

TABLE OF CONTENTS

PART - I OVER VIEW2-3

1. Introduction:.....2
2. Background.....2
3. Policies and Procedures to Combat Money Laundering and Terrorist financing3
 - 3.1 Guiding Principles.....3
 - 3.2 Obligations to establish policies and procedures4

PART -II DETAILED GUIDELINES.....6-15

4. Written Anti Money Laundering Procedures6
5. Customer Due Diligence6
 - 5.1 Elements of Customer Due Diligence.....6
 - 5.2 Policy for acceptance of clients7
 - 5.3 Risk Based Approach.....9
 - 5.4 Clients of special category (CSC).....9
 - 5.5 Client identification procedure10
6. Record Keeping.....11
7. Retention of Records.....12
8. Monitoring of transactions.....13
9. Suspicious Transaction Monitoring & Reporting.....13
10. Designation of an officer for reporting of suspicious transaction.14
11. High standards in hiring policies and training with respect to anti-money laundering..... 15

M. Desai
Anil. Gho
Bank
Manish. D. Mehta
Shah
Polish
Janu

GUIDELINES FOR ANTI-MONEY LAUNDERING MEASURES

PART - I OVERVIEW

1. Introduction

1.1 The Guidelines as outlined below provides a general background on the subjects of money laundering and terrorist financing summarizes the main provisions of the applicable anti-money laundering and anti-terrorist financing legislation in India and provides guidance on the practical implications of the Act. The Guidelines also sets out the steps that a registered intermediary and any of its representatives, should implement to discourage and identify any money laundering or terrorist financing activities. The relevance and usefulness of these Guidelines will be kept under review and it may be necessary to issue amendments from time to time.

1.2 These Guidelines are intended for use primarily by intermediaries registered under Section 12 of the SEBI Act, 1992. While it is recognized that a "one-size-fits-all" approach may not be appropriate for the securities industry in India, each registered intermediary should consider the specific nature of its business, organizational structure, type of customers and transactions, etc. when implementing the suggested measures and procedures to ensure that they are effectively applied. The overriding principle is that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the Prevention of Money Laundering Act, 2002. (PMLA)

2. Back Ground:

2.1 The Prevention of Money Laundering Act, 2002 has come into effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, Government of India.

2.2 As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance

institution and a non-banking financial company) and intermediary (which includes a stock broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include:

- 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 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.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' should also be considered.

3. Policies and Procedures to Combat Money Laundering and Terrorist financing

3.1 Guiding Principles

3.1.1 These Guidelines have taken into account the requirements of the Prevention of the Money Laundering Act, 2002 as applicable to the intermediaries registered under Section 12 of the SEBI Act. The detailed guidelines in Part II have outlined relevant measures and procedures to guide the registered intermediaries in preventing money laundering and terrorist financing. Some of these suggested measures and procedures may not be applicable in every circumstance. Each intermediary should consider carefully the specific nature of its business, organizational structure, type of customer and transaction,

etc. to satisfy itself that the measures taken by them are adequate and appropriate to follow the spirit of the suggested measures in Part II and the requirements as laid down in the Prevention of Money Laundering Act, 2002.

3.2 Obligation to establish policies and procedures

3.2.1 International initiatives taken to combat drug trafficking, terrorism and other organized and serious crimes have concluded that financial institutions including securities market intermediaries must establish procedures of internal control aimed at preventing and impeding money laundering and terrorist financing. The said obligation on intermediaries has also been obligated under the Prevention of Money Laundering Act, 2002. In order to fulfill these requirements, there is also a need for registered intermediaries to have a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

3.2.2 In light of the above, senior management of a registered intermediary should be fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Registered Intermediaries should:

- (a) issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements;
- (b) ensure that the content of these Guidelines are understood by all staff members;
- (c) regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness. Further in order to ensure effectiveness of policies and procedures, the person doing such a review should be different from the one who has framed such policies and procedures;

- (d) adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing;
- (e) undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction; and
- (f) develop staff members' awareness and vigilance to guard against money laundering and terrorist financing.

3.2.3 Policies and procedures to combat Money Laundering should cover:

- (a) Communication of group policies relating to prevention of money laundering and terrorist financing to all management and relevant staff that handle account information, securities transactions, money and customer records etc. whether in branches, departments or subsidiaries;
- (b) Customer acceptance policy and customer due diligence measures, including requirements for proper identification;
- (c) Maintenance of records;
- (d) Compliance with relevant statutory and regulatory requirements;
- (e) Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- (f) Role of internal audit or compliance function to ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

PART II DETAILED GUIDELINES

4. Written Anti Money Laundering Procedures

4.1 Each registered intermediary should adopt written procedures to implement the anti money laundering provisions as envisaged under the Anti Money Laundering Act, 2002. Such procedures should 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)

5. Customer Due Diligence

5.1 The customer due diligence ("CDD") measures comprise the following:

- (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 customer's identity using reliable, independent source documents, data or information;
- (c) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted,

- (d) 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 in relation to (c); and
- (e) 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 customer, its business and risk profile, taking into account, where necessary, the customer's source of funds.

5.2 Policy for acceptance of clients:

5.2.1 All registered intermediaries should develop customer acceptance policies and procedures that aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing such policies and procedures, they will be in a better position to apply customer due diligence on a risk sensitive basis depending on the type of customer business relationship or transaction. In a nutshell, the following safeguards are to be followed while accepting the clients:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to 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. The parameters should enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require 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 the intermediary is unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the intermediary is suspected to be non genuine, perceived non co-operation of the client in providing full and complete information. The market intermediary should not continue to do business with such a person and file a suspicious activity report. It should also evaluate whether there is suspicious trading in determining in whether to freeze or close the account. The market intermediary should be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary should consult the relevant authorities in determining what action it should take when it suspects suspicious trading.
- e) The circumstances under which the client is permitted to act on behalf of another person / entity should be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting should be clearly laid down). Adequate verification of a person's authority to act on behalf the customer should also be carried out.
- 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.

5.3 Risk-based Approach

5.3.1 It is generally recognized that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc. As such, the registered intermediaries should apply each of the customer due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries should adopt an enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries should obtain necessarily depend on the risk category of a particular customer.

5.4 Clients of special category (CSC):

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.

The above mentioned list is only illustrative and the intermediary should exercise independent judgment to ascertain whether new clients should be classified as CSC or not.

5.5 Client identification procedure :

- The 'Know your Client' (KYC) policy should clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the intermediary – client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.
- The client should be identified by the intermediary by using reliable sources including documents / information. The intermediary should obtain 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 documents 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 within the intermediary.

- SEBI has prescribed the minimum requirements relating to KYC for certain class of the registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, all registered intermediaries should frame their own internal guidelines based on their experience in dealing with their clients and legal requirements as per the established practices. Further, the intermediary should also maintain continuous familiarity and follow-up where it notices inconsistencies in the information provided. The underlying principle should be to follow the principles enshrined in the PML Act, 2002 as well as the SEBI Act, 1992 so that the intermediary is aware of the clients on whose behalf it is dealing.

6. Record Keeping

- 6.1 Registered intermediaries should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.
- 6.2 Registered Intermediaries should maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.
- 6.3 Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries should retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:
- (a) the beneficial owner of the account;
 - (b) the volume of the funds flowing through the account, and
 - (c) for selected transactions:
 - the origin of the funds;

- the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
- the identity of the person undertaking the transaction;
- the destination of the funds;
- the form of instruction and authority.

6.4 Registered Intermediaries should ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, they should consider retaining certain records, e.g. customer identification, account files, and business correspondence, for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

7. Retention of Records

- 7.1 The following document retention terms should be observed:
- (a) All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.
 - (b) Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence should also be kept for the same period.
- 7.2 In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

8. Monitoring of transactions

- 8.1 Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. This is possible only if the intermediary has an understanding of the normal activity of the client so that they can identify the deviant transactions / activities.
- 8.2 Intermediary should pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to the transaction which exceeds these limits.
- 8.3 The intermediary should ensure a record of transaction is preserved and maintained in terms of section 12 of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the appropriate law authority. Suspicious transactions should also be regularly reported to the higher authorities / head of the department.
- 8.4 Further the compliance cell of the intermediary should randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transactions or not.

9. Suspicious Transaction Monitoring & Reporting

- 9.1 Intermediaries should ensure to take appropriate steps to enable suspicious transactions to be recognised and have appropriate procedures for reporting suspicious transactions. A list of circumstances which may be in the nature of suspicious transactions is given below. 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.

- a) Clients whose identity verification seems difficult or clients appears not to cooperate
- 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 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;
- h) 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.

9.2 Any suspicion transaction should be immediately notified to the Money Laundering Control Officer or any other designated officer within the intermediary. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it should be ensured that there is continuity in dealing with the client as normal until told otherwise and the client should not be told of the report/suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken.

10. Designation of an officer for reporting of suspicious transactions

10.1 To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions.

11. High standards in hiring policies and training with respect to anti-money laundering

- 11.1 The registered intermediaries should have adequate screening procedures in place to ensure high standards when hiring employees. They should identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties. The registered intermediaries must provide proper anti money laundering and anti-terrorist financing training to their staff members.

Annexure in continuation to Prevention of Money Laundering Act, 2002.

12. List of Designated Individuals/Entities

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

India Advantage has directed to ensure that accounts are not opened in the name of anyone whose name appears in said list and it 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 have to be immediately be intimated to SEBI and FIU-IND.

13. Procedure for freezing of funds, financial assets or economic resources or related services.

India Advantage is aware that Under section 51A of Unlawful Activities (Prevention) Act, 1967, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

14. Employees' Hiring/Employee's Training/ Investor Education

Hiring of Employees

India Advantage has adequate screening procedures in place to ensure high standards when hiring employees; it identifies the key positions within the organization structures and ensures that the employees taking up such key positions are suitable and competent to perform their duties. Further, no candidate is been selected who has ever been convicted of offence under Money Laundering Act or any other civil or criminal Act.

Employees' Training

Ongoing training of AML and CFT procedures is given to frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients.



Investors Education

Before account opening India Advantage demands certain information like documents evidencing source of funds/income tax returns/bank records etc. from investors which may be of personal nature for Implementation of AML/CFT measures. We educate the client about the importance of AML/CFT if he does not disclose any information which is required as per the client registration procedure.



SEBI Correspondence
file
Annexure to PMCA
Policy

Annexure in continuation to Prevention of Money Laundering Act, 2002.

13. Appointment of Designated Director

India Advantage has appointed Mr. Vineet Pravin Mehta as a Designated Director in reference to Circular No.CIR/MIRSD/1/2014 dated March 12, 2014 by the SEBI.

14. Review for updation of Policy and Documents

We follow practice of reviewing policy and documents once in a year.

15. Clients of Special Category (CSC)-(Already in old Policy-Updated).

Such clients include the following:

1. High-Net worth clients
2. Non-Resident clients
3. Trust, Charities, NGOs and organizations receiving donations
4. Companies having close family shareholdings or beneficial ownership
5. Politically exposed persons (PEP) of foreign origin
6. Companies offering foreign exchange offerings
7. Clients in high risk countries (where existence / effectiveness of money laundering controls in 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 centres ,tax havens, countries where fraud is highly prevalent.
8. Non face to face clients
9. Client with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and the India Advantage is doing independent judgment to ascertain whether any set of other shall be classified as CSC or not.

For INDIA ADVANTAGE SECURITIES LTD

[Signature]
Director/Authorised Signatory

27/2/15

16. Risk Based Approach(Already in old Policy-Updated)

Clients have been categorized on various grounds like client's location (registered office address, correspondence addresses and other address applicable, trading turnover, nature of business activity, manner of making transactions and payment, etc) India Advantage categorised clients in following three categories:

a. Low risk clients

It includes clients who have satisfied following criteria:

One who provides all documents at the time of account opening without any delay and who is,

- Resident of India
- Proofs verified with Originals
- Providing reference
- Provides income proof
- Always provide securities and funds in time
- No delegation of authority for operation of account
- Places order within reasonable period of time

b. Medium risk client

Clients who cannot be comfortably placed in neither in low risk nor in high risk category.

c. High risk client

Includes all clients mentioned under special category of clients and any client against whom any order is passed by regulatory authorities or any investigation is launched which is pending, any client against whom any regulatory order is passed for accessing market then such client will automatically be black listed and no further trading has been done for those accounts.

We do not rely on third party for carrying out Client Due Diligence (CDD) while opening KYC accounts & do not rely on outsourcing agency.

For INDIA ADVANTAGE SECURITIES LTD


Director/Authorised Signatory

Annexure in continuation to Prevention of Money Laundering Act, 2002.

17.) a) Reliance on third party for carrying out client due diligence (CDD): The Client will be identified of the company by using reliable sources including documents / information. The Intermediary will obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

b.) Risk Assessment : Factors of Risk Assessment (in terms of monitoring suspicious transactions) of the clients are clearly defined having regard's to client's location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, turnover etc and the manner of making payment for transaction undertaken.

c.) Records Keeping Requirements : The Company will ensure that all customer and transaction records are available on a timely basis to competent investigation authorities. We will ensure compliance with the record keeping requirements contained in SEBI Act, 1992, Rules & Regulations made there-under, PMLA Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-Laws & Circulars.

d.) Reporting to FIU: In terms of the PMLA Rules, the company will report information relating to cash and suspicious transactions to the 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 – 110 021.

The Company will carefully go through all the reporting requirements and formats as per the provision of PMLA.

- The Principal Officer will be responsible for timely submission of CTR & STR to FIU-IND.
- Utmost Confidentiality will be maintained in filling of CTR and STR to FIU-IND. The reports will be transmitted by speed/registered post/fax at the notified address.
- No nil reporting will be made to FIU-IND in case there are no cash/suspicious transaction to be reported.



e.) Name and Role of the Principal Officer : We have appointed Mr. Ketan Shah as principal officer & the same is informed to FIU-IN on 14.11.2009.

- Communicating the policy on prevention of Money Laundering to the employees of the Company.
- Receiving reports from employees for any suspicious dealing noticed by them.
- Clarification any queries from employees on this matter.
- Ensuring that the employees dealing with clients / prospective clients are aware of the guidelines of the company and are advised to follow the same strictly.
- Report any suspicious transactions to appropriate authorities.
- Will have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

For India Advantage Securities Private Limited.



Director/Authorized Signatory.

25/2/16

Annexure in continuation to Prevention of Money Laundering Act, 2002.

Annexure A - IASPL & IACPL Client On boarding and Periodical Review Policy
Encompassing

Client acceptance policies and procedures/ Due diligence measures on a risk sensitive basis/ Risk assessment and categorisation

Client on boarding Process at IASPL & IACPL

- When individual client account opening form is received, all requirements under CKYCR and KRA shall be completed
- When non-individual client account opening form is received, all requirements under KRA shall be completed. As and when CKYCR starts accepting non-individual clients, CKYCR process shall be completed even for non-individual clients
- IASPL & IACPL will use the Permanent Account number (PAN) allotted by the Indian Income Tax Department as the main identifier for the identity of all individuals. The PAN as provided shall be independently verified from the Income Tax Database/ databases of other entities authorised by the Income Tax department.
- All processes like in-person verification, verification of copies against originals, and all other requirements of KRA and CKYCR shall be met at all times by IASPL & IACPL diligently.

A public database search of the individual (in case of individual clients) and beneficial owners/ senior management in case of non-individuals clients shall be conducted at the following places:

- PAN number search on Google
- Search on Stock exchange provided lists
- Search on whatchoutinvestors.com
- Search on UN databases
- Search in any other commercial database that IASPL & IACPL may subscribe to

The search shall ensure that 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.

If any alerts are generated during the search, then matter shall be escalated to Principal Officer to take a decision whether to open the account or not.

Income and networth details shall be taken for all clients on a self declaration basis. In case of clients trading on derivatives, documentary evidence of financial details as prescribed under SEBI Circular MIRSD/SE/Cir-19/2009 dated 03-Dec-2009 as modified/ updated/ reissued shall be taken.



Where the above details are not available, the account shall not be opened

Risk categorisation

All clients, at the time of onboarding shall be classified in low, medium and high risk categories, based on the following parameters;

Meets all four parameters - High Risk

Meets three parameters - Medium Risk

Meets two or less parameters - Low risk

- Parameter 1(Location) - If the clients' location (registered office address, correspondence addresses and other addresses if applicable) is out of India in any of the high risk jurisdictions as defined by FATF
- Parameter 2(nature of business activity) - If the client is dealing in derivatives segment
- Parameter 3(Trading turnover) - If the turnover of the client is not commensurate with the income/ net worth as provided to IASPL & IACPL
- Parameter 4(Manner of making payment for transactions undertaken) - it client attempts to make payments from accounts other than its own bank accounts

Persons authorised to trade on behalf of the client

Where an individual client has given authority to another person who is not a relative to trade on its behalf, the matter shall be escalated to Principal Officer

Where a non-individual client has given authority to another person who is not an employee/ office bearer to trade on its behalf, the matter shall be escalated to Principal Officer

In case the authority is given to a SEBI Registered Intermediary like Portfolio Manager or Investment Advisor, the SEBI registration details of such intermediary shall be kept on record.

Client KYC periodic review at IASPL & IACPL

- the KYC of all clients shall be reviewed and updated on a five yearly basis

- For CSC and High Risk Clients, the KYC shall be reviewed and updated every three years

- For PEP, the KYC shall be reviewed and updated every two years

Date : 20/07/2018.

Place : Mumbai

