

**Vijeta Broking India Private Limited**

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*Version 6 (2023)*

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**ANTI MONEY LAUNDERING POLICY**

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## **1. INTRODUCTION TO ANTI MONEY LAUNDERING (AML)**

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.

## **2. BACKGROUND**

Money Laundering is the process by which large amounts of illegally obtained money (from drug trafficking, terrorist activity or other serious crimes) is given the appearance of having originated from a legitimate source. All crimes that produce a financial benefit give rise to money laundering.

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 1<sup>st</sup> July 2005 by the Department of Revenue, Ministry of Finance, and Government of India. 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.

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 lacs 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

The Anti - Money Laundering Guidelines provides a general background on the subjects of money laundering and terrorist financing in India and provides guidance on the practical implications of the PMLA. The PMLA Guidelines sets out the steps that a registered intermediary and any of its representatives, need to implement to discourage and identify any money laundering or terrorist financing activities.

### Financial Intelligence Unit (FIU) – INDIA

The Government of India has set up Financial Intelligence Unit (FIU- INDIA) on November 18, 2004 as an independent body to report directly to the economic Intelligence Council (EIC) headed by the Finance Minister.

FIU-INDIA has been established as the central national agency responsible for receiving processing, analyzing and disseminating information relating to suspect financial transactions. FIU INDIA is also responsible for coordination and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

### **3. OBJECTIVES OF THESE GUIDELINES**

The purpose of this document is to guide all the employees of Vijeta Broking India Private Limited and employees of its associates on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees 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”.

Some of these suggested measures may not be applicable to every circumstance or to each department, Branch / Sub-broker. However, each entity should consider carefully the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

### **4. IMPLEMENTATION OF THIS POLICY**

## CLIENT DUE DELIGENCE (CDD)

The CDD measures comprise the following:

The main aspect of this policy is the Customer Due Diligence 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.
- Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted;
- 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); and
- Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters:

Policy for Acceptance of Clients

- Client Identification Procedure
- Suspicious Transactions identification & reporting

## 5. CLIENT ACCEPTANCE POLICY

- **Accepts clients on whom we are able to apply appropriate KYC procedures:**  
Obtain complete information from the client. It should be ensured that the initial forms taken by the clients are filled in completely. All photocopies submitted by the client are checked against original documents without any exception. Ensure that the „Know Your Client“ guidelines are followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.
- **Do not accept clients with identity matching with a person known to have criminal background:**  
Check whether the client's identity matches with any person known to be having criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency worldwide.

- **Reliance on third party for carrying out client due diligence**

Reliance may be placed on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

Such reliance shall be subject to condition that are specified in rule 9(2) of the PML Rules and further in line with the regulations and circular / guidelines as may be issued by SEBI from time to time.

- **Be careful while accepting Clients of Special category:**

We shall be careful while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Organization receiving donation, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share holding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, and clients with dubious background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high-risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc). Scrutinize minutely the records / documents pertaining to clients belonging to aforesaid category

- **Guidelines on Identification of Beneficial Ownership:**

For non-individual customers as part of the due diligence measures sufficient information shall be obtained 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 and verified using client identification and verification procedures as early as possible. 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(s) is/are being conducted. It includes persons who exercise ultimate effective control over a legal person or arrangement.

Company will follow below mentioned approach while determining 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 Company will identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- a. 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.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a corporate/company;
  - ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
  - iii. 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.
- b. In cases where there exists doubt under clause 1 (a) 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.

- c. 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.

**B. For clients which is a trust:**

Where the client is a trust, the Company 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 15% 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.

**C. Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

D. Applicability for foreign investors:

Intermediaries dealing with foreign investors“ viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

- Do not accept client registration forms which are suspected to be fictitious:  
Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis.
- Do not compromise on submission of mandatory information/documents:  
Client“s account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not open the accounts where the client refuses to provide information/documents and we should have sufficient reason to reject the client towards this reluctance.
- Do not open an account where CDD measure / KYC policies cannot be applied i.e. where client is suspected to be non genuine and there is perceived non co-operation from the client in providing full and complete information.
- Evaluation to be carried out to identify whether there is any suspicious transaction being carried out by the client and accordingly to determine whether to freeze or to close the account.
- Precaution shall be taken to ensure that securities or money from such suspicious transactions are not returned, however consultation shall be obtained from relevant authorities to determine what action can be taken when such suspicious transaction is suspected.

- Customer Identification Procedure (For New Clients):

**Objective:** To have a mechanism in place to establish identity of the client along with firm proof of address to prevent opening of any account which is fictitious / benami /anonymous in nature.

5..1 *Documents which can be relied upon*

**PAN Card:** PAN card is mandatory and is most reliable document as only one card is issued to an individual and we can independently check its genuineness through IT website.

**IDENTITY Proof:** PAN Card itself can serve as proof of identity.

However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card.

*ADDRESS Proof:* For valid address proof we can rely on Voter's Identity Card, Passport, Bank Statement, Aadhaar Letter, Ration card and latest Electricity/telephone bill in the name of the client.

5..2 Documents to be obtained as part of customer identification procedure for new clients:

- In case of individuals, one copy of the following documents has to be obtained:
  - ✓ As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. Please put "verified with original" stamp as proof of verification.
  - ✓ Other proofs for identity are Aadhaar Card, Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card or any other
  - ✓ Document prescribed by the regulatory authorities.
  - ✓ Address proof in the form of Aadhaar Card, Voter's Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.
- In case of corporates, one certified copy of the following documents must be obtained:
  - ✓ Copy of the Registration/Incorporation Certificate
  - ✓ Copy of the Memorandum & Articles of the Association
  - ✓ Copy of the PAN card and the Director Index No. (DIN)
  - ✓ Copy of the latest audited Annual Statements of the corporate client
  - ✓ Latest Net worth Certificate (wherever possible)
  - ✓ Latest Income Tax return filed.
  - ✓ Board Resolution for appointment of the Authorized Person who will operate the account.
  - ✓ Proof of address and identity of Authorized Person
- In case of partnership firm, one certified copy of the following must be obtained:
  - ✓ Registration certificate
  - ✓ Partnership Deed
  - ✓ PAN card of partners
  - ✓ Authorization letter for the person authorized to open and operate the account
  - ✓ Proof of identity and address of the authorized person.
  - ✓ Annual statement/returns of the partnership firm



- In case of Trust, one certified copy of the following must be obtained:
  - ✓ Registration certificate
  - ✓ Trust Deed
  - ✓ PAN card
  - ✓ Authorization letter for the entity authorized to act on their behalf
  - ✓ Officially valid documents like PAN card, voters ID, passport, etc of person(s) authorized to transact on behalf of the Trust.
  
- In case of unincorporated association or a body of individuals, one certified copy of the following:
  - ✓ Resolution of the managing body of such association or body of individuals
  - ✓ PoA in favour of person authorized to transact
  - ✓ Officially valid documents like PAN card, voters ID, passport, etc of the person(s) authorized to transact
  - ✓ Any document required by Vijeta Broking India Private Limited to establish the legal existence of such an association or body of individuals.
- In case of an NRI Account – Repatriable / Non – Repatriable, the following documents are required:
  - ✓ Copy of the PIS permission issued by the bank
  - ✓ Copy of the passport
  - ✓ Copy of PAN card
  - ✓ Proof of overseas address and Indian address
  - ✓ Copy of the bank statement
  - ✓ Copy of the demat statement
  - ✓ If the account is handled through a mandate holder, copy of the valid PoA /mandate
  
- General Guidelines:
  - Always check original documents before accepting the copies
  - Obtain the latest photograph of account holder/ authorized person(s)
  - Check for latest IT return of the client/ Net worth Certificate for ascertaining the financial status of the client to know the client suitability of the product being sold to the client
  - Review the above details on-going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds.
  - Scrutinize the forms submitted by the client thoroughly and cross check

the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.

- For scrutiny / background check of the clients, websites such as [www.watchoutinvestors.com](http://www.watchoutinvestors.com) should be referred. Also, Prosecution Database / List of Vanishing Companies available on [www.sebi.gov.in](http://www.sebi.gov.in) and RBI Defaulters Database available on [www.cibil.com](http://www.cibil.com) can be checked.
  - Keep watch on the welcome kits returned with reason - undelivered. Business Head should be alerted, client be contacted immediately on telephone and the trading, if suspected, should be suspended.
  - In case of third party we collect third party ID and address proof as per SEBI and PMLA rule no 9 (2), we also have system to identify beneficial owner or third party before carrying out any transaction or performing any activities for such account.
- For all existing clients:

5..1 On-going basis ensure that the details given in the KYC, by the client, matches with the current details of the client. If required, we can seek additional documents/information from the client to verify the financial/general status of the client.

5..2 In cases where:

- ✓ There is any material negative change in the financial details of the client from what is given in the KYC.
- ✓ If the client is not contactable/traceable or contracts notes/communications sent are received back undelivered.
- ✓ In case the client is prohibited by any regulatory authority.
- ✓ The client refuses to provide additional information/document asked for.
- ✓ There is a material change in the mandate holder profile/details
- ✓ We shall take appropriate steps as required.

## **6. RISK-BASED APPROACH AND RISK PROFILING OF THE CLIENT**

- Company should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify the clients as Low risk, medium risk and high risk clients. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high risk client we have to apply

higher degree of due diligence. The factors of risk perception depend on client's KYC details, location, nature of business/trading activity, turnover, nature of transaction, manner of payment etc.

- In order to achieve this objective, all clients should be classified in the following category:

Category A – Low Risk

Category B – Medium Risk

Category C – High risk

#### High Risk

- a. Nonresident clients
- b. High net worth clients
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Politically exposed persons (PEP) of foreign origin
- e. 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)
- f. Companies offering foreign exchange offerings
- g. 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
- h. Non face to face clients
- i. Clients with dubious reputation as per public information available etc

#### Medium Risk

Individual and Non Individual clients falling under the definition of Speculators, Day Traders.

#### Low Risk

Senior Citizens, Salaried Employees and a major portion of client who indulge in delivery based trading.

- Company has to be careful while monitoring the transactions of B and C category clients. Where a client is classified under Medium or High Risk category, said accounts should be kept under supervision of Principal Officer and take action as and when required.
- Apart from this company need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.
- Any change in the risk profile of the client same is modify in our system as per risk category defined above.

## 7. RISK ASSESSMENT

Broker shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect:

- Clients.
- Countries or geographical areas,
- Nature and volume of transactions,
- Payments methods used by clients,
- large number of accounts having a common account holder,
- Unexplained transfers between multiple accounts with no rationale,
- Unusual activity compared to past transactions,
- Doubt over the real beneficiary of the account,
- Payout/pay-in of funds and securities transferred to /from a third party,
- Off market transactions especially in illiquid stock and in F&O, at unrealistic prices, Large sums being transferred from overseas for making payments,
- In consistent with the clients" financial background.
- 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 reference shall be made to the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions which shall be accessed from [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)  
And

<http://www.un.org/sc/committees/1988/list.shtml>.

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.

- A detailed search to be carried out to ensure that the Client is not in defaulters/negative list of regulators. (Search shall invariably be carried out on SEBI website [www.sebi.gov.in](http://www.sebi.gov.in), Ministry of Corporate Affairs sponsored website [www.watchoutinvestors.com](http://www.watchoutinvestors.com) and UN website at [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)).

## **8. CLIENTS OF SPECIAL CATEGORY**

- Non-resident clients,
- High net-worth clients [high net worth client could be classified as, if at the account opening time or during the course of the trading relationship, it is realized that the client's investment or the appetite for investment is very high.]
- Trust, Charities, NGOs and organizations receiving donations,
- Companies having close family shareholdings or beneficial ownership,
- Politically exposed persons (PEP). Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government / judicial /military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the subsequent clause 5.5 (Page 19 of the Master Circular) shall also be applied to the accounts of the family members or close relatives of PEPs,
- Companies offering foreign exchange offerings,
- Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, 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 center, tax havens, countries where fraud is highly prevalent,
- Non face to face clients,

- Clients with dubious reputation (define : If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in "client with dubious public reputation" category.) as per public information available etc.
- Where the client is a juridical person, verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.

#### 9. Role of Channel Partners

- Monitoring Of Proprietary Transactions of Channel Partner:
- For scrutiny / back ground check of the Franchisee, websites such as [www.watchoutinvestors.com](http://www.watchoutinvestors.com) should be referred. Also, Prosecution Database / List of Vanishing Companies available on [www.sebi.gov.in](http://www.sebi.gov.in)
- Check for high volume in proprietary account of channel partner / Sub-broker and his/her relations.
- Scrutinize Demat account of channel partner / Sub Broker (if DP account is with Vijeta Broking India Private Limited-DP)
- List all off market transfers and if in doubt seek explanation from concerned Channel partner separately
- Check for third party funds (cheques received from bank accounts other than mapped bank accounts and demand drafts / pay orders)

#### 10. Ongoing training to employees

- Importance of PMLA Act & its requirement to employees through training.
- Ensuring that all the operating and management staff fully understands their responsibilities under PMLA for strict adherence to customer due diligence requirements from establishment of new accounts to transaction monitoring and reporting suspicious transactions to the FIU.
- Organizing suitable training programmes wherever required for new staff, front-line staff, supervisory staff, etc.
- Briefings to new employees at induction programs and rounds of small meetings and presentations at branch locations.
- Adequate training should be given to all the concerned employees to (a) ensure that the contents of the guidelines are understood and (b) develop awareness and vigilance to guard against money laundering and terrorist financing.
- As of now AML policy will be covered during the induction training given to all new recruits and also during the on-going compliance sessions at the regions.

- Implementation and Review of AML Policy

This policy shall come into effect from the date of approval of the Board of Directors of the company for its implementation. The AML Policy shall be reviewed and assessed annually by the company. However, changes in the operation and implementation of the new circulars will be effected as and when they are issued by respective authorities.

- Revision in Documentation from Clients

Client's documents for incorporating changes in the records for risk categorization along with the financial review will be done annually on the basis of income proof such as mentioned herein under Client Acceptance and Identification Policy.

## **11. CASH TRANSACTIONS**

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of securities or otherwise. All payments shall be received from the clients strictly by account payee crossed cheques drawn in favour of Vijeta Broking India Private Limited. The same is also required as per SEBI circular no. SMD/ED/IR/3/23321 dated November 18, 1993 and SEBI/MRD/SE/Cir- 33/2003/27/08 dated August 27, 2003.

In case account payee cheques have been received from a bank account other than that captured in records the same can be accepted after ascertaining that the client is the first holder of the account. Relevant copies of the supporting documents should be sent to HO and details of such accounts should be captured in records.

Only in exceptional cases, bank draft/pay-order may be accepted from the client provided identity of remitter/purchaser written on the draft/pay-order matches with that of client else obtain a certificate from the issuing bank to verify the same.

All cash transactions (if any) are required to be reported on monthly basis to Name person , Asst Manager & Name person, Asst Manager, by each branch/Sub-broker by 7th of the following month.

## **12. SUSPICIOUS TRANSACTIONS MONITORING & REPORTING**

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

#### 11.1 What is a Suspicious Transaction:

- Clients whose identity verification seems difficult or clients appear not to cooperate
- Substantial increase in activity without any apparent cause
- Large number of accounts having common parameters such as common partners / directors / promoters / address / email address / telephone numbers / introducers or authorized signatories;
- Transactions with no apparent economic or business rationale
- Sudden activity in dormant accounts;
- Source of funds are doubtful or inconsistency in payment pattern;
- Unusual and large cash deposits made by an individual or business;
- Transfer of investment proceeds to apparently unrelated third parties;
- Multiple transactions of value just below the threshold limit of Rs.10 Lacs specified in PMLA so as to avoid possible reporting;
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- Purchases made on own account transferred to a third party through off market transactions through DP Accounts;
- Suspicious off market transactions;
- Large deals at prices away from the market.
- Accounts used as „pass through“. Where no transfer of ownership of securities or trading is occurring in the account and the account is being used only for funds transfers/layering purposes.
- All transactions involving receipts by non-profit organizations of value more than rupees ten lakhs, or its equivalent in foreign currency;
- Clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as „Clients of Special Category“. Such clients should also be subject to appropriate counter measures. These measures may include a further 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.

Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of



PMLA, 2002, file STR if we have reasonable grounds to believe that the transactions involve proceeds of crime.”

11.2 What to report

- Any suspicious transaction shall be immediately notified to the Money Laundering Control Officer, Compliance Officer, Principal Officer or any other designated officer.
- 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.
- 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.
- 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.
- The Principal Officer/Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information
- It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents.
- It is clarified that intermediaries should report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

- When to report (Reporting to FIU)

In terms of the PMLA rules, brokers and sub-brokers are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakyapuri, New Delhi - 110021 as per the schedule given below:

<b>Report</b>	<b>Description</b>	<b>Due Date</b>
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency  All series of cash transactions integrally connected to each other which have	15th day of the succeeding Month

	been valued below Rs.10 Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month	
CCR	All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where Any forgery of a valuable security or a document has taken place facilitating the transactions*	Not later than seven working days from the date of occurrence of such transaction*
STR	All suspicious transactions whether or not being made in cash	Not later than seven working days on satisfied that the transaction is suspicious*
NTR	Non Profit Organization Transaction Report	Not later than seven working days on. Being satisfied that the transaction is suspicious*

\* Master Circular DBOD.AML.BC.No.2/ 14.01.001 / 2010 – 11 dated July 01, 2010

\* Notification No. 14/2010

- Other Important Points

- Reasons for treating any transaction or a series of transactions as suspicious should be recorded. It should be ensured that there is no undue delay in arriving at such a conclusion.
- Utmost confidentiality should be maintained in submitting the information.
- The reports may be transmitted by email/speed/registered post/fax at the Head Office addressed to the Principal Officer.
- No restriction may be put on operations in the accounts where a Suspicious Transaction Report has been made.
- It should be ensured that there is no tipping off to the client at any level.

### **13.FORMULATE / REVIEW / TRAINING ON THE INTERNAL POLICY AND PROCEDURE TO ALL STAFF / CHANNEL PARTNER/AUTHORISED PERSON**

- This internal policy and procedure on “The Prevention of Money Laundering Act, 2002” should be brought to the notice of all employees through the Company’s Website at [www.vijetabroking.com](http://www.vijetabroking.com) .

- All sub-brokers/channel partners shall be intimated and update on the applicable provisions of The Prevention of Money Laundering Act, 2002 and the reporting mechanism by way of a circular.
- Staff training and implementing specific procedures for customer identification and retaining internal records of transactions.
- The Internal Policy should be placed before the Board/Head and if any changes in the policy are warranted, the revised policy should be placed before the Board/Head for review and approval.

#### **14. LIST OF DESIGNATED INDIVIDUALS OR 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>.

Precaution shall be taken to ensure that no account is opened whose name shall be appearing in such list.

Periodic review of the existing account shall be conducted to ensure that no existing account are linked to any of the entity or individual included in the list.

Any resemblance found shall be reported to SEBI and FIU-IND.

#### **15. IMPLEMENTATION OF THE UNLAWFUL ACTIVITIES (PREVENTION) ACT (UAPA) ORDER DATED AUGUST 27, 2009 W.R.T. SECTION 51A OF THE UAPA ACT, 1967**

Under the aforementioned Section, the Central Government shall be 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 shall also be 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

It shall be ensured that effective and expeditious implementation of the SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, be complied with scrupulously.

The particulars of the communication shall be sent through post/fax and through e-mail (sebi\_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051 as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU- IND.

## **16. SYSTEM AND PROCEDURE FOR HIRING OF EMPLOYEES**

- i. The Human Resource Department and other Department Heads involved in hiring new employees should have adequate screening procedure in place to ensure high standards in hiring new employees.
- ii. Bona fides of employees are checked to ensure that the employees do not have any link with terrorist or other anti-social organizations.
- iii. Reference of candidate:- Candidate having reference would be called for the interview. In case of employee having applied through newspaper would be called for the interview after scrutinizing his/her bio-data.
- iv. Background of the candidate:- Background of the employee should be clean & under no circumstances candidate who has left earlier employer due to dispute should be selected.
- v. Third party verification of candidate:- If necessary third party verification should be done by making phone call.
- vi. Experience: - Candidate should have to appear for the skilled test depending on the exposure.
- vii. Candidate should be aware for PMLA 2002 guidelines. Proper training should be given if he/she is not aware.

## **17. INVESTORS EDUCATION**

As the implementation of AML/CFT measures being sensitive subject and requires us to demand and collect certain information from investors which may be of personal in nature or has hitherto never been called for, which information include documents evidencing source of funds/income tax returns/bank records etc. and can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for us to sensitize the clients about these requirements, as the ones emanating from AML and CFT framework. We shall circulate the PMLA Circulars and other specific literature/pamphlets etc. so as to educate the client of the objectives of the AML/CFT program. The same shall also be emphasized on, in the Investor Awareness Programs conducted by us at frequent intervals of time. The importance of the same is also made known to them at the time of opening the Account.

## **18. RECORD KEEPING REQUIREMENTS**

Records pertaining to transactions of clients shall be maintained and preserved for a period of eight years from the date of the transaction. Record of documents evidencing the identity of the clients and beneficial owners (e.g., copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence shall be maintained and preserved for a period of eight years even after the business relationship with the client has ended or the account has been closed, whichever is later. Record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, shall be maintained and preserved for a period of eight years from the date of the transaction with the client.

In the case of transactions where any investigations by any authority has been commenced and in the case of transactions which have been the subject of suspicious transactions reporting all the records shall be maintained till the authority in forms of closure of the case.

## **19. PRINCIPAL OFFICER**

The company has designated the Principal Officer who shall be responsible for implementation and compliance of this policy shall include the following:

- Compliance of the provisions of the PMLA and AML Guidelines
- Monitoring the implementation of Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) Policy
- Reporting of Transactions and sharing of information as required under the law
- Ensuring submission of periodical reports to Top Management. The report shall mention if any suspicious transactions are being looked into by the respective business groups and if any reporting is to be made to the authorities.
- Ensure that Vijeta Broking India Private Limited discharges its legal obligation to report suspicious transactions to the concerned authorities.

## **20. DESIGNATED DIRECTOR**

“Designated Director” means a person designated by the Board of Directors to ensure over all compliance with the obligations imposed under The Prevention of Money Laundering Act, 2002 and the Rules framed there under, as amended from time to time, and include the Managing Director or a Whole-time Director duly authorized by the Board of Directors. The Company shall appoint a Designated Director and communicate the details of the Designated

Director, such as, name, designation and address to the Office of the Director, FIU-IND and update the same whenever there is any change.

## 21.DETAILS OF DESIGNATED OFFICER PRINCIPAL / COMPLIANCE

<b>Name</b>	Mr. Mehulkumar k. Shah	Mr. Yatin k. Shah
<b>Designation</b>	Principal Officer	Compliance Officer (DP)
<b>Office Address</b>	1/C, JIJIBHOY INDUSTRIAL ESTATE, 2 <sup>ND</sup> FLLOR, OPP. VAKHARIA ESTATE, RAM MANDIR ROAD, GOREGAON (W), MUMBAI-400104	1/C, JIJIBHOY INDUSTRIAL ESTATE, 2ND FLLOR, OPP. VAKHARIA ESTATE, RAM MANDIR ROAD, GOREGAON (W), MUMBAI-400104
<b>Telephone Number</b>	022-4202333	022-4202300
<b>Mobile Number</b>	9820224797	9820836663
<b>Email ID</b>	mehul@vijetabroking.com	yatin@vijetabroking.com

<b>Name</b>	Mrs. Ami A Doshi	Mr. Yatin k. Shah
<b>Designation</b>	Compliance Officer (CO.)	Designated Director
<b>Office Address</b>	1/C, JIJIBHOY INDUSTRIAL ESTATE, 2 <sup>ND</sup> FLLOR, OPP. VAKHARIA ESTATE, RAM MANDIR ROAD, GOREGAON(W), MUMBAI-400104	1/C, JIJIBHOY INDUSTRIAL ESTATE, 2 <sup>ND</sup> FLLOR, OPP. VAKHARIA ESTATE, RAM MANDIR ROAD, GOREGAON (W), MUMBAI-400104
<b>Telephone Number</b>	022-42023317	022-4202300
<b>Mobile Number</b>	9664503949	9820836663
<b>Email ID</b>	compliance@vijetabroking.com	yatin@vijetabroking.com

**THIS SET OF POLICIES IS PRESENTED TO THE BOARD & APPROVED ON 20<sup>th</sup> APRIL 2023**