

Company's AML Policy

As per the provisions of "The Prevention of Money Laundering Act, 2002" (PMLA 2002), we have implemented the following procedures to combat Money Laundering and Terrorist Financing to safeguard the interest of common investors. As we Gyandeeep Stocks Pvt. Ltd. are a registered intermediary in the role of a Stock Broker, have stipulated certain procedures while registering a client apart from the rules and regulation laid down by the competent authority.

We have assured and insisted all our staff members that they should have an awareness of the contents of PMLA policies and procedures for the prevention of money laundering and terrorist financing.

As specified by the Act, we have adopted the following specific parameters which are related to the overall 'Client Due Diligence Process':

We are accepting the client who have full fill all the required documents relating to identity, address and financial status of the client and proceed ahead only if he come to our office personally with all the relevant documents.

We have adopted a strict policy to establish the identity of the client who is indented to register with the company, whether it is in the case of opening a trading account, sub-broker ship or any other registration with the company. We are pinpointing below mentioned factors:-

Customers "In-Person" verification while registration and affixing a stamp denoting "Personally verified" on the Identification documents as prescribed by the concerning authority in the presence of a senior management official of the company.

Customer Due Diligence:

Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

Collect all the possible supporting documents to identify the customer and verify the customer's identity using reliable, independent source documents, data or information.

Collecting the documents which supporting the corresponding address as well as permanent address of the client.

Fulfill the entire requirement for establishing the financial status of the client as stipulated by the concerning authority.

Ensure that all the relevant data of the client is clearly and completely entered in the records and all these should be done under the supervision of a senior official of the concerning department.

If there is any request for the modification of the records, it should be through an application duly signed by the said client and should be forwarded personally or by a faithful person authorized by him.

These kind of modification is only encouraged by us if the relevant data in our records matching with that of the application submitted by the client.

All such records we are preserving for a period of not less than ten years.

We ensure that an account is not opened where we are unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the intermediary is suspected to be non genuine, perceived non cooperation of the client in providing full and complete information. We shall not continue to do business with such a person and file a suspicious activity report. It should also evaluate whether there is suspicious trading in determining in whether to freeze or close the account. We shall be cautious to ensure that it does not return securities of money that may be from suspicious trades and consult the relevant authorities in determining what action it should take when it suspects suspicious trading.

We ensure the circumstances under which the client is permitted to act on behalf of another person / entity should be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e the agent- client registered with us, as well as the person on whose behalf the agent is acting are clearly laid down). Adequate verification of a person's authority to act on behalf the customer should also be carried out.

Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner,

whether in terms of criminal or civil proceedings by any enforcement agency worldwide .

Nature of business activity of the client :

We Monitor the manner of making payment for transactions undertaken. We always take care of parameters that should enable classification of clients into low, medium and high risk. KYC norms of such clients are updated on a regular basis.

We insist the client to put necessary checks and balance in place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

Clients of special category (CSC):

The following clients shall be treated as clients of special category :

- a. Non resident clients
- b. High networth clients,
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Companies having close family shareholdings or beneficial ownership
- e. Politically exposed persons (PEP) of foreign origin
- f. Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- g. Companies offering foreign exchange offerings
- h. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent.

- i. Non face to face clients
- j. Clients with dubious reputation as per public information available etc.

Internal Mechanism for Identification Suspicious Transactions:

There is a system in place to monitoring and reporting suspicious transactions (STR). Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. First of all we have try to understanding of the normal activity of the client so as to identify the deviant transactions / activities if any occur in the business relation with the client.

We have taken almost care to all complex, unusually large transactions / patterns which appear to have no economic purpose. We specify internal threshold limits for each class of client accounts and pay special attention to the transaction which exceeds these limits. All the cash transaction which are valued above 10 lacs or its equivalent in foreign currency are thoroughly checked. 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 conduct ongoing due diligence and scrutiny, i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being, conducted are consistent with the company's records.

We ensure to take appropriate steps to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions.

Keep a record of the client who have transacted such and intimated the same to the client. Whether there is any kind of transactions which are under suspicious should be intimated to the FIU and take all possible measures to prevent the said client for further involvement with the company.

Suspicious transactions should also be regularly reported to the higher authorities / head of the department. Further the senior official of the company randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transactions or not.

We ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities at the time of audit.

The company has taken all steps to prevent the money laundering and terrorist financing by following the rules and procedures as mentioned in the PMLA 2002 and ensure the strict compliance of the same.

Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, we are retaining the following information for the accounts of their customers in order to maintain a satisfactory audit trail:

- a. the beneficial owner of the account;
- b. the volume of the funds flowing through the account; and
- c. for selected transactions:
 - the origin of the funds;
 - the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
 - the identity of the person undertaking the transaction;
 - the destination of the funds;
 - the form of instruction and authority.

More specifically, we shall put in place a system of maintaining proper record of transactions prescribed under Rule 3, notified under the Prevention of Money Laundering Act (PMLA), 2002 as mentioned below:

- (i) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- (ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;

- (iii) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- (iv) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

Information to be maintained :

We are maintaining and preserving the following information in respect of transactions referred to in Rule 3 of PMLA Rules:

- I. the nature of the transactions;
- II. the amount of the transaction and the currency in which it denominated;
- III. the date on which the transaction was conducted;
and
- IV. the parties to the transaction.

Suspicious Transaction Monitoring & Reporting:

We are extremely monitoring the:

- a) Clients whose identity verification seems difficult or clients appears not to cooperate
- b) Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- c) Substantial increases in business without apparent cause;
- d) Unusually large cash deposits made by an individual or business;
- e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- f) Transfer of investment proceeds to apparently unrelated third parties;
- g) Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks /financial services, businesses reported to be in the nature of export-import of small items.

Reporting to Financial Intelligence Unit-India:

We carefully go through all the reporting requirements and formats as mentioned in your circulars, also we are adhering to the following:

- (a) The cash transaction report (CTR) (wherever applicable) for each month to be submitted to FIU-IND by 15th of the succeeding month.
- (b) The Suspicious Transaction Report (STR) to 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 should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.
- (c) The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND;
- (d) Utmost confidentiality should be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- (e) No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

We do not put any restrictions on operations in the accounts where an STR has been made. Our directors, officers and employees (permanent and temporary) are prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. Thus, it should be ensured that there is no tipping off to the client at any level.