



NIRMAL BANG
a relationship beyond broking

Anti-Money Laundering Policy

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POLICY CONTROL

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PFRDA Circular on Know Your Customer/Anti-Money Laundering/Combating Financing of Terrorism (KYC/AML/CFT) dated January 23, 2023 and Circulars issued there under from time to time.

1. INTRODUCTION:

Nirmal Bang Securities Private Limited (“NBSPL”) (“Company”) is registered with Pension Fund Regulatory and Development Authority (“PFRDA”) to act as a Point of Presence (“PoP”) under NPS Architecture and shall perform the functions relating to registration of subscribers, undertaking Know Your Customer (KYC) verification, and customer due diligence, receiving contributions and instructions from subscribers and transmission of the same in the NPS architecture.

NBSPL is required to comply with the applicable provision of the PFRDA (PoP) Regulations 2018 and also with the provisions of the Prevention of Money Laundering Act (PMLA), 2002 & the rules framed thereunder as may be applicable from time to time and reporting & compliance of various activities under PMLA & PFRDA guidelines issued for AML/CFT.

Accordingly, NBSPL has prepared this Anti-Money Laundering Policy ("Policy") to ensure compliance with the applicable provision under PMLA & PFRDA Regulation and Circulars issued from time to time. The relevance and usefulness of these Guidelines will be kept in perspective and NBSPL, being a registered intermediary will ensure that the Policy will be based on the guidelines and recommendations issued by PFRDA/ SEBI/ RBI from time to time. All amendments as issued by PFRDA/RBI/ SEBI or FIU/ or the Government of India will form an integral part of this policy.

2. BACKGROUND:

The Prevention of Money Laundering Act, 2002 which was brought in force with effect from 1st July, 2005 vide Gazette notification/ Rules by Government of India, Department of Revenue, Ministry of Finance. The PMLA Act provides that every banking company (which includes a co-operative bank), financial institution (which includes Chit Fund Company, housing finance institution, Non-Banking Financial Company (NBFC) and Department of Posts 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), an association recognized or registered under the Forward Contracts (Regulation) Act, 1952 (74 of 1952) or any member of such association, **intermediary registered by the Pension Fund Regulatory and Development Authority (PFRDA)** and a recognized stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956); shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the Rules notified under the Act.

Accordingly, PFRDA has set out regulatory guidelines/instructions, including subsequent amendment thereof, to the intermediary registered with PFRDA as part of an Anti-Money Laundering/ Combating the Financing of Terrorism Program.

All the Registered Entities shall take steps to implement provisions of the PML Act and the PML Rules, as amended from time to time, including operational instructions issued through circulars/guidelines/ directions in pursuance of such amendment(s).

3. OBJECTIVES:

The objective of guidelines is to:

- a) Create awareness and provide clarity on Know Your Customer (KYC) standards and AML measures.
- b) Frame work for obligations of NBSPL under PMLA.
- c) To facilitate employees at all levels including persons associated with NBSPL to align their operations with best practices followed by other Point of Presence Intermediaries/ Pension Fund Industry.
- d) To assist law enforcement agencies in their effort to investigate and track money launderers.

4. PURPOSE AND APPLICABILITY:

The purpose of the policy is to prevent any involvement by the Company in money laundering activity even where the involvement may be unintentional. It requires our directors, senior management, other employees, and those who work with us to recognize questionable financial transactions and to take steps to conduct appropriate additional due diligence. In case of any ambiguity under this policy, NBSPL shall follow the PMLA, PFRDA, or other applicable laws in this regard.

This AML Policy applies to all individuals working at all levels and grades, including directors, Senior Executives, Senior Managers, Officers, other employees (whether permanent, fixed-term, or temporary including those on deputation), consultants, contractors, trainees, interns and agency staff, agents or any other person associated with our Company and such other persons, all such intermediaries/ agents involved in onboarding NPS Subscribers and including those designated by the Principal Officer in consultation with Compliance Officer from time to time. (all of the aforesaid being collectively referred to as “Designated Persons”).

Adherence to the Policy is a fundamental condition of service and the provisions of the Policy shall be deemed an intrinsic part of the terms of employment of the Employees. If any Employee experiences any difficulties or doubts in respect of the meaning or interpretation of any of the provisions of the Policy or is unsure of whether a given action would be consistent with the Policy or any other applicable laws, he or she should contact the Designated Officer (appointed as specified below) for further clarifications on an immediate basis.

5. DESIGNATED DIRECTOR AND PRINCIPAL OFFICER:

Mr. Samir Kamdar, Whole Time Director of NBSPL shall be the designated director under PMLA. The Designated Director is responsible for ensuring overall compliance with the obligation imposed under Chapter IV of the act and the Rules made thereunder.

Mr. Rakesh Bhandari, Chief Risk Officer (CRO) has been designated as Principal Officer under Chapter IV of the PMLA Act and the PML Rules.

The Role of the Principal Officer is to furnish all information to the Director FIU-IND under Rules 7 and 8 of the PML Rules. The Principal Officer:

- ❖ Shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law.
- ❖ maintain close liaison with enforcement agencies, banks, and any other institution that is involved in the fight against money laundering and combating the financing of terrorism.
- ❖ Oversee and ensure overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, rules and regulations made thereunder, as amended from time to time.

The company should ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors. To enable the Principal Officer to discharge his responsibilities effectively, the Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records, and other relevant information.

The details of the Principal Officer and Designated Director such as name, designation, business address, mobile number, email ID, and any changes thereof shall be intimated to the FUI-India within 30 days of any changes.

6. IMPORTANT DEFINITIONS:

To better understand certain terms commonly used regarding AML/ CFT (Combating the Financing of Terrorism) under the PMLA 2002 and other applicable laws are given below:

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| Aadhaar number | shall have the meaning assigned to it under clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits, and Services) Act, 2016, hereinafter referred to as the “Aadhaar Act”. |
| Act / PML Act / PMLA | means the Prevention of Money Laundering Act, 2002. |
| Authentication | means the process as defined under clause (c) of section 2 of the Aadhaar Act. |
| Central KYC Records Registry (CKYCR) | means an entity defined under clause (ac) of sub rule (1) of Rule 2 of the PML Rules. |
| Certified copy | mean comparing the copy of officially valid document so produced by the subscriber with the original and recording the same on the copy by the authorised officer of the reporting entity in a manner prescribed by PFRDA. |
| Client | shall have the meaning assigned to it under clause (ha) of sub section (1) of Section 2 of the PML Act. |
| Client Due Diligence (CDD) | shall have the meaning assigned to it under clause (b) of sub-rule (1) of Rule 2 of the PML Rules. |
| Designated Director | shall have the meaning assigned to it under clause (ba) of sub-rule (1) of Rule 2 of the PML Rules. |
| Digital KYC | shall have the meaning assigned to it under clause (bba) of sub-rule (1) of Rule 2 of the PML Rules |
| Equivalent e-document | shall have the meaning assigned to it under clause (cb) of sub-rule (1) of Rule 2 of the PML Rules. |
| KYC Templates | means templates prepared to facilitate collating and reporting the KYC data to the CKYCR. |

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| KYC Identifier | shall have the meaning assigned to it under clause (cc) of sub-rule (1) of Rule 2 of the PML Rules. |
| KYC Records | shall have the meaning assigned to it under clause (cd) of sub-rule (1) of Rule 2 of the PML Rules. |
| Non-face-to-face customers | shall have the same meaning assigned to it under sub clause (ix) of 3(b) of Chapter I of Master Direction – Know Your Customer (KYC) Direction, 2016 issued by Reserve Bank of India (RBI), as amended from time to time. |
| Offline verification | shall have the same meaning as assigned to it in clause (pa) of section 2 of the Aadhaar Act. |
| On-going Due Diligence | means regular monitoring of transactions to ensure that they are consistent with the subscriber’s profile and source of funds. |
| Officially valid document | shall have the meaning assigned to it under clause (d) of sub-rule (1) of Rule 2 of the PML Rules. |
| Politically Exposed Persons (PEPs) | shall have the same meaning assigned to it under sub clause (xii) of 3(b) of Chapter I of Master Direction – Know Your Customer (KYC) Direction, 2016 issued by Reserve Bank of India (RBI), as amended from time to time. |
| Periodic updation | means steps taken to ensure that documents, data or information collected under the CDD process is kept up-to-date and relevant by undertaking reviews of existing records at periodicity prescribed by PFRDA. |
| Principal Officer | shall have the same meaning assigned to it under clause (f) of sub-rule (1) of Rule 2 of the PML Rules. |
| Reporting entity | has the same meaning assigned to it under clause (wa) of sub section (1) of section 2 of the PML Act. |
| Rules / PML Rules | means the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. |
| Subscriber | shall have the meaning as per clause (t) of sub-section (1) of section 2 of the PFRDA Act. In these guidelines, the phrase Subscriber, Customer and Client has been used interchangeably and shall be considered to have the same meaning. |
| Suspicious Transaction | shall have the meaning assigned to it under clause (g) of sub-rule (1) of Rule 2 of the PML Rules. |
| Video Based Customer Identification Process (VCIP) | means an alternative (optional) electronic process of Identification/ KYC in paperless form, carried out by the reporting entities by undertaking seamless, secure, real-time with geotagging, consent based audio-visual interaction with the subscriber to obtain identification information including the necessary KYC documents required for the purpose of client due diligence and to ascertain the veracity of the information furnished by the subscriber. |

7. WHAT IS MONEY LAUNDERING:

The phrase “money laundering” is generally understood to mean any act or attempted act to conceal or disguise the true origin and ownership of illegally obtained proceeds so that they appear to have originated from legitimate sources thereby avoiding prosecution, conviction and confiscation of the illegal proceeds. Money laundering can be used by terrorist organizations, tax evaders, smugglers, by those engaged in bribery, or anyone who receives money for illegal activities or through illegal means. Countering money laundering is of critical importance as it

ensures that illegal funds do not remain hidden and do not get integrated into legal business and consequently into the legal economy.

Money laundering usually consists of 3 (three) steps:

- ⇒ **Placement:** This is the initial stage and during this stage, the money generated from illegal /criminal activity such as sale of drugs, illegal firearms, etc. is disposed of. Funds are deposited into financial institutions or converted into negotiable instruments such as money orders or traveller's cheques. For example, cash received by a drug smuggler can be taken to a bank and changed into a money order or traveller's cheque.
- ⇒ **Layering:** In this stage, funds are moved into other accounts in an effort to hide their origin and separate illegally obtained assets or funds from their original source. This is achieved by creating layers of transactions, by moving the illicit funds between accounts, between businesses, and by buying and selling assets on a local and international basis until the original source of the money is virtually untraceable. Thus, a trail of unusually complex transactions is created to disguise the original source of funds and thereby make it appear legitimate. For example, money can be moved into and out of various offshore bank accounts through electronic funds transfers.
- ⇒ **Integration:** Once the illegitimate money is successfully integrated into the financial system, these illicit funds are reintroduced into the economy and financial system and often used to purchase legitimate assets, fund legitimate businesses, or conduct other criminal activity. The transactions are made in such a manner so as to appear as being made out of legitimate funds. Having identified these stages of the money laundering process, financial institutions are required to adopt procedures to guard against and report suspicious transactions that occur at any stage.

8. NBSPL OBLIGATIONS UNDER PMLA, 2002:

Section 12 under Chapter IV places certain obligations on the REs which are as follows:

- ⇒ Maintain a record of all transactions, including information relating to transactions covered under clause (b), in such manner as to enable it to reconstruct individual transactions;
- ⇒ Furnish to Director within such time as may be prescribed, information relating to such transactions, whether attempted or executed, the nature and value as may be prescribed.
- ⇒ Verify the identity of its clients in such manner and subject to such conditions as may be prescribed.
- ⇒ Identify the beneficial owner, in any, of such of its clients, as may be prescribed;
- ⇒ Maintain record of documents evidencing identity of its clients and beneficial owners as well as account files and business correspondence relating to its clients.

9. KNOW YOUR CUSTOMER (KYC) NORMS:

Know Your Customer (KYC) refers to, the activities of customer due diligence to identify subscribers and ascertain relevant information pertinent to doing financial business of NBSPL. KYC compliance and submission of Permanent Account Number (PAN) is mandatory for every client who invests in NPS schemes. Every individual will have to fill up a prescribed uniform KYC application or submit KYC details online in registration journey and support it with documents regarding identity i.e., PAN, proof of address, e.g., Passport fetched from CVL KRA/C-KYC and a latest photograph.

NBSPL shall follow the following norms to ensure compliance with the KYC Process:

- ❖ To determine the true identity of subscriber;
- ❖ Verification of the client's identity, address and recent photograph in compliance with provision as specified in PML Rules and using reliable, independent source documents, data or information;
- ❖ Ensure that no account is opened in a fictitious / benami name or on an anonymous basis. The employees shall follow the applicable KYC guidelines read in conjunction with this Policy. No client account can be opened unless the same is approved by the Designated Director.
- ❖ Conduct ongoing due diligence and scrutiny.

NBSPL may perform KYC process by any of the following methods:

- a. Aadhaar based KYC through Online Authentication subject to notification by the Government under section 11A of PML Act or
- b. Aadhaar based KYC through offline verification or
- c. Digital KYC as per PML Rules or
- d. Video Based Customer Identification Process or
- e. By using "KYC identifier" allotted to the subscriber by the CKYCR or
- f. By "using Digilocker" as prescribed by the PFRDA vide circular no. PFRDA/2021/5/PDES/5 dated 3rd February 2021 or
- g. By using certified copy of an 'officially valid document' containing details of the identity and address, recent photograph and such other documents including financial status of the subscribers
AND
- h. PAN/Form 60 (wherever applicable) and any other documents as may be required.

10. CUSTOMER DUE DILIGENCE (CDD):

i. The customer due diligence measures comprise of the following:

- a. New Subscriber:
 - i. necessary CDD with valid KYC documents of the subscriber shall be done at the time of commencement of account-based relationship/ client-based relationship. Such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high-risk clients.
- b. Existing Subscriber:
 - i. Necessary CDD with KYC (as per extant PML Rules) shall be done for all the existing subscribers from time-to-time basis the adequacy of the data previously obtained. Further, periodic updation of KYC of NPS account shall be done as follows:
 1. In case of NPS Tier II accounts (excluding Tier II Tax Saver Scheme) - Every 3 years.
 2. In case of Tier II account, where subscriber is Politically Exposed Person (PEP) – Every 2 years.
 3. At the time of exit from NPS Tier I account.
 4. Whenever there is upward revision in the risk profile of the subscriber.
 5. As and when there are revision or changes in PML Act / PML Rules.

11. ONGOING DUE DILIGENCE (ODD):

The Company will periodically undertake due diligence of its clients at times when additional/subsequent contributions are made and Any change which is inconsistent with the normal and expected activity of the subscriber.

The Company shall ensure to identify the source of contribution and ensure that the contribution is being done through the subscriber's source of funds. Further it shall ensure that at the time of exit (superannuation /premature exit / death etc.)

- No payments should be made to third parties on attainment of superannuation except payments to nominee(s)/ legal heir(s) in case of death.
- Necessary due diligence of the subscriber(s) / nominee(s) / legal heir(s) should be carried out before making the pay-outs/settling claims.

12. RISK ASSESSMENT AND RISK CATEGORIZATION:

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

Further, low risk provisions shall not apply when there are suspicion of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk. The level of Money Laundering risks that the Fund is potentially exposed to by an investor relationship largely depends on a few key factors. These are broadly:

- Nature of account (For e.g. – NPS Tier I, NPS Tier II, NPS Tier II Tax Saver Scheme, NPS Lite, APY and any other scheme regulated/administered by PFRDA)
- Source of contribution
- Mode of contribution (Cash / Online / Cheque / DD/ Card/ employers bank account etc.)
- Transaction pattern of the subscriber's (complexity of transactions if any)
- Status of subscriber's (resident individual)
- Value of investment with the Fund
- Location of the subscriber's domicile
- Subscriber's business or profession
- Manner of remittance of funds
- Dubious background of subscriber's (based on publicly available information)
- Withdrawals under Tier I and Tier II account
- Politically Exposed Person

The above list is indicative and not exhaustive. NBSPL may consider additional factors using its own judgement and past experience

While assessing the subscriber's risk profile under pensions schemes regulated / administered by PFRDA, NBSPL may inter-alia take into account the following risk categories:

- Lower Risk –
 - contributions are mandatory contribution viz Employees of central / state government / autonomous bodies / public sector undertakings covered under NPS.
 - contributions are voluntary and low-contribution: APY being fixed and low contribution pension scheme and NPS Lite being low contribution pension scheme.
- Moderate Risk –
 - Contributions towards NPS Tier I account on a voluntary basis.
- High Risk –
 - Voluntary contributions towards NPS Tier II account, which is a withdrawable account.

Risk categorization shall be undertaken based on parameters detailed above besides others like subscriber's identity, nature of employment, high value deposits in Tier II account / in Tier I account near superannuation, unusual withdrawals in Tier II account etc. ABSLPML shall ensure enhanced due diligence (EDD) for NPS Tier II account (except accounts under NPS Tier II Tax Saver Scheme).

Further, the following subscribers are considered as high-risk profiles for the purpose of enhanced/higher due diligence:

- (i) Non-resident clients (NRI);
- (ii) High Net worth clients;
- (iii) Politically exposed persons (PEP);
- (iv) Current /Former Head of State, Current or Former Senior High-profile politicians and connected persons.
- (v) Client in high-risk countries.
- (vi) Clients belonging to the countries where corruption/fraud level is high
- (vii) Clients with dubious reputation as per public information available etc.

The above-mentioned list is only illustrative and NBSPL may exercise independent judgement to ascertain whether any other set of clients shall be classified as high-risk profile or not.

NBSPL shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its subscriber's, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information pertaining to India that is circulated by the Government of India and PFRDA from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions (these can be accessed at 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 (viz, high, moderate or low) 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.

Further, special attention shall be given to the money laundering threats that may arise from

- New Business Practices including new delivery mechanism;
- Use of new/developing technologies for the pension schemes regulated/administered by the PFRDA.

NBSPL shall undertake the above risk assessment prior to use of such practices and technologies and shall take appropriate measures to manage and mitigate the risks.

13. SIMPLIFIED DUE DILIGENCE (SDD):

Simplified Due Diligence shall be applied in the case of 'Low risk' customers taking into consideration the type of customer, business relationship, nature and value of transactions based on the overall money laundering and terrorist financing risks involved.

However, Simplified Client Due Diligence measures are not acceptable whenever there is a suspicion of money laundering or terrorist financing or where specific high-risk scenarios apply, based on the Risk Assessment/categorization policy of the reporting entities.

The list of simplified due diligence documents is specified in clause (d) of sub rule (1) of Rule 2 of the PML Rules.

14. ENHANCED DUE DILIGENCE (EDD):

NBSPL shall ensure Enhanced Due Diligence (EDD) where the risk of money laundering or terrorist financing is higher such as the background and purpose of all complexes, unusually large transactions and all unusual pattern of transactions, which have no apparent economic or lawful purpose.

NBSPL shall verify the identity of the subscriber preferably using Aadhaar subject to the consent of subscriber or verify the subscriber through other modes/ methods of KYC as specified through circulars / guidelines issued by the Authority from time to time. It shall examine the ownership and financial position, including subscriber's source of funds commensurate with the assessed risk of subscriber and his/her profile.

15. USING CENTRAL KYC RECORD AGENCY PLATFORM TO VALIDATE THE KYC RECORDS OF SUBSCRIBER:

The Government of India vide their Notification dated November 26, 2015, authorised the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) to act as and to perform the functions of the Central KYC Records. Registry under the said rules, including receiving, storing, safeguarding and retrieving the KYC records under the Prevention of Money-Laundering Act, 2002. CERSAI is a centralized repository of KYC records of customers/investors in the financial sector with uniform KYC norms and inter-usability of the KYC records across the financial sector. Central KYC (CKYC) will store all the customer/investor information at one central server that is accessible to all the financial institutions. After opening a KYC account under the CKYC, customer/investor will get a 14-digit identification number ("KYC Number") and that the same may be quoted by the investor wanting to invest in NPS Schemes.

The Company is registered with CERSAI as reporting entities under the PML Rules and it will link up with the Central Record Keeping Agency for the purpose of uploading, retrieving and validating the KYC records of subscriber.

16. RELIANCE ON THIRD PARTY FOR CARRYING OUT CLIENT DUE DILIGENCE (CDD):

NBSPL may rely 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 recordkeeping requirements in line with the obligations under the PML Act and PFRDA circulars issued in this regard.

17. PENSION ACCOUNTS OF POLITICALLY EXPOSED PERSONS (PEPs):

NBSPL has laid down appropriate on-going risk management procedures for identifying and applying enhanced due diligence measures on an on-going basis to PEPs and customers who are family members, close relatives/associates of PEPs. These measures are also applied to pension accounts of which a PEP is the beneficiary / nominee.

The senior management shall be informed on the business relationship and enhanced due diligence measures shall be applied if on-going risk management procedures indicate that the subscriber or beneficiary is found to be PEP or subsequently becomes PEP.

The Company shall take reasonable measures to determine whether the beneficiaries of a pension account are PEPs at the time of the exit, and should ensure the internal controls are in place. They shall process the exit request only after applying risk-based monitoring of such withdrawal to determine if the recipient of the funds is a PEP or not.

The Company shall undertake reasonable measures to establish the source of wealth and the source of funds of customers identified as PEPs.

18. FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES:

Section 51A of the Unlawful Activities (Prevention) Act, 1967(UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated 2nd February 2021 detailing the procedure for the implementation of Section 51A of the UAPA.

The Company shall ensure that in terms of Section 51A, they do not have any accounts in the name of the individuals/entities appearing in the list of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC) at https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list and <https://www.un.org/securitycouncil/sanctions/1988/materials>. Further, they shall periodically check MHA website (<http://www.mha.gov.in>) for updated list of banned individuals. The List of Nodal Officers for UAPA is available on the website of the MHA.

19. PROSPECTS RESIDING IN THE JURISDICTION OF COUNTRIES IDENTIFIED AS DEFICIENT IN AML/CFT REGIME:

FATF Secretariat after conclusion of each of its plenary, releases public statements and places jurisdictions under increased monitoring to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing risks. In this regard, FATF Statements circulated from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by the Company.

The Company shall take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements. However, it shall be noted that the company are not precluded from having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statements. It shall specifically apply enhance due diligence (EDD) measures, proportionate to the risks, to business relationships and transactions with individual from jurisdictions included in the FATF Statements.

20. SUSPICIOUS TRANSACTIONS: IDENTIFICATION, MONITORING / REVIEWING OF TRANSACTIONS AND REPORTING:

The PML Rules define suspicious transactions as Suspicious transaction means a transaction, including an attempted transaction, whether or not made in cash, which to a person acting in good faith –

- a. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- b. appears to be made in circumstances of unusual or unjustified complexity; or
- c. appears to have no economic rationale or bonafide purpose; or
- d. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism”.

Unusually large and complex transactions / patterns or transactions that are abnormal within the known relationship with a client and which seemingly have no economic rationale must be monitored and appropriate CDD and enhanced KYC as may be required for such clients must be conducted. “Potentially suspicious transactions” may be categorized on the basis of any of the following:

- a. Criteria by PFRDA: Pension Funds has to undertake enhanced due diligence measures for KYC procedures, monitoring & analysing of transactions for further reporting as mentioned in the PFRDA (PoP) Regulations, 2018 and the Guidelines for Operational Activities to be followed by Point of Presence (POPs), POP-SP, POP-SE & POP -Corporate.
- b. Other sources for identification of potential suspicious transactions:
 - ⇒ The regional newspapers / internet / other publicly available information is regularly scanned on a “best effort basis” to find names of persons / entities involved in predicate offences including Google search.
 - ⇒ Based on the risk categorization of an investor especially high-risk clients, transactions of such investors based in countries / territories notified by FATF as non-co-operative / following inadequate AML / CFT measures. Any such transactions shall be strictly in compliance with PFRDA (PoP) Regulations, 2018 & and the Guidelines for Operational Activities to be followed by Point of Presence (POPs), POP-SP, POP-SE & POP - Corporate and any other applicable guidelines / amendments from time to time.

- ⇒ Transactions and patterns of transactions by PEPs.
- ⇒ Check for names of subscribers against commercially available databases, where subscribed for, if any. All steps taken to identify suspicious transactions may be documented for future reference.

NBSPL shall carry out scrutiny of clients especially clients in special categories / high risk categories, throughout the course of its business relationship in terms of PMLA and PFRDA guidelines to ensure that the transactions being conducted are consistent with the Fund's knowledge of the subscriber's, its business and risk profile and also the source of funds.

Suspicious Transactions Reporting (STR): - In the event of any suspicious transactions that have been identified on the basis of above, NBSPL shall file a suspicious transactions report (STR) with the Director – Financial Intelligence Unit (FIU-IND) within prescribed timelines and format. The reporting of “suspicious” cases to FIU shall be within 7 days of establishing that the transactions was “suspicious” However, transactions, whose names match those specified in the United Nations’ Security Council 1267 list and the list provided by the Ministry of Home Affairs, GoI must be reported immediately (within 24 hours as prescribed). Utmost confidentiality should be maintained in filing of STR to FIU-IND as well as it should be ensured there is no tipping off to the client at any level the fact that a STR or related information is being reported or provided to the FIU-IND. It shall be ensured that there is no tipping off to the subscriber at any level. Confidentiality requirement does not inhibit information sharing among entities in the group.

Record Keeping: - NBSPL shall maintain and preserve necessary client and transactions related records for the compliance of the AML guidelines for a period of 5 years. The records pertaining to client transactions will be maintained for a period of 5 years from the date of the transaction. The records pertaining to identity of the clients and beneficial owners as well as account files and business correspondence shall be maintained for a period of 5 years after the business relationship between a client and the company has ended or the account has been closed, whichever is later. Records must be made available at all times for inspection by regulators. In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, shall be retained until it is confirmed that the case has been closed. Records can be maintained in electronic form and/or physical form.

NBSPL shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

21. EMPLOYEES’ HIRING/TRAINING & INVESTOR EDUCATION:

Hiring of Employees: - The Company shall have adequate screening procedures in place to ensure high standards when hiring employees. Employees will be trained on the requirements of the PMLA Act. The Company will ensure that staff involved with the business fully understand their responsibilities under the PMLA.

Policy on Employees’ training:

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

- Circulating information from time to time to the concerned employees pursuant to the PMLA requirement wherein all the employees are made aware about requirement of PMLA viz. procedures to be followed while dealing with potential clients, ongoing due diligence in terms of risk profile, clients’ transactions etc.

- Conducting presentations from time to time to create awareness amongst the concerned employees.

Investor Education:

In order to sensitize clients about the need to provide personal information to the Company, the Company will endeavour to prepare literature/ pamphlets to educate clients of the objectives of this Policy.

22. REVIEW OF POLICY:

The aforesaid AML policy is reviewed **on a yearly basis or as and when any new circulars issued by the PFRDA**. The Principal Officer has the authority to give directions to undertake additions, changes, modifications etc as directed by PFRDA/ FIU-IND.

23. CO-OPERATION WITH STATUTORY AUTHORITIES:

Employees shall provide all requisite co-operation and assistance to the relevant statutory authorities, including the PFRDA and shall comply with all lawful instructions that may be issued by such authorities from time to time. In the event of the Employees receiving any summons, requests, notices or demands from PFRDA, income-tax or other statutory authorities or being named parties in any legal proceeding, whether in their personal capacity or otherwise, they shall forthwith inform the Designated Officer in writing of the same and furnish all details as may be required by the Designated Officer in this behalf.