TRANSACTIONS THAT INVOLVE INCOME DERIVED FROM CRIMINAL ACTIVITY, TRANSACTIONS DESIGNED TO CONCEAL THE TRUE ORIGIN OF CRIMINALLY DERIVED PROCEEDS & APPEARS TO HAVE BEEN RECEIVED THROUGH SOURCES/ ORIGINS.

2.2 EVERY REGD INTERMEDIARY IS REQUIRED TO ADOPT WRITTEN PROCEDURES TO IMPLEMENT THE ANTI- MONEY LAUNDERING PROCEDURES AS ENVISAGED UNDER THE PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA) WHICH CAME INTO EFFECT FROM JULY 1, 2005. PMLA 2002 AND RULES NOTIFIED THERE UNDER IMPOSE AN OBLIGATION ON INTERMEDIARIES (INCLUDING STOCK BROKERS & SUB BROKERS) TO VERIFY IDENTITY OF CLIENTS, MAINTAIN RECORDS & FURNISH INFORMATIONS TO THE FINANCIAL INTELLIGENCE UNIT (FIU) -INDIA. SUCH PROCEDURES SHOULD INCLUDE INTER-ALIA, THE FOLLOWING WHICH ARE RELATED TO OVERALL CUSTOMER DUE DILIGENCE (CDD) PROCESS;

- a) POLICY FOR ACCEPTANCE & REGISTRATION OF CLIENT
- b) PROCEDURE FOR IDENTIFYING THE BONAFIDES OF A CLIENT
- c) TRANSACTIONS MONITORING AND REPORTING , ESPECIALLY THOSE WHICH ARE OF SUSPICIOUS NATURE WHICH INCLUDES :

- ALL CASH TRANSACTIONS OF THE VALUE OF MORE THAN Rs 10 LACS OR ITS EQUIVALENT IN FOREIGN CURRENCY
- ALL SERIES OF CASH TRANSACTIONS INTEGRALLY CONNECTED TO EACH OTHER WHICH HAVE BEEN VALUED BELOW RS 10 LAC OR ITS EQUIVALENT IN FOREIGN CURRENCY, WHERE SUCH SERIES OF TRANSACTIONS TAKE PLACE WITHIN ONE CALENDER MONTH
- ALL SUSPICIOUS TRANSACTIONS WHEATHER OR NOT MADE IN CASH & INCLUDING INTER ALLIA, CREDITS OR DEBITS INTO OR FROM ANY NON MONETARY ACCOUNT SUCH AS DEMAT ACCOUNT, SECURITY ACCOUNT MAINTAINED BY A REGD INTERMEDIARY.

2.3 OBJECTIVES:

A. MONEY LAUNDERING HAS NOW BECOME ONE OF THE MAJOR CONCERNS OF INTERNATIONAL COMMUNITY. MONEY LAUNDERING IS NOT JUST AN ATTEMPT TO DISGUISE MONEY DERIVED FROM ILLEGAL ACTIVITIES. RATHER, MONEY LAUNDERING IS INVOLVEMENT IN ANY TRANSACTION OR SERIES OF TRANSACTIONS

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THAT SEEK TO CONCEAL OR DISGUISE THENATURE OR SOURCE OF PROCEEDS DERIVED FROM ILLEGAL ACTIVITIES, INCLUDING DRUG TRAFFICKING, TERRORISM, ORGNASIED CRIME, FRAUD & MANY OTHER CRIMES.

B. THE OBJECTIVEIS TO HAVE A SYSTEM IN PLACE FOR PREVENTING ANY MONEY LAUNDERING FINANCIAL TRANSACTION THROUGH US ALSO TO IDENTIFY , MONITOR, REPORT ANY SUCH TRANSACTION TO APPROPRIATE AUTHORITIES.

C. "KNOW YOUR CLIENT" (KYC) IS GUIDING PRINCIPAL BEHINDTHEANTIMONEY LAUNDERING (AML) MEASURES. IT INCORPORATES THE "KNOW YOUR CUSTOMER" STANDARDS & "ANTI MONEY LAUNDERING" MEASURED, HEREINAFTER TO BE REFERRED AS "KYC STANDARDS" & "AML MASURES". THE OBJECTIVES OF IS TO "HAVEIN PLACE ADEQUATE POLICIES, PRACTICES AND PROCEDURED THAT PROMOTE HIGH ETHICAL AND PROFESSIONALS STANDARDS AND PREVENT THE COMPANY FROM BEING USED, INTENTIONALLY OR UNINTENTIONALLY, BY CRIMINAL ELEMENTS". KYC STANDARDS & AML MEASURED WOULD ENABLE THE COMPANYTO KNOW/UNDERSTAND ITSCUSTOMERS, THE BENEFICIAL OWNERS, THE PRINCIPALS BEHIND CUSTOMERS WHO ARE ACTING AS AGENTS AND THEIR FINANCIAL DEALINGSBETTER WHICH IN TURN WILL HELP THE COMPANY TO MANAGE ITS RISKS PRUDENTLY.

THE MANAGEMENT OF YHE COMPANY IS FULLY COMMITTED TO ESTABLISHE APPROPRIATE POLICIES & PROCEDURES FOR ENSURING EFFECTIVENESS AND COMPLIANCE WITH RESPECT TO ALL RELEVANT LEGAL REQUIREMENTS.

3). FINANCIAL INTELLIGENCE UNIT (FIU) INDIA:

3.1 HE GOVT OF INDIA SET UP FINANCIAL INTELLIGENCE UNIT – INDIA (FIU-INDIA) ON NOV 18, 2004 AS AN INDEPENDENT BODY TO REPORT DIRECTLY TO THE ECONOMIC INTELLIGENCE COUNCIL (EIC) HEADED BY FINANCE MINISTER.

3.2 FIU – IND HAS BEEN ESTABLISHED AS THE CENTRAL NATIONAL AGENCY RESPONSIBLE FOR RECEIVING, PROCESSING, ANALYSING & DISSEMINATING INFORMATION RELATING TO SUSPECT FINANCIAL TRANSACTIONS, FIU-IND IS ALSO RESPONSIBLE FOR COORDINATING AND STRETCHING EFFORTS OF NATIONAL INTELLIGENCE AND ENFORCEMENT AGENCIES IN PURSUING THE GLOBAL EFFORT AGAINST MONEY LAUNDERING AND RELTAED CRIME.

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4) POLICY FRAMEWORK:

4.1 IN CASE OF DHAN STOCK & SHARE BROKERS PVT LTD, THE SEBI'S ANTI - MONEY LAUNDERING GUIDELINES WOULD COVER THE SUB BROKERS (IF ANY) AND THE END CLIENT OPERATIONS ON DHAN STOCK & SHARE BROKERS PVT LTD.

4.2 THE CLIENTS WHOSE ACTIVITIES NEED TO BE MONITORED UNDER PMLA ARE THE CLIENTS WHO TRADE ON DHAN STOCK & SHARE BROKERS PVT LTD.

4.3 IN SHORT, DHAN STOCK & SHARE BROKERS PVT LTD. HAS RESOLVED THAT IT WOULD, AS AN INTERNAL POLICY, TAKE ADEQUATE MEASURES TO PREVENT MONEY LAUNDERING AND SHALL PUT IN PLACE A FRAMEWORK TO REPORT CASH & SUSPICIOUS TRANSACTIONS TO FIU AS PER THE GUIDELINES OF PMLA RULES 2002.

5) IMPLEMENTATION OF THIS POLICY:

Mr SHREE RATAN PUGALIA, THE PRINCIPAL OFFICER WILL BE RESPONSIBLE FOR :

- COMPLIANCE OF THE PROVISIONS OF THE PMLA & AML GUIDELINES
- ACT AS CENTRAL REFERENCE POINT & PLAY AN ACTIVE ROLE IN IDENTIFICATION AND ASSESSMENT OF POTENTIALLY SUSPICIOUS TRANSACTIONS.

ENSURE THAT DHAN STOCK & SHARE BROKERS PVT LTD. DISCHARGES ITS LEGAL OBLIGATION TO REPORT SUSPICIOUS TRANSACTIONS TO THE CONCERNED AUTHORITIES.

5.2 THE MAIN ASPECT OF THIS POLICY IS THE CUSTOMER DUE DILIGENCE (CDD) PROCESS, WHICH MEANS:

- OBTAINING SUFFICIENT INFORMATION ABOUT THE CLIENT IN ORDER TO IDENTIFY WHO IS THE ACTUAL BENEFICIAL OWNER OF THE SECURITIES OR ON WHOSE BEHALF TRANSACTION IS CONDUCTED
- VERIFY THE CUSTOMER'S IDENTITY USING RELIABLE, INDEPENDENT SOURCE DOCUMENT, DATA OR INFORMATION
- CONDUCT ONGOING DUE DILIGENCE & SECURITY OF THE ACCOUNT/CLIENT TO ENSURE THAT THE TRANSACTION CONDUCTED ARE CONSISTENT WITH THE CLIENT'S BACKGROUND/FINANCIAL STATUS, ITS ACTIVITIES & RISK PROFILE.

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5.3 CUSTOMER DUE DILIGENCE/KYC STANDARDS WHICH INCLUDE THE SPECIFIC PARAMETERS, ALONG WITH CUSTOMER ACCEPTANCE POLICY :

5.3.1 NEW CUSTOMERS ACCEPTANCE PROCEDURES ADOPTED;

a) CUSTOMER IDENTIFICATION & VERIFICATION DEPENDING ON NATURE/STATES OF CUSTOMER AND KIND OF TRANSACTIONS THAT ARE EXPECTED BY THE CUSTOMERS,

b) FALSE/INCORRECT IDENTIFICATION OF DOCUMENTS,

c) CLIENT SHOULD REMAIN PRESENT FOR REGISTRATION PERSONALLY,

d) COMPLIANCE WITH GUIDELINES ISSUED BY VARIOUS REGULATIONS SUCH AS SEBI, FMC, RBI ETC

e) ESTABLISHING IDENTITY OF THE CLIENT, VERIFICATION OF ADDRESS, PHONE NOS & OTHER DETAILS,

f) OBTAINING SUFFICIENT INFORMATION IN ORDER TO IDENTIFY BENEFICIAL OWNERSHIP OR CONTROL THE TRADING ACCOUNT, WHENEVER IT IS APPARENT THAT THE SECURITIES ACQUIRED OR MAINTAINED THROUGH AN ACCOUNT ARE BENEFICIALLY OWNED BY ENTITY OTHER THAN THE CLIENT,

g) VERIFICATION OF THE GENUINNESS OF THE PAN PROVIDED BY THE CLIENT SUCH AS COMPARING WITH THE ORIGINAL PAN, CHECKING DETAILS ON THE INCOME TAX WEBSITE ETC

h) CHECKING ORIGINAL DOCUMENTS BEFORE ACCEPTING A COPY.

i) ASKING FOR ANY ADDL INFORMATION AS DEEMED FIT ON CASE TO CASE BASIS TO SATISFY ABOUT THE GENUINNESS & FINANCIAL STANDING OF THE CLIENT.

j) WHETHER THE CLIENT HAS ANY CRIMINALITY BACKGROUND WHETHER HE HAS BEEN AT ANY POINT OF TIME ASSOCIATED IN ANY CIVIL OR CRIMINAL PROCEEDING ANYWHERE.

k) CHECKING WHETHER AT ANY POINT OF TIME HAS BEEN BANNED FROM TRADING IN THE STOCK MARKET.

l) BE CAREFUL WHILE ACCEPTING CLIENTS OF SPL CATEGORY LIKE NRIs, HNIs, TRUST, CHARITIES, NGOS, POLITICALLY EXPOSED PERSONS (PEP) OF FOREIGN ORIGIN, COMPANIES HAVING CLOSED SHAREHOLDING/OWNERSHIP, COMPANIES DEALING IN FOREIGN CURRENCY, SHELL COMPANIES, OVERSEAS ENTITIES, CLIENTS IN HIGH RISK COUNTRIES, NON FACE TO FACE CLIENTS, CLIENTS WITH DUBIOUS BACKGROUND, CURRENT/FORMER HEAD OF STATE, CURRENT/FORMER SENIOR HIGH PROFILE POLITICIAN, COMPANIES OFFERING FOREIGN EXCHANGE ETC, OR CLIENTS BELONGING TO COUNTRIES WHERE CORRUPTION/FRAUD LEVEL IS HIGH (LIKE NIGERIA, BURMA ETC). SCRUTINISE MINUTELY THE RECORDS/DOCUMENTS PERTAINING TO CLIENTS BELONGING TO AFORESAID CATEGORY.

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m) ENSURE THAT NO ACCOUNT IS BEING OPENED IN A FICTITIOUS/BENAMI NAME OR ON NAY ANONYMOUS BASIS.

n) CLIENTS ACCOUNT SHOULD BE OPENED ONLY ON RECEIPT OF MANDATORY INFORMATION ALONG WITH SUPPORTING DOCUMENTS AS PER THE REGULATORY GUIDELINES. DO NOT OPEN ACCOUNTS WHERE THE CLIENT REFUSES TO PROVIDE INFORMATION/DOCUMENTS & WE SHOULD HAVE SUFFICIENT REASON TO REJECT TOWARDS THIS RELUCTANCE.

5.3.2 FOR EXISTING CLIENTS PROCESSES INCLUDES:

a) REVIEW OF KYC DETAILS OF ALL THE EXISTING ACTIVE CLIENTS IN CONTEXT TO THE PMLA, 2012 REQUIREMENTS.

b) CLASSIFICATION OF CLIENTS INTO HIGH, MEDIUM OR LOW RISK CATEGORIES BASED ON KYC DETAILS, TRADING ACTIVITY ETC, FOR CLASS MONITORING HIGH RISK CATEGORIES.

c) OBTAINING OF ANNUAL FINANCIAL STATEMENT FROM ALL CLIENTS, PARTICULARLY IN HIGH RISK CATEGORIES.

d) IN CASE OF NON INDIVIDUALS ADDL INFORMATION ABOUT THE DIRECTORS, PARTNERS, DOMINANT PROMOTERS, MAJOR SHAREHOLDERS IS OBTAINED.

6) RISK PROFILING OF THE CLIENT:

CLASSIFICATION OF BOTH THE NEW & EXISTING CLIENTS INTO HIGH, MEDIUM OR LOW RISK CATEGORY DEPENDING ON PARAMETERS SUCH AS THE CLIENT'S BACKGROUND, TYPE OF BUSINESS RELATIONSHIP, TRANSACTION ETC. IN ORDER TO ACHIEVE THIS OBJECTIVE, ALL THE CLIENTS OF THE BRANCH SHOULD BE CLASSIFIED IN THE FOLLOWING CATEGORY :

- CATEGORY - A:

LOW RISK - CATEGORY A CLIENTS ARE THOSE WHO POSE LOW OR NIL RISK. THEY ARE GOOD CORPORATE/HNIs WHO HAVE A RESPECTABLE SOCIAL AND FINANCIAL STANDING. THESE ARE THE CLIENTS WHO MAKE PAYMENTS ON TIME & TAKE DELIVERY OF THE SHARES.

CATEGORY - B

MEDIUM RISK - CATEGORY B CLIENTS ARE THOSE WHO ARE INTRADAY CLIENTS OR SPECULATIVE CLIENTS. THESE ARE THE CLIENTS WHO MAINTAINS RUNNING ACCOUNT WITH DHAN STOCK & SHARE BROKERS PVT LTD.

CATEGORY - C

HIGH RISK - CATEGORY C CLIENTS ARE THOSE WHO HAVE DEFAULTED IN THE PAST, HAVE SUSPICIOUS BACKGROUND, DO NOT HAVE ANY FINANCIAL STATUS ETC.





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WE HAVE TO BE CAREFUL WHILE MONITORING THE TRANSACTION OF BAND C CATEGORY CLIENTS. APART FROM THIS WE NEED TO EXERCISE EXTRA CAUTION WHILE MONITORING THE TRANSACTIONS OF NRI/NRE/PIO & FOREIGN CLIENTS, ESPECIALLY WHEN THE PAYMENT IS BEING MADE IN FOREIGN CURRENCY. ANY CHANGE IN THE RISK PROFILE OF THE CLIENTS/MANDATE HOLDER, HAS TO BE ASCERTAINED BY THE COMPANY OR ITS DESIGNATED OFFICIAL & REPORT TO THE BUSINESS HEAD IMMEDIATELY.

7) IDENTIFICATION OF BENEFICIAL OWNERSHIP OF ACCOUNTS: SEBI HAS COME UP WITH A CIRCULAR No CIR/MIRSD*2*2013 DT JANUARY 24, 2013, WHEREIN IT HAS MANDATED ALL REGD INTERMEDIARIES TO OBTAIN, AS PART OF THEIR CLIENT DUE DILIGENCE POLICY, SUFFICIENT INFORMATION FROM THEIR CLIENTS IN ORDER TO IDENTIFY & VERIFY THE IDENTITY OF SUCH PERSONS, THROUGH THE FOLLOWING INFORMATION :

A) THE IDENTITY OF THE NEUTRAL PERSON, WHO, WHETHER ACTING ALONE OR TOGETHER, OR THROUGH ONE OR MORE JUDICIAL PERSON, EXERCISES CONTROL THROUGH OWNERSHIP OR WHO ULTIMATELY HAS A CONTROLLING OWNERSHIP INTEREST.

EXPLANATION: CONTROLLING OWNERSHIP INTEREST MEANS OWNERSHIP OF/ENTITLEMENT TO:

- i) MORE THAN 25% OF SHARES CAPITAL OR PROFITS OF THE JUDICIAL PERSON, WHERE THE JUDICIAL PERSON IS A COMPANY;
- ii) MORE THAN 15% OF SHARES CAPITAL OR PROFITS OF THE JUDICIAL PERSON, WHERE THE JUDICIAL PERSON IS A COMPANY
- iii) MORE THAN 15% OF THE PROPERTY OR CAPITAL OR PROFITS OF THE JUDICIAL PERSON, WHERE THE JUDICIAL PERSON IS AN UNINCORPORATED ASSOCIATION OR THE BODY OF INDIVIDUALS.

B) IN CASE WHERE THERE EXISTS DOUBT UNDER CLAUSE (a) ABOVE AS TO WHETHER THE PERSON WITH 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 JUDICIAL PERSON THROUGH OTHER MEANS.

EXPLANATION: CONTROL THROUGH OTHER MEANS CAN BE EXERCISED THROUGH VOTING RIGHTS, AGREEMENT, AND ARRANGEMENTS OR IN ANY OTHER MANNER.





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C) WHERE NO NATURAL PERSON IS IDENTIFIED UNDER CLAUSE (a) or (b) ABOVE, THE IDENTITY OF THE RELEVANT NATURAL PERSON WHO HOLDS THE POSITION OF SENIOR MANAGING OFFICIAL.

7.2 II. FOR CLIENTS WHO IS TRUST:

WHERE THE CLIENT IS A TRUST, THE INTERMEDIARY SHALL IDENTIFY THE BENEFICIAL OWNERS OF THE CLIENT & TAKE REASONABLE MEASURES TO VERIFY THE IDENTITY OF SUCH PERSONS, THROUGH IDENTITY OF THE SETTLER OF THE TRUST, THE TRUSTEE, THE PROTECTOR, THE BENEFICIARY WITH 15% OR MORE INTEREST IN THE TRUST & ANY OTHER NATURAL PERSON EXERCISING ULTIMATE EFFECTIVE CONTROL OVER THE TRUST THROUGH A CHAIN OF CONTROL OR OWNERSHIP.

7.3 III EXEMPTION IN CASE OF LISTED COMPANIES

WHERE THE OWNER OR THE CLIENT OF THE CONTROLLING INTEREST IS A COMPANY LISTED ON A STOCK EXCHANGE, OR IS A MAJORITY OWNED SUBSIDIARY OF SUCH COMPANY, ITS IS NOT NECESSARY TO IDENTIFY & VERIFY THE IDENTITY OF ANY SHAREHOLDERS OR BENEFICIAL OWNER OF SUCH COMPANIES.

7.4 IV APPLICABILITY FOR FOREIGN INVESTORS:

INTERMEDIARIES DEALING WITH FOREIGN INVESTORS ie FIIs, SUB ACCOUNTS & QUALIFIED FOREIGN INVESTORS MAY BE GUIDED BY THE CLARIFICATIONS ISSUED VIDE SEBI CIR/MIRSD/11/2012 DT SEPT 05, 2012, FOR THE PURPOSE OF IDENTIFICATION OF BENEFICIAL OWNERSHIP OF THE CLIENT.

8 RECORD KEEPING %& RETENTION

THE COMPANY IS MAINTAINING RECORDS AS PER SEBI ACT 1992, RULES AND REGULATIONS MADE THERE UNDER, PML ACT, 2002 AS WELL AS OTHER RELEVANT LEGISLATION, RULES, REGULATIONS, EXCHANGE BYE LAWS & CIRCULARS. RECORD KEEPING AS WELL AS ACCOUNTING SYSTEM HAS TO BE IMPROVED AS AND WHEN REQUIRED. WE ENSURE THAT SUFFICIENT INFORMATION IS AVAILABLE TO RECONSTRUCT INDIVIDUAL TRANSACTIONS.

SPECIAL ATTN IS GIVEN TO TRACK & DEAL PROPERLY WITH THE FOLLOWING TRANSACTIONS:

- CASH TRANSACTION OF ALL VALUE
- WHERE THERE IS A POSSIBILITY THAT THE BENEFICIAL OWNERS OF THE TRANSACTIONS ARE OTHER THAN THE CLIENT ITSELF

9) MONITORING & REPORTING OF SUSPICIOUS TRANSACTIONS:

9.1 WHAT IS SUSPICIOUS TRANSACTION?

- SUSPICIOUS TRANSACTION MEANS A TRANSACTION WHETHER OR NOT MADE IN CASH, WHICH TO A PERSON ACTING IN GOOD FAITH ---

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- * GIVE RISE TO A RESUONABLE GROUND OF SUSPICION YHAT IT MAY INVOLVE THE PROCEED OF CRIME; OR
- * APPEARS TO BE MADE IN CIRCUMSTANCES OF UNUSUAL OR UNJUSTIFIED COMPLEXITY; OR
- * APPEARS TO HAVE NO ECONOMIC RATIONALE OR BONAFIDE PURPOSE

REASON FOR SUSPICIOUS:

-IDENTITY OF CLIENT:

- * FALSE IDENTIFICATION DOCUMENTS,
- * NON FACE TO FACE CLIENT
- * DOUBT OVER THE REAL BENEFICIARY OF THE ACCOUNT
- * RECEIPT BACK OF WELLCOME KIT UNDELIVERED AT THE ADDRESS GIVEN BY THE CLIENT

ACTIVITY IN ACCOUNTS:

- * UNUSUAL ACTIVITY COMPARED TO PAST TRANSACTIONS
- * SUDDEN ACTIVITY IN DORMANT ACCOUNTS

NATURE OF TRANSACTIONS:

- * UNUSUAL OR UNJUSTIFIED COMPLEXITY
- * NO ECONOMIC RATIONAL OR BONAFIDE PURPOSE
- * SOURCE OF FUND IS DOUBTFUL
- * APPEARS TO BE CASE OF INSIDER TRADING
- * PURCHASE MADE ON OWN ACCOUNT TRANSFERRED TO A THIRDPARTY THROUGH AN OFF MARKET TRANSACTION THRU A DP A/C

VALUE OF TRANSACTIONS:

LARGE SUM BEING TRANSFERRED FROM OVERSEAS FOR MAKING THE PAYMENTS
INCONSISTENCY WITH THE CLIENTS APPARENT FINANCIAL STANDING
INCONSISTENCY IN THE PAYMENT PATTERN BY THE CLIENT
BLOCK DEAL WHICH IS NOT AT MARKET PRICE OR PRICES APPEAR TO BEARTIFICIALLY INFLATED / DEFLATED

9.2 WHAT TO REPORT?

- * NATURE OF TRANSACTIONS,
- * THE AMOUNT OF THE TRANSACTIONS & THE CURRENCY IN WHICH IT WAS DENOMINATED
- * THE DATE ON WHICH THE TRANSACTION WAS CONDUCTED, AND THE PARTIES TO THE SUSPICION
- * REASON FOR SUSPICION

10) DESIGNATED PRINCIPAL OFFICER

IN CASE ANY FURTHER INFORMATION /CLARIFICATION ARE REQUIRED IN THIS REGARD, THE "PRINCIPAL OFFICER" MAY BE CONTACTED:



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