

PMLA
Policy:
PRL
Stock &
Share
Brokers
Pvt. Ltd.

March 22,
2022

This Anti-Money-Laundering (AML) policy has been prepared in accordance with the Prevention of Money Laundering Act, 2002 (PMLA Act). This policy also takes into account the provisions of PMLA Act, Master circular No. SEBI/HO/MIRSD/DOP/CIR/P/2019/113 issued by SEBI on October 15, 2019 and rules laid down by FIU. The Policies are being prepared keeping best practices and is subject to review yearly.

Policies and Procedure for Combating Money Laundering (ML) or Terrorist Financing (TF) (issued as per the requirements of the PMLA act 2002).

This set of policies is presented to the Board & is approved on 30th March 2022

Introduction and Background of AML

SEBI has issued necessary directives vide circulars from time to time, covering issues related to Know Your Client (KYC) norms, Anti-Money Laundering (AML), Client Due Diligence (CDD) and Combating Financing of Terrorism (CFT). The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India.

The Directives given by SEBI are intended for the use primarily by intermediaries registered under Section 12 of the SEBI Act 1992. The overriding principle is that the intermediaries should be able to satisfy themselves that the measures taken by them are adequate, appropriate and abide by the spirit of such measures and the requirements as enshrined in the PMLA. The PMLA has been further amended vide notification dated March 06, 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 12A read with Section 24 of the SEBI Act, 1992 will now be treated as a scheduled offence under Schedule B of PMLA.

On July 04, 2018 a master circular no SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104 consolidating all the requirements/ instructions has been issued by SEBI which supersedes all the earlier circulars. 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, asset management company, depository participant, 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 (SEBI) Act, 1992) shall have to adhere to client account opening procedure and maintain a record of all such transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include:

- a) All cash transactions of the value of more than Rs 10 Lakh or its equivalent in foreign currency.
- b) All series of cash transactions integrally connected to each other which have been valued below Rs 10 Lakh or its equivalent in foreign currency where such series of transactions take place within one calendar month and the aggregate value of such transactions exceeds rupees ten Lakh;
- c) All suspicious transactions whether or not made in cash and including inter-alia credits or debits into from any non-monetary accounts such as de-mat 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' shall also be considered.

The Guidelines laid down the minimum requirements and it was emphasized that the intermediaries may, according to the requirements, specify additional disclosures to be made by clients to address concerns of Money Laundering and suspicious transactions undertaken by clients.

The objective of this policy framework is to:

- a) Create awareness and provide clarity on KYC standards and AML measures.
- b) To have a proper Customer Due Diligence (CDD) process before registering clients.
- c) To monitor/ maintain records of all cash transactions of the value of more than Rs. 10 lakhs.
- d) To maintain records of all series of integrally connected cash transactions within one calendar month.
- e) To monitor and report suspicious transactions.
- f) To discourage and identify money laundering or terrorist financing activities.
- g) To take adequate and appropriate measures to follow the spirit of the PMLA.

What is Money Laundering?

Money Laundering may be defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds.

This is done in three phases – **Placement Phase, Layering Phase & Integration Phase.**

The first stage in the process is placement. The placement stage involves the physical movement of currency or other funds derived from illegal activities to a place or into a form that is less suspicious to law enforcement authorities and more convenient to the criminal. The proceeds are introduced into traditional or non-traditional financial institutions or into the retail economy.

The second stage is layering. The layering stage involves the separation of proceeds from their illegal source by using multiple complex financial transactions (e.g., wire transfers, monetary instruments) to obscure the audit trail and hide the proceeds.

The third stage in the money laundering process is integration. During the integration stage, illegal proceeds are converted into apparently legitimate business earnings through normal financial or commercial operations. Having identified these stages money laundering process, financial institutions are required to adopt procedures to guard against and report suspicious transactions that occurring any stage.

Financial Intelligence Unit (FIU) – INDIA

The government of India 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.

Policies and Procedures to combat Money Laundering and Terrorist Financing

PRL Stock & Share Brokers Pvt. Ltd. (PRLSS) has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a framework for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to FIU as per the guidelines of PMLA Rules, 2002. Further, member shall regularly review the policies and procedures on PMLA and Terrorist Financing to ensure their effectiveness

Obligation to establish policies and procedures:

Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities/ commodities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all intermediaries ensure the fulfillment of the aforementioned obligations.

To be in compliance with these obligations, the senior management of PRLSS shall be fully committed to establishing appropriate policies and procedures for the prevention of Money Laundering (ML) and Terrorist Financing (TF) and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Registered Intermediaries shall:

- (a) Issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;
- (b) Ensure that the content of these Directives is understood by all staff members;
- (c) Regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures;
- (d) Adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- (e) Undertake client due diligence (CDD) measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;
- (f) Have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- (g) Develop staff members' awareness and vigilance to guard against ML and TF.

Policies and procedures to combat ML shall cover:

- Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities/ commodities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- Client acceptance policy and client due diligence measures, including requirements for proper identification, Maintenance of records;
- Compliance with relevant statutory and regulatory requirements;
- Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, 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. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization

Applicability & Vision towards AML:

PRLSS has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002 and as prescribed by SEBI vide its Circular No. SEBI / HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104 dated July 04, 2018.

PRLSS does not deal in cash. Hence the requirement of maintaining record of cash transaction in excess of Rs. 10 Lakh is ruled out.

Compliance team review & update AML policy on time to time based on the circular issued by regulator in consultation with Principal Officer.

These policies and procedures apply to all employees of PRLSS are to be read in conjunction with the existing guidelines. The following procedures have been established to ensure that all employees know the identity of their customers and take appropriate steps to combat money laundering.

Written Anti Money Laundering Procedures

PRLSS has adopted these written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following three specific parameters which are related to the overall '**Client Due Diligence Process**':

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

Client Due Diligence (CDD)

The CDD measures comprise the following:

- a) Obtaining sufficient information in order to identify persons who beneficially own or control the 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 shall 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 clients 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 client and/ or the person on whose behalf a transaction is being conducted.

Understand the ownership and control structure of the client: The client identification criteria to be followed for various categories of non-individual as per SEBI Circular dated Jan 24, 2013; CIR/ MIRSD/ 2/ 2013 is given below:

In case of Company, Partnership or Unincorporated Association/ Body of Individuals, the Company:

PRLSS shall 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 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 (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 (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.

In case client is a trust:

PRLSS 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.

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 share holder or beneficial owner of such Companies.

In case client is foreign investors:

For the purpose of identification of beneficial ownership of the foreign investors' viz., Foreign Institutional Investors, PRLSS shall identify beneficial owners with shareholding or beneficial interest in the client equal to or above 25%. If Global Custodian/ Local Custodian provide an undertaking to submit these details, then PRLSS shall take such undertaking only. In this context PRLSS shall rely on the clarifications issued by SEBI vide its circular CIR/ MIRSD/ 11/ 2012 dated September 5, 2012 & CIR/ MIRSD/ 07/ 2013 dated September 12, 2013. The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by these in or management of PRLSS.

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);

e) Understand the ownership and control structure of the client.

f) Conduct ongoing due diligence and scrutiny, i.e. perform on going 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 client, its business and risk profile, taking into account, where necessary, the client's source of funds.

g) Annually update all documents, data or information of all clients & beneficial owners collected under CDD process provided the client provide the information.

The compliance of the aforementioned provision on identification of beneficial ownership shall be monitored by the Board of Directors of PRLSS.

The Customer due Diligence Process includes three specific parameters:

- a. Policy for Acceptance of Clients
- b. Client identification Procedure
- c. Suspicious transactions identification & reporting

Customer Acceptance Policy:

Having sufficient information about the customer and making use of that information is the most efficient tool used to counter the efforts of laundering the proceeds of crime. In addition to minimizing the risk of being used for illicit activities, adequate KYC information provides protection against fraud, and enables suspicious activity to be recognized, consequently protecting the Company from reputation and financial risks. In a nutshell, the following safeguards will be followed while accepting the clients:

- No account is opened in a fictitious or on an anonymous basis.
- Ensure that an account is not opened where PRLSS is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to PRLSS is suspected to be non-genuine, or there is perceived non co-operation of the client in providing full and complete information. PRLSS shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to free zero close the account. PRLSS shall be cautious to ensure that we do not return securities of money that maybe from suspicious trades. However, PRLSS shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- Verify and Validate circumstances under which the client is permitted to act on behalf of another person/ entity are clearly laid down. It is specified in what manner the accounts 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 person s (i.e. the agent client registered with PRLSS as well as the person on whose behalf the agent is acting is clearly laid down). Adequate verification of a person's authority to act on behalf the client is also carried out.

Each client should be met in person:

- We ensure that the existing guidelines regarding Customer/ business acceptance is strictly followed. Existing/ past relationship with the client should be verified and ensure that the client is not on the negative list/ defaulters list.
- Accept client whom we are able to meet personally either the client should visit the office/ branch (If any) or concerned official may visit the client at his residence/ office address to get the necessary documents filled and signed. Preferably accept clients who live within the jurisdiction of the branch. As far as possible, ensure that the new client is introduced by an existing client or it is known to any employee or director of the company.
- In case of accounts are opened in the name of NRI. (If the company cannot personally verify the NRI Client), the company/ KYC team shall ensure the photo copies of all the KYC documents / Proofs and PAN Card are attested by Indian Embassy or Consulate General in the country where the NRI resides. The attesting authority affixes a "Verified with Originals" stamp on the said documents. The photocopies of the KYC documents and PAN Card should be sign by NRI. If the NRI comes in person to open the account, the above attestation are required may be waived.

- Detailed search to be carried out to find that the Client is not in defaulters/ negative list of regulators. (Search should invariably be carried out on SEBI website www.sebi.gov.in, CIBIL website www.cibil.com and Ministry of Company Affairs sponsored website www.watchoutinvestors.com etc.)

Accepts client 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 client 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 relative exchanges are obtained and verified.

Do not accept clients with identity matching persons known to have criminal background:

Check whether the client's identity matches 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/ regulatory agency worldwide.

KYC team shall check following sites before admitting any person as client:

- www.sebi.gov.in: For prosecution database and vanishing companies' database.
- www.fatf-gafi.org

Be careful while accepting Clients of Special category:

We should be careful while accepting clients of special category like:

- a. Non-Resident clients
- b. High net-worth clients,
- c. Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations.
- d. Companies having close family shareholdings or beneficial ownership
- e. 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 para 'so if this circular shall also be applied to the accounts of the family members or close relatives of PEPs.
- f. Companies offering foreign exchange offerings
- g. Clients in high risk countries (like Libya, Pakistan, and Afghanistan etc.) 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 governments actions are applied, countries reputed to be any of the following – Havens/ sponsor so 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.
- j. person so foreign origin, companies having closed shareholding/ ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries,

k. Current/ Former Head of State, Current/ Former senior high-profile politician, or clients from high risk countries

l. 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. Client of special category should be categorized as high-risk client. Member shall closely examine the transaction in order to ensure they are consistent with Client business and risk profile. In case of High-risk category due care and caution should be exercised at the acceptance stage itself. The profile of Clients has to be updated regularly.

Do not accept client registration forms which are suspected to be fictitious:

Ensure that no account is being opened in a fictitious on an anonymous basis. The employees shall follow the applicable SEBI/ Exchanges/ Depositories guidelines.

General precautions:

- Do not accept client registration forms which are suspected to be fictitious.
- Ensure that no account is being opened in a fictitious 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. Accounts where the client refuses to provide information/ documents should not be opened. We shall capture details of key person like director & shareholder of all non-individual clients & also taking complete details/ documents of Director/ Trustee/ Partners etc., mandatory while opening the account. In case of corporate client in order to identify client with crossholding, we capture key person data like details of director, shareholder.
- 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.
- Client of Special Category should be categorized as high-risk client.
- The Company/ employees shall closely examine the transaction in order to ensure that they are consistent with Client business and risk profile.

Risk parameters

The following factors shall be taken into account while assessing risk or monitoring suspicious transactions:

- a) Country of residence/ registered office of the Client;
- b) Nature of business
- c) Trading turnover;
- d) Manner of making payments for transactions ; and
- e) Clients with dubious reputation or a criminal or political record as per public information available.

The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/ FT).

Customer identification Procedure:

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

Identity generally means asset of attributes which together uniquely identify a natural or legal person. For example, an individual's identity comprises his/ her name including all other names used, the residential address at which he/ she can be located and his/ her photograph.

Date of birth is also important as an identifier in support of the name and is essential to law enforcement agencies in an investigation.

Whose Identity should be verified?

Identification evidence should usually be verified for:

The named account holder (s) / the person in whose name an investment is registered;

Any principal beneficial owner of funds being invested who is not the account holder or named investor;

e.g. no accounts should be opened by X for the benefit of Y. Account in the name of wife/ kids for the benefit of husband/ father may or may not be operated by later.

The failure or refusal by an applicant to provide satisfactory identification evidence within a reasonable time scale and without adequate explanation may lead to a suspicion that the depositor or investor is engaged in money laundering.

Possible indication of Suspicion:

Identity of client

1. False identification documents
2. identification documents which could not be verified within reasonable time
3. Non face to face client
4. Clients in high risk jurisdiction
5. Doubt over the real beneficiary of the account
6. Accounts opened with names very close to the reestablished business entities
7. Receipt back of well come kit undelivered at the address given by the client
8. Bounced communication
9. Frequent change of name, address and bank and demat account details.

Suspicious Background

1. Suspicious backgrounds or links with criminals

Multiple Accounts

1. Large number of accounts having common parameters such as
2. Common partners / directors / promoters / address / email address /telephone numbers, introducer or authorized signatory
3. Unexplained transfers between such multiple accounts.

Activity in Accounts

1. Un usual activity compared to past transactions
2. Use of different accounts by client alternatively
3. Sudden activity in dormant accounts
4. Activity in consistent with what would be expected from declared income of Client.

Nature of transactions

1. Unusual or unjustified complexity>No economic rationale
2. Source of funds is doubtful
3. Appears to be case of insider trading
4. Purchases made on own account transferred to a third party through an off-market transactions through DP account.
5. Transactions reflect likely market manipulations
6. Suspicious off market transactions

Identification Procedures: General Principles (KYC)

The Company shall establish to its satisfaction that they are dealing with an individual or an entity and obtain identification evidence sufficient to establish that the applicant is that individual or entity.

- a. Before opening the accounts, there should have to be a personal interaction with the client excepting the case of NRIs where the power of attorney holder is the Authorised dealer Bank.
- b. Before opening the accounts in case of companies any one of the following viz. main promoter/ Managing Director/ whole time director/ key management person and in the case of partnership any one of the active partners should be met in person.
- c. Caution is to be exercised when identifying companies which appear to be 'shell companies' or 'front companies. Shell/ front companies are legal entities which have no business substance in their own right but through which financial transactions may be conducted.
- d. In case of clients acting through Power of Attorneys the Principal and agent should come in person for the first time, except where the client is a NRI and the designated branch of the Authorised Dealer Bank is holding the power of attorney. Photos of both to be obtained along with signatures on the photos. The KYC Form, Agreement and the Disclosure Document must compulsorily be signed by the Client himself and not by the POA holder except in case of NRI *clients if the POA holder is the designated branch of the authorized dealer.
- e. Original of un-expired Photo identity of individual/ promoter/ director to be verified by our official for identifying the client. Signature of the persons should be obtained on the photos. Photo copy of the proof should be taken by our official who should also certify there on about having verified with the unexpired original.

Documents which can be relied upon:**PAN Card:**

PAN Card is mandatory and is most reliable document as it is unique to each individual and is valid for the life time of the holder and we can independently check its genuineness through IT Websites.

Identity Proof:

PAN Card itself can be served 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/ Aadhaar Card.

Address Proof:

For Valid address proof, we can rely on Voter's Identity Card, Passport, Bank Statement, Aadhaar Card, Ration Card and latest Electricity/ telephone bill in the name of the client. The utility bill should be not more than three month old while entering into relationship with the clients.

Documents required for accepting Clients as per Rule 9 of the Prevention of Money-laundering.
Documents to be obtained as part of customer identification procedure for new clients (unexpired Original should be verified):

A. Proof of Identity (POI):-List of documents admissible as Proof of Identity :

- Unique identification Number (UID) (Aadhaar)
- Passport
- Voter ID card
- Driving license
- PAN card with photograph
- Identity card/ document with applicant's Photo, issued by any of the following: Central/ State Government and its Departments, Statutory /Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/ Debit cards issued by Banks

B. Proof of Address (POA):- List of documents admissible as Proof of Address: (*Documents having an expiry date should be valid on the date of submission.)

- Unique identification Number (UID) (Aadhaar)
- Passport
- Voters Identity Card
- Ration Card
- Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
- Utility bills like Telephone Bill (only landline), Electricity bill or Gas bill - Not more than 3 months old.
- Bank Account statement/ Passbook - Not more than 3 months old.
- Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
- Proof of Address issued by any of the following: Bank Managers of Scheduled Commercial Banks/ Scheduled Co-operative Bank/ Multinational Foreign Banks/ Gazetted Officer/ Notary public/ elected representatives to the Legislative Assembly/ Parliament/ Documents issued by any Govt. or Statutory Authority.

- Identity card/ document with address, issued by any of the following: Central/ State Government and its Departments, Statutory/ Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
- For FII/ subaccount, Power of Attorney given by FII/ sub-account to the Custodians (which are duly notarized and/ or a postiled or consularised) that gives the registered address should be taken.
- The proof of Address in the name of the spouse may be accepted.

In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:

Types of entity	Documentary requirements
Corporate	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/ Whole time director/ MD (to be submitted every year). • Photograph, POI, POA, PAN and DIN numbers of whole-time directors/ two directors in charge of day to day operations. • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and certificate of incorporation. • Copy of the Board Resolution for investment in securities/ commodities market. • Authorised signatories list with specimen signatures.
Partnership firm	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered partnership firms only) • Copy of partnership deed. • Authorized signatories list with specimen signatures. • Photograph, POI, POA, PAN of Partners.

Trust	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered trust only). • Copy of Trust deed. • List of trustees certified by managing trustees/ CA. • Photograph, POI, POA, PAN of Trustees.
HUF	<ul style="list-style-type: none"> • PAN of HUF. • Deed of declaration of HUF/ List of coparceners. • Bank pass-book/ bank statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Unincorporated Association or a Body of Individuals	<ul style="list-style-type: none"> • Proof of Existence/ Constitution document. • Resolution of the managing body & Power of Attorney granted to transact business on its behalf. • Authorized signatories list with specimen signatures.
Banks/Institutional Investors	<ul style="list-style-type: none"> • Copy of the constitution/ registration or annual report/ balance sheet for the last 2 financial years. • Authorized signatories list with specimen signatures.
Foreign Institutional Investors	<ul style="list-style-type: none"> • Copy of SEBI registration certificate. • Authorized signatories list with specimen signatures.
Army/Government Bodies	<ul style="list-style-type: none"> • Self-certification on letter head. • Authorized signatories list with specimen signatures.
Registered Society	<ul style="list-style-type: none"> • Copy of Registration Certificate under Societies Registration Act. • List of Managing Committee members. • Committee resolution for persons authorized to act as authorized signatories with specimen signatures. • True copy of Society Rules and Bye Laws certified by the Chairman/ Secretary.

List of people authorized to attest the documents:

- Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
- In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy/ Consulate General in the country where the client resides are permitted to attest the documents.
- In case of an NRI account–Repatriable/ non-repatriable, the following documents are required: For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/ PIO Card/ OCI Card and overseas address proof is mandatory.
- In the case of joint account, the above procedure should be carried out for all the persons who hold the joint account.

Other Due Diligence:

- When individual client account opening form is received, all requirements under CKYC and KRA shall be completed.
- When non-individual client account opening form is received, all requirements under KRA shall be completed. As and when CKYC starts accepting non-individual clients, CKYCR process shall be completed even for non-individual clients.
- PRLSS 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/ data bases of other entities authorized by the Income Tax department.
- All processes like in-person verification, verification of copies against originals, and all other requirements of KRA and CKYC shall be met at all times by PRLSS diligently.

A public data base 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 PRLSS 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 Net-worth 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.

Member may rely on a third party for the purpose of:

1. identification and verification of the identity of a client &
2. 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 monitor for, and have measures in place for compliance with CDD and record keeping requirement in line with the obligations under the PML Act.
3. Such reliance shall be subject to the conditions that are specified in rule 9 (2) of the PML Rules and shall be in accordance with the regulation and circulars/ Guide lines issued by SEBI from time to time. Further, it is clarified that we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures as applicable. (SEBI Circular CIR/ MISRD/ 1/ 2014 dated 12.03.2014).

Identification Procedures:

PRLSS shall be in compliance with the following requirements while putting in place a Client Identification Procedure (CIP):

- a) PRLSS shall pro-actively put in place appropriate e-risk management systems to determine whether its existing client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs. Further, the enhanced CDD measures as outlined in SEBI Circulars shall also be applicable where the beneficial owner of a client is PEP.
- b) Senior management approval would be obtained for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, PRLSS shall obtain approval from Principal Officer/ Designated Director to continue the business relationship.
- c) PRLSS shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- d) The client shall be identified by PRLSS by using reliable sources including documents / information. PRLSS shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- e) The information must be adequate enough to satisfy competent authorities (regulatory/ enforcement authorities) in future that due diligence was observed by PRLSS in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority (Principal Officer).

SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time. PRLSS shall frame its own internal directives based on its experience in dealing with its clients and legal requirements as per the established practices. Further, PRLSS shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the intermediary is aware of the clients on whose behalf it is dealing.

PRLSS shall formulate and implement a CIP which shall incorporate the requirements of the PMLA Rules Notification No. 9/ 2005 dated July 01, 2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to PRLSS from obtaining the minimum information/ documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by registered intermediaries. This shall be strictly implemented by all intermediaries and non-compliance shall attract appropriate sanctions.

Money Laundering risk assessments

Risk assessment on money laundering is dependent on kind of customers the Company deals with. Typically, risks are increased if the money launderer can hide behind corporate structures such as limited companies, off shore trusts, special purpose vehicles and nominee arrangements.

The Risk Assessment is required in order to assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients etc.

Risk classification

The level of Money Laundering (ML) risks that the Company is exposed to by an investor relationship depends on:

1. Type of the customer and nature of business.
2. Type of product/ service availed by the customer
3. Country where the Customer is domiciled

Based on the above criteria, the customers may be classified into three Money laundering relationship depends on:

The guidelines define certain minimum standards of account documentation for all new customer relationships, to enable the Company to understand the nature of the customer's business, carry evidence of key data regarding the customer and its principal owners/ signatories and understand the type and level of activity that is to be considered as normal in the customer's account Customers may be classified in the following risk categories.

(i) High Risk

In addition to client defined in special category following clients are classified as high risk, provided their transaction value exceeds Rs. 1 Crore

- a) Non-resident clients
- b) High Net-worth clients
- c) Trust, Charities, NGOs and organizations receiving donations
- d) Unlisted Companies
- e) Companies having close family shareholding and beneficial ownership.
- f) 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.: Senior politicians, Heads of States of Government, senior government, / judicial/ military/ officials.)
- g) Clients who have defaulted in the past, have suspicious back ground and do not have any financial status.

- h) Companies offering foreign exchange
- i) 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 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.
- j) Clients with dubious reputation as per public information available etc.
- k) Non face to face Clients.

It should be to determine whether existing/ potential customer is a PEP. Such procedures would include seeking additional information from clients. Further approval of senior management is required for - establishment business relationships with PEP & to continue the business relationship with PEP.

All transaction of Clients identified as High-Risk Category should be put to countermeasures. These measures may include further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of transactions and applying enhanced due diligence.

(ii) Medium Risk

Client defined in above category having transaction value below 10 Lakhs and those Clients who are mostly intra-day Clients or speculative Clients. Further based on business directive the clients who maintain running account continuously with the company may also be categorized as Medium-risk clients as case to case basis.

(iii) Low Risk

Clients those pose Nil or low risk. They are Individuals / Corporate/ HNIs who have respectable social and financial standing. These are the Clients who make a payment on time and take delivery of shares.

The low-risk provisions should not apply when there are suspicions of Money Laundering/ Financing Terrorism (ML/FT) or when other factors give rise to belief that the customer does not in fact pose a low risk.

Irrespective of the definition/ criteria cited above, PRLSS, on the basis of various aspects such as transaction volume, pattern of investment, scrip selection, regularity in payments etc., may change/ revise the categorization of a particular/set of customers.

An assessment should be made of the financial worthiness of the client by obtaining appropriate declarations at KYC stage. This information should be subsequently used for monitoring whether the transactions of the clients are within the declared means and if the value of the transactions is increasing the client should be asked to disclose the increasing sources.

Treatment of Accounts of Clients of Special Category:

1. NRI: While opening NRI account utmost care should be exercised. While opening an NRI Repatriable or NRI Non Repatriable interalia, following documents should be collected from the clients:

NRI Repatriable/Non Repatriable

1. PAN Card Copy
2. Passport Copy
3. Indian Address Proof
4. Cancelled Cheque copy of NRE A/c
5. PIS Permission issued from RBI.
6. NRI Address Proof
7. Bank Statement Copy.
8. Client Master Copy for demat account.
9. Tax Residency proof

2. High Networth Clients: High Networth clients could be classified as such if at the account opening stage or during the course of the relationship, it is realized that the client's investments or the appetite for investment is high.

3. Trust, Charity and NGOs: Both public as well private, registered as well un-registered trust will have to be classified in the Special Category. Any Charitable or Non-governmental organization or a Non-Profit Organization will be also classified herein.

4. Close family shareholdings or Beneficial Ownership: In case of close family shareholding the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times, are same, and then both need to be marked under this special category.

5. Politically Exposed Persons: In case of PEPs, the account should be opened only after consent of the senior management and all the required documents are collected and client should be marked as PEP in records. Where a client has been accepted and the client or beneficial owner is

subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship. PRLSS shall verify the sources of funds of the PEP by obtaining bank statements from time to time.

6. Company offering foreign Exchanges: At the account opening stage if the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

7. Client in High Risk Country: No accounts shall be opened if received from a client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these countries. The list may be obtained from the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org).

8. Client with dubious Public Reputation: 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 this special category

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

Record keeping requirements

We shall ensure compliance with the record keeping requirements contained in the, SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

All documents & records which 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 shall be maintained.

If there is any laundered money or terrorist property, we shall retain the following information for the accounts of clients in order to maintain a satisfactory audit trail to facilitate the investigating authorities:

- 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. cheques, demand drafts etc. the identity of the person undertaking the transaction; the destination of the funds; the form of instruction and authority.

Ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they should retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

In 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 transaction reporting all the records

shall be maintained till the authority informs of closure of the case. More specifically, Member has put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- a) All cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- b) All series of cash transactions integrally connected to each other which have been individually valued below rupees ten Lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;
- c) 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 ;
- d) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

Information to be maintained

We shall maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- a) The nature of the transactions ;
- b) The amount of the transaction and the currency in which it is denominated;
- c) The date on which the transaction was conducted ; and
- d) The parties to the transaction.

Retention of Records

- a) Maintenance of records pertaining to transactions of clients is preserved in a manner that allows easy and quick retrieval of data as and when requested by competent authority, for a period of eight years.
- b) Records evidencing the identity of clients and beneficial owners as well as account files and business correspondence shall maintained and preserved for a eight years after business relationship between a client and Member has ended or the account has been closed whichever is later. In situations where the on-going investigations or transactions which have been subject of a suspicious transactions reporting, they shall be retained until it is confirmed that the case has been closed.
- c) Member shall maintain and preserve the 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, for a period of eight years from the date of the transactions between the client and the intermediary.
- d) Further, the records mentioned in Rule 3 of PMLA Rules have to be maintained and preserved for a period of eight years from the date of transactions between the client and intermediary.
- e) The intermediary shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transaction of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary.

Monitoring of transactions :

Regular monitoring of transactions is vital for ensuring effectiveness of the Anti-Money Laundering procedures. This is possible only if we have an understanding of the normal activity of the client so that they can identify the deviant transactions /activities.

We shall pay special attention to all complex, unusually large transactions /patterns which appear to have no economic purpose. We may specify internal threshold limits for each class of client accounts and pay special attention to the transaction which exceeds the prescribed limits. We shall review internal alerts if any and also monitor the alerts provided by the exchanges/ depository.

We should ensure a record of transaction is preserved and maintained in terms of section 12 of the Act 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.

Further our compliance cell should examine a selection of transaction undertaken by clients to comment on their nature through Whistle Blower Policy i.e. whether they seems to be a suspicious transactions or not.

Suspicious transactions

We shall analysis and furnish details of suspicious transactions, whether or not made in cash Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary. Intermediaries shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting. It should be ensured that there is no undue delay in analysis and arriving at a conclusion. While determining suspicious transactions, intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time. Indicative types of Suspicious transactions, Abandoned transactions, TAT for reporting Suspicious transactions and additional due diligence for transactions from clients from high risk countries are also given in the FMC/ SEBI circular.

Suspicious transaction means a transaction whether or not made in cash, which to a person acting in good faith gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or appears to be made in circumstance of unusual or unjustified complexity; or appears to have no economic rationale or bonafide purpose.

Reasons for Suspicious :

Identity of client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Clients in high-risk jurisdiction
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Receipt back of welcome kit undelivered at the address given by the client
- Suspicious background or links with criminal

Multiple Accounts

- Large number of accounts having a common parameters such as common partners/directors/ promoters/ address/ email address/ telephone numbers introducer or authorized signatory
- Unexplained transfers between such multiple accounts.

Activity in Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively for fund

Nature of transactions

- No economic rationale or bonafide purpose
- Source of funds is doubtful

Value of transactions

- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client.
- Client trading pattern
- trading in illiquid scrip
- concentration in one scrip if any,
- payment track record,
- Client turnover Vs. Exchange turnover.
- Synchronized trading.
- Client Purchase to his income/ Networth
- Whether any off-market transfers are taking place from our Demat account to other Demat accounts.

Policy on Identifying and Reporting suspicious transactions :

The Compliance / Principle Officer for any suspicious transactions will scrutinize transactions filtered out of the following filters in detail. As the Business dynamics are very varied and complex, defining transaction types for reporting will not be undertaken at this juncture (all CTRs & STRs). Having said that, the Principal Officer will review all the transactions thrown out by the filters and decides on a case-to- case basis to report to FIU with in stipulated time with complete details.

These filters will be reviewed regularly for any updates and modifications to make the system more robust and effective.

1. Payment for client's withdrawal will be only through cheque. No cash payments to be entertained under any circumstances.
2. All third party cheques to the credit of clients account irrespective of the amount.
3. All payment made either by way of Demand Draft/ Cheques/ Money Transfer/ Funds Transfer in foreign currencies irrespective of the amount. In case of DD it should be accompanied by the letter of bank in case of some unavoidable situation.

What to Report:

1. The nature of the transactions
2. The amount of the transaction and the currency in which it was denominated
3. The date on which the transaction was conducted
4. The parties to the transaction
5. The reason of suspicion.

List of Designated Individuals / Entities:

Verification and denial in taking the person as a client if the person is in updated list of individuals and entities which are subject to various sanction measure 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 (UNSC Rs) from the concerned website. PRLSS shall ensure that accounts are not opened in the name of anyone whose name appears in said list. PRLSS 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 shall immediately be intimated to SEBI and FIU-IND.

Procedure for Freezing

Under the Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) Section, 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. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.

In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals /entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND and On receipt of this information after verification, PRLSS shall act immediately on the same.

Reporting to Financial Intelligence Unit-India:

In terms of the PML Rules, PRLSS is required to 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-110021.
Website: <http://fiuindia.gov.in>**

PRLSS shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/ procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents While detailed instructions for filing all types of reports are given in the instructions part of the related formats, PRLSS shall adhere to the following :

- a) The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU- IND by 15th of the succeeding month.
- b) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- c) The Non-Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- d) The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;
- e) Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.
- f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious /non-profit organization transactions to be reported.

No Tipping Off

An important element to the success of the AML process is that the customers should not be informed (i.e. tipped off) that his/her accounts are being monitored for suspicious activities and / or that a disclosure has been made to the designated authority namely Financial Intelligence Unit, India. (FIU-IND)

The company can however make normal enquiries to learn more about the transaction or instruction to determine whether the activities of the customer arouse suspicion.

Where it is known or suspected that a suspicion report has already has been made internally or externally, and it then becomes necessary to make further enquiries, care must be taken to ensure that the suspicion is not disclosed either to the client or to any other third party. Such enquiries shall normally be made as directed by the Principal Officer.

"Tipping Off' provisions extended not only to the filling of the STR and/ or related information but even before, during and after the submission of STR.

The Role of the Principal Officer (PO)

Mr. Pukhraj Lunkar is the Principal Officer of PRLSS. The PO is responsible for:

- 1) Receiving internal suspicious activity report
- 2) Taking reasonable steps to access any relevant KYC information on concerned parties
- 3) Making external report as required

- 4) Obtaining and using national and international findings concerning countries within adequacies in their approach to money laundering prevention
- 5) Taking reasonable steps to establish and maintain adequate arrangements for awareness creation and staff training.

The Principal Officer, or any other person to whom the Principal Officer's duties have been delegated, shall have access to any information of the customer or transaction (s).

The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

Appointment of Designated Director

As per SEBI circular No. CIR/MIRSD/1/2014 dated March 12, 2014, we have appointed Mr. Pukhraj Lunkar as Designated Director of PRLSS and the same has been informed to FIU-IND.

PMLA POLICY WITH RESPECT TO EMPLOYEES' HIRING / TRAINING & INVESTOR EDUCATION

Policy on Hiring of key Employees:

At the time of screening key employees in the Company, the HR personnel should make sure that the key employees must be made aware about the AML/CFT requirement at the time of joining the organization and on such other time as they deem fit to ensure that key employees* shall perform & discharge their duties efficiently and effectively to combat risk of money laundering which is considered to be a prominent area/ aspect in an industry in which the company operates.

***Key employees are employees as per the list maintained by HR personnel from time to time.**

Policy on Employees' training:

The company should have an ongoing employee training programmed in terms of following:

Conducting presentations from time to time to create awareness amongst the concerned employees and/ or by sharing information over email and/ or telephonically.

Policy on Investor Education:

With a view to discharge our responsibility in the view of PMLA requirement, the Company should endeavor to do the following:

- Disseminating/ spreading the information amongst the investors/ clients via different modes.

The PMLA policy of the company is reviewed once in a financial year. In case of regulatory change in between then it is reviewed and updated to comply with the new regulatory order/ guidance within the time frame specified by the regulators.