



**ANTI MONEY LAUNDERING POLICY**  
**OF**  
**NIRMAL BANG COMMODITIES PVT.LTD.**

**This Anti-Money Laundering (AML) Policy (the Policy) has been prepared in accordance Prevention of Money Laundering Act, 2002 (PMLA Act). This Policy also takes into account the provisions of the PMLA Act and other Rules laid down by SEBI, FMC and FIU.**

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## 1. Introduction

Nirmal Bang Commodities Pvt Ltd. (NBCPL) wishes to be at the forefront, towards ensuring compliance with all the regulatory requirements and is committed to maintaining and promoting high ethical standards and business practices. As an effort in the same direction we have prepared this Anti-Money Laundering Policy & Procedures ("Policy") in order to ensure compliance under the Prevention of Money Laundering Act, 2002 and to establish a common vision of our commitment to safeguard India's common values and international peace and security.

Nirmal Bang Commodities Pvt Ltd. as an intermediary under the Prevention of Money Laundering Act, 2002, ("PMLA") is required to have a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to law enforcement authorities. The Policy is intended to establish certain guiding principles for all employees and consultants of Nirmal Bang Commodities Pvt Ltd.

All Employees subject to the provisions of this Policy must conduct themselves in a manner consistent with the requirements and procedures set forth herein. Adherence to the Policy is a fundamental condition of service with Nirmal Bang Commodities Pvt Ltd. and the provisions of the Policy shall be deemed an intrinsic part of the terms of employment of the Employees. In the event that 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 clarifications.

The Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on July 01, 2005. The PMLA has been further amended vide notification dated March 6, 2009 and inter alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) will now be treated as a scheduled offence under schedule B of the PMLA.

As per PMLA, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities / commodities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. For the purpose of PMLA,

Such transactions include:

- a. All cash transactions of the value of more than Rs. 10 lakhs or its equivalent in foreign currency.
- b. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- c. All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as d-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' should also be considered.

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

#### **Designated Officer**

- a. Mr. Deepak Patel of Nirmal Bang Commodities Pvt Ltd. shall serve as the Designated Officer responsible for overseeing the implementation of this Policy and periodically reporting on issues covered herein to the Chief Executive Officer (CEO) / Board of Directors (BOD). Employees shall refer all matters concerning the issues covered by this Policy to the Designated Officer and shall act in accordance with his/her instructions in this behalf.
- b. All submissions required to be made by Employees in terms of this Policy shall be addressed to the Designated Officer. The Designated Officer shall be responsible for maintaining and updating all records to be kept by Nirmal Bang Commodities Pvt. Ltd. in accordance with this Policy or any applicable laws/regulations. In addition, the Designated Officer shall be responsible for maintaining close liaison with enforcement agencies and other institutions which are involved in the fight against money laundering and combating financing of terrorism. In the absence of the Compliance Officer, the Chief Executive Officer / Director will act as the Designated Officer for the purpose of this Policy.

## **2. Objective**

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 lacs.

- 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.

## **2A. Applicability**

These policies and procedures apply to all employees of Nirmal Bang Commodities Pvt. Ltd. and all its subsidiaries and 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.

## **3. Statement of Policy**

Most developed countries (including Australia, Hong Kong, Singapore, Taiwan and the UK) have laws making it a criminal offence for a company or an individual to assist in the laundering of the proceeds of serious crime.

The company conducts its business in conformity with all laws and regulations of the jurisdictions in which it transacts business. In order to ensure that the company meets its legal obligations, employees of Nirmal Bang Commodities Pvt. Ltd. must be mindful of the problem of money laundering and constantly vigilant for signs of such activity. Every effort must be made to "know" and verify the identity of the company's customers, to be aware at all times of what might constitute a suspicious transaction or suspicious counterparty behaviour, to adhere to appropriate account opening and record-keeping procedures, and to observe companies procedure for reporting suspicious circumstances to Management, Compliance and the relevant authorities.

Recognizing and combating money laundering: "Know Your Customer". The types of transactions which may be used by a money launderer are almost unlimited, making it difficult to define a suspicious transaction. It is, however, reasonable to question a transaction which may be inconsistent with an investor's known, legitimate business or personal activities or with the normal business for that type of investor. Hence, the first key to recognition is to "know your customer".

### **Employees should be sensitive to potential warning signs of money laundering.**

When establishing a relationship, maintaining a relationship or providing services, especially when dealing with a client.

Infrequently, all reasonable steps must be taken to determine, to verify where necessary, and to remain apprised of the identity, financial position and business objectives of the client. Client identification must be carried out before any dealing takes place and the company's account opening form must be completed and processed for every new account.

#### 4. **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 occur in any stage.

#### 5. **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, analysing and disseminating information relating to suspect financial transactions. FIU-IND 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.



## **6. Policy and procedures to Combat Money Laundering and Terrorist Financing**

Nirmal Bang Commodities Pvt. Ltd. has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame work 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.

## **7. Implementation of this Policy**

**Mr. Deepak Patel** , director of the company is the Principal Officer (who is also appointed as designated director as per CIR/MIRSD/112014 dated March 12, 2014) responsible for compliance of the provisions of the PMLA and AML Guidelines act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions. He ensures that NBCPL discharges its obligations to report suspicious transactions to the concerned authorities.

### **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 fulfilment of the aforementioned obligations.

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

**8. Customer Due Diligence Measures:**

- The main aspect of this policy is the Customer Due Diligence Process which means:
  - a. Obtain sufficient information to identify persons who beneficially own or control securities accounts. Wherever it is apparent that the securities/commodities 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 on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
  - b. Verify the customer's identity using reliable, independent source document, data or information.
  - c. Identification of 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;
  - 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 on going 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. Registered Intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.
- h. Annually update all documents, data or information of all clients & beneficial owners collected under CDD process provided the client provide the information.
- i. We do not rely on third party for carrying out Client Due Diligence (CDD).

- **Consequences of non-furnishing of information**

Where Employees are unable to apply appropriate CDD measure/KYC measures due to the non-furnishing of information and/or non-cooperation by the Client or in cases where it is not possible to ascertain the identity of the client, or the information provided to is suspected to be non-genuine, or there is perceived non co-operation of the client in providing full and complete information, such situations should be brought to the notice of the Designated Officer.

The Designated Officer may, after consulting with the senior management, consider closing the Client's account or terminating the business relationship and if found necessary, file a suspicious activity report with Financial Intelligence Unit (FIU). He shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account.

The Employees shall be cautious to ensure that the securities/commodities or money of the Client that may be linked to the suspicious trades is not returned. However, the Designated Officer shall consult the relevant authorities in determining what action shall be taken in case of such suspicious trading.

- **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.

**9. The Customer due Diligence Process includes three specific parameters:**

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

**9.1 Customer Acceptance Policy**

**a) 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 photocopies 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](http://www.sebi.gov.in), CIBIL website [www.cibil.com](http://www.cibil.com) and Ministry of Company Affairs sponsored website [www.watchoutinvestors.com](http://www.watchoutinvestors.com). etc.)

**b) 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 FMC / Securities and Exchange Board of India (SEBI) and relative exchanges are obtained and verified.

**c) 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:

- <http://www.un.org/sc/committees/1267/consolist.shtml>
- <http://www.un.org/sc/committees/1988/list.shtml>
- [www.sebi.gov.in](http://www.sebi.gov.in): for prosecution database and vanishing companies' database.
- [www.fatf-gafi.org](http://www.fatf-gafi.org)
- [www.watchoutinvestor.com](http://www.watchoutinvestor.com)

**d) 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's of 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 government sanctions are applied, countries reputed to be any of the following –Havens / sponsors of international terrorism, offshore financial centres, tax havens, countries where fraud is highly prevalent.
- h. Non face to face clients
- i. Clients with dubious reputation as per public information available etc.

- j. persons of 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.)

**\* High Net worth clients means:**

High net worth clients could be classified 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. The High net worth clients are basically categorized as the clients having annual income of Rs. 25 Lakhs or more or Net worth of Rs. 10 Crores or more.

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.

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

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

**9.2. Customer Identification Procedure (FOR NEW CLIENTS)**

**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.

- a. Before opening the accounts, there should have to be a personal interaction with the client except in 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. Photocopy of the proof should be taken by our official who should also certify thereon about having verified with the unexpired original.

#### **9.2.1. 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 months old while entering in to relationship with the clients.

#### **9.2.2. Documents to be obtained as part of customer identification procedure for new clients (un expired 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 land line), 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.
- 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/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostiled 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
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• 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).</li> <li>• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</li> <li>• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.</li> <li>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</li> <li>• Copy of the Board Resolution for investment in securities / commodities market.</li> <li>• Authorised signatories list with specimen signatures.</li> </ul>
<b>Partnership firm</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered partnership firms only)</li> <li>• Copy of partnership deed.</li> <li>• Authorised signatories list with specimen signatures.</li> <li>• Photograph, POI, POA, PAN of Partners.</li> </ul>
<b>Trust</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered trust only).</li> <li>• Copy of Trust deed.</li> <li>• List of trustees certified by managing trustees/CA.</li> <li>• Photograph, POI, POA, PAN of Trustees.</li> </ul>
<b>HUF</b>	<ul style="list-style-type: none"> <li>• PAN of HUF.</li> </ul>

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

**C. 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.

**D.** 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.

**E.** In the case of joint account, the above procedure should be carried out for all the persons who hold the joint account.

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

1. Identification and verification of the identity of a client and
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 / Guidelines issued by SEBI from time to time. Further, it is clarified that Member shall be ultimately responsible for CDD and undertaking enhanced due diligence measures as applicable. (SEBI Circular CIR/MISRD/1/2014dated 12.03.2014).

**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, offshore 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 clients, 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 that is circulated by the government of India and SEBI 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 Resolutions these can be accessed at

- [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)
- <http://www.un.org/sc/committees/1988/list.shtml>

**Risk classification**

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

- a. Type of the customer and nature of business
- b. Type of product/service availed by the customer
- c. 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, clients who have defaulted in the past, have suspicious background, and do not have any financial status and following clients are classified as high risk.

- 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 eg.: Senior politicians, Heads of States of Government, senior government, /judicial/military/officials.
- g. Clients who have defaulted in the past, have suspicious background 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 centres, 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.

**Note High Net worth clients:** High net worth clients could be classified 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. The High net worth clients are basically categorized as the clients having annual income of Rs 25 Lakhs or more or Net worth of Rs.10 crore or more.

It should be to determine whether existing / potential customer is 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 counter measures. 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 who is permitted to act on behalf of another person in the manner of operating such accounts on the basis of POA, in case of a client where there is continuous margin shortfall, regular instances of cheque dishonoured are categorised as medium risk clients.

## **III. Low Risk**

Clients are those who pose low or Nil risk, they are good corporate, HNI who have respectable social and financial standings. Further Clients who does not fall in High / Medium Risk will fall under Low Risk Client.

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 a belief that the customer does not in fact pose a low risk.

Apart from this we need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.

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.

**10. Identification of Beneficial Ownership Policy:-****A. For clients other than individuals or trusts:**

Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

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:

- ✓ more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ✓ more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- ✓ 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.

In cases where there exists doubt under clause 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.

- ✓ 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.

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

Where the client is a trust, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

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

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

**D. Applicability for foreign investors:**

Members dealing with foreign investors viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 Dated September 05,2012 for the purpose of identification of beneficial ownership of the client.

Further in case where no natural person is identified under clauses 1 (a) or 1 (b) above, the identity of the relevant natural person who holds the position of senior managing official should be obtained and kept on record.

**11. Record Keeping**

Member shall ensure compliance with the record keeping requirements contained in the FMC, 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 behaviour shall be maintained.

If there is any laundered money or terrorist property, Member 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 FMC Act, 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:

- all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- 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
- all cash transactions were forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

## **12. Information to be maintained**

Member has to 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

## **13. 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 five 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 five years after the 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 five 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 five 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.

- f) Further, the compliance cell of the intermediary shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

#### **14. Monitoring of transactions**

- a) Member regular monitors the transactions to identify any deviation in transactions / activity for ensuring effectiveness of the AML procedures.
- b) Member shall pay special attention to all unusually large transactions / patterns which appears to have no economic purpose.
- c) The Member may specify internal threshold limits for each class of client accounts on the basis of various plans and pay special attention to transactions which exceeds these limits
- d) The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIU-IND/other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and intermediary as is required under the PMLA.

#### **15. Suspicious Transactions**

All are requested to analyse 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.

#### **16.1 What is a Suspicious Transactions?**

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 criminals

**Suspicious Background**

- Suspicious background or links with criminals

**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 funds

**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

**✓ 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 updations 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.

#### **16.2 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.

#### **Rights & Power of Principal officer-**

1. Overall monitoring & implementation of the company's KYC/AML/CFT policy and to make changes/amendments in the PMLA/CFT policy of NBCPL from time to time along with requirement of Record Keeping, retention, monitoring and reporting.
2. To ask details related to ultimate beneficiary ownership/person controls securities account/POA Holder /Nominee in case it seems to be suspicious.
3. To ask specific nature of its business organizational structure, income details and its way and about the nature of transaction etc. of its clients and its business related entities.
4. To verify the customer identity and to refuse in opening Client account and their trading/DP account if client acceptance policy has not been met or Client has not fulfilled his due diligence measures, including requirements for proper identification and in-person verification or in case where client account has been opened in Benami name. The same refusal can be applied also based on clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions.
5. Conduct of 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. Special checks and permission for clients of special category (CSC) and transaction related to foreign exchange transaction related 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 measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) from the website <http://www.un.org/sc/committees/1267/consolist.shtml>.

6. In handling and reporting of transactions{Cash Transaction Reports (CTRs), Suspicious Transaction Reports (STRs), Non – Profit Organisation Transaction Report (NTRs) and Counterfeit Currency Reports (CCRs)} and sharing of information/details, as required under the law in an independent manner and Co- operation with the relevant law enforcement authorities, including the timely disclosure of information. In addition to this the maintenance of utmost confidentiality in filing of CTR , STR and NTR to FIU-IND.
7. Dealing with regulators like SEBI, FIU-INDIA or any other law enforcement agency including ministries which are involved in the fight against money laundering and combating financing of terrorism.
8. In defining the role of Internal audit/Compliance function to ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.
9. In conduct of any Programme/Seminar/Presentation etc. for the training of the Staff, Registered Intermediary with NBCPL and any other person in connection to the NBCPL to increase awareness and vigilance to guard against money laundering and terrorist financing.
10. There shall not be any restrictions on operations in the accounts where an STR/NTR has been made. Member and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR, NTR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR, NTR and/or related information but even before, during and after the submission of an STR or NTR. Thus, it shall be ensured that there is no tipping off to the client at any level.

Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, member shall file STR /NTR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

## **16. POLICY WITH RESPECT TO EMPLOYEES' HIRING/TRAINING & INVESTOR EDUCATION:**

### **Policy on Hiring of key Employees:**

The Company shall have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties

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**

Staffs who deal directly with the public are the first point of contact with potential money launderers. Their efforts are therefore vital to the reporting system for such transactions. Staff should keep abreast of the practices to identify suspicious transactions and on the procedure to be adopted when a transaction is deemed to be suspicious. In short, employees must familiarize themselves with their customers' normal trading activities and usual market practices in order to recognize anomalous behavior. Suspicions concerning the source of assets or the nature of a transaction may not be ignored. It is the active responsibility of every person at the company to seek to ensure that the company facilities are not being misused.

The company should have an on-going employee training programme in terms of following:

- i. 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, on-going due diligence in terms of risk profile, clients' transactions etc.
- ii. Conducting presentations from time to time to create awareness amongst the concerned employees.

- **Policy on Investor Education:**

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

- Provide literature to potential clients which make them aware about the AML/CFT requirement.
- Disseminating / spreading the information amongst the investors/clients via different modes.

#### **17. Co-operation with statutory authorities**

Employees shall provide all requisite co-operation and assistance to the relevant statutory authorities, including the Securities and Exchange Board of India ("SEBI") / FMC 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 SEBI, 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.

#### **18. Procedure for 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 August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

Under the aforementioned 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.

#### **19. Appointment of a Designated Director**

- In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

“Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes:

- a. the Managing Director or a Whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,
  - b. the managing partner if the reporting entity is a partnership firm,
  - c. the proprietor if the reporting entity is a proprietorship concern,
  - d. the managing trustee if the reporting entity is a trust,
  - e. a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
  - f. Such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above."
- In terms of Section 13 (2) of the PML Act (as amended by the Prevention of Money-laundering (Amendment) Act, 2012), the Director, FIU-IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.
  - Registered intermediaries shall communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND.

## **20. Reporting to Financial Intelligence Unit-India**

- In terms of the PML Rules, intermediaries are 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>

- Intermediaries shall carefully go through all the reporting requirements and formats given on the website of Financial Intelligence Unit – India and shall ensure furnishing of information within the due dates prescribed Financial Intelligence Unit – India.
- Intermediaries shall not put any restrictions on operations in the accounts where an STR/NTR has been made. Intermediaries and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR/NTR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR/NTR and/or related information but even before, during and after the submission of an STR/NTR. Thus, it shall be ensured that there is no tipping off to the client at any level.

It is clarified that the registered intermediaries, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR/NTR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

#### **21. Designation of an officer for reporting of suspicious transactions**

To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, it is advisable that the 'Principal Officer' is of a sufficiently senior position and is able to discharge the functions with independence and authority.

#### **22. Review of Policy:**

The aforesaid AML policy is reviewed on yearly basis or as and when any new circulars issued by the SEBI or relative exchanges, within one month of the same with regard to testing its adequacy to meet the compliance requirements of PMLA 2002. The Principal Officer is the authority to give directions to undertake additions, changes, modifications etc. as directed by SEBI/ FIU-IND.

Date of Review: 25<sup>th</sup> June , 2019

Prepared by: Principal Officer – Deepak Patel

Approved by: Designated Director – Deepak Patel.

#### **23. Designated Principal Officer**

In case any further information / Clarification are required in this regard, the principal officer maybe contacted.

Name: Deepak Patel

Office Address: Sonawala Building, 25 Bank Street, Fort, Mumbai -400001

Phone No(s):022-62738030

E-mail address: [deepak.patel@nirmalbang.com](mailto:deepak.patel@nirmalbang.com)