

KEDIA SHARES & STOCKS BROKERS LIMITED

417/418 Commerce House, 140 Nagindas Master Road,
Fort, Mumbai – 40001. Tel: - 400600800. Fax: - 400600802
website:-www.kediashares.com;Email id:-admin@kssbmail.com

ANTI MONEY LAUNDERING POLICY

INTRODUCTION / BACKGROUND

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July 2005. The Act imposes an obligation on banking companies, financial institutions and intermediaries associated with the securities market and registered with the Securities and Exchange Board of India (SEBI) under section 12 of SEBI Act, 1992. The stock brokers fall under the category of intermediaries under section 12 of SEBI Act, 1992, and hence the provisions of PMLA are also applicable to all the stock brokers. SEBI has issued necessary directives from time to time vide its circulars covering issues related to Know Your client (KYC) norms, Anti Money Laundering (AML), Client Due Diligence (CDD) and Combating Financing of Terrorism (CFT). This policy will be subject to changes in order to incorporate further directives that SEBI may give vide its circulars on PMLA, from time to time.

1. WHAT IS MONEY LAUNDERING?

Illegal activities such as drug trafficking, trade in weapons and white collar crimes can generate large sums of money. Money laundering refers to the act of making these gains legitimate by disguising the source of money, changing it's from or moving it to a location where not many questions are asked. The usual way is to put the money into the financial system by breaking it down into small deposits. The funds are then moved to different accounts with multiple banks. In the third stage, the money is used to acquire real assets, which then create legitimate gains. The estimates of money laundered range from 2-5% of the national income.

2. WHAT ARE THE IMPLICATIONS?

Unchecked money laundering makes monetary management difficult as there is no fix on the money supply. A country that is soft on illegal money risks losing foreign investments and can also attract unsocial elements. Such elements may gradually use their money power to acquire influence and undermine the system. Laundered money could also be used to finance terror.

3. OBJECTIVE

The objective of these measures is to discourage and identify any money laundering or terrorist financing activities. These measures are intended to place a system for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

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4. APPOINTMENT OF PRINCIPLE OFFICER AND RESPONSIBILITY:

As per the requirement of Prevention of Money Laundering Act, 2002, Mr. Surendra Kedia is appointed as a Principal Officer. The Principle Officer is responsible to discharge the legal obligations to report suspicious transactions to the authorities. The Principle officer will act as a central reference point in facilitating onward reporting of suspicious transactions and assessment of potentially suspicious transactions. Principal Officer is responsible for ensuring compliance with the provisions of the PMLA and this AML Policy & Procedures. The Company shall immediately intimate the name, designation, address including email address of the Principal Officer to the Office of the Director-FIU. Any change in the particulars of Principal Officer shall also be immediately intimated to the Office of the Director-FIU.

5. APPOINTMENT OF DESIGNATED DIRECTOR:

Appoint a Designated Director as defined in Rule 2 (ba) of the PML Rules, who should be responsible for ensuring the compliance with the PMLA requirements;

“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 the Managing Director or a Whole-time Director duly authorized by the Board of Directors

- Establish appropriate ‘Customer Due Diligence Process’ for:
 - identification of clients (and actual beneficial owners) and verification of their identity;
 - obtaining additional ‘know your client’ information as appropriate and necessary;
 - acceptance of clients;
 - identification of suspicious transactions and reporting of the validated suspicions to the appropriate authorities, as required;
- Maintain appropriate records of customer identification and trail of transactions; and
- Co-operate with the regulatory authorities to the extent required by the applicable laws and provide information as may be required, without breaching the customer confidentiality agreement; Give appropriate training to the relevant staff for effective implementation of the AML Policy & Procedures.

6. RETENSION OF RECORDS

All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period of 5 years as prescribed in PMLA, 2002 and other legislations, regulations or exchange bye-laws or circulars. . However as per Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018” & SEBI/HO/MRD2/DDAP/CIR/P/2020/153 dated August 18th, 2020 all records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

- In situation where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that case has been closed.

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- As member, we 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.
- Further, the compliance cell of our company 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.

Records of information reported to the Director, Financial Intelligence Unit – India (FIU – IND)5:

As Registered member, we 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.

7. CLIENT DUE DILIGENCE

- Client Acceptance & Identification Policy:

The KSSBL has very strong system in place for acceptance of new client. The main measures which company has implemented for acceptance of new client keeping in view the PMLA requirements are as follows:

- a. Account is opened only when the prospective client is present in person before the officer of the KSSBL or where the KSSBL officer can visit the Prospective client.
- b. ALL KYC Documentations and Procedures shall be followed at the time of account opening and no account shall be opened where KSSBL is unable to apply appropriate CDD measures/KYC policies.
- c. The authorized official /employees of KSSBL shall personally verify the photograph of the client affixed on the Account Opening Form (AOF) and the proof of identity & other documents with the person concerned. A stamp of “Verified in Person” & “Verified with original” must be affixed (as a proof of In Person Verification) on the AOF against the photograph of the client & on the proof of identity documents. The authorized official of the KSSBL who has done in person verification and verified the documents with original should also sign on the AOF & ID proof.
- d. Special care is taken to check genuineness of the client if disproportionately large numbers of accounts (say above 20) are opened with the same or similar names and/or same address and/or with the same bank account details.

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- e. KSSBL will not open account for those client whose identity (Name & Pan Number Etc) are matching with those persons known to have criminal background or of those person who are banned by any regulatory / enforcement agency.
- f. KSSBL should proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs.
- g. KSSBL will follow the guidance provided by various regulatory / government authority & shall obtain sufficient information from the clients in order to identify person who beneficially owns and controls accounts.
- h. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.
- i. KSSBL will take precaution that no account is opened in a fictitious / benami name Etc.
- j. KSSBL shall categorize its clients into low, medium and high risk as per the Client categorization procedure adopted by KSSBL from time to time.
- k. KSSBL will obtain sufficient information about the client and identify actual beneficiary of transactions or on whose behalf transactions are conducted.
- l. KSSBL shall periodically update all documents, data or information of all clients and beneficial owners collected under CDD process provided the client provides the information.
- m. KSSBL shall ensure that maker-checker facility is in place for all its operation as a risk management measure as well as to increase efficiency.
- n. In case of client such as Politically Exposed Person (PEP), Etc or client from High Risk country activation must be done only after approval from Principal Officer / Compliance officer.
- o. The KSSBL has the policy not to deal in cash with any of the clients, all transactions, receipts or payment, are carried out only through account payee cheque.
- p. KSSBL will follow all the guideline issued by various regulatory / government authority & Clients account should be open only on the receipt of mandatory information along with authentic supporting documents. KSSBL may reject / not to open any account on the basis

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if the client is not providing all the relevant information / document as required by the KSSBL under various rules & regulation.

The Principal Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

For determining Beneficial Ownership, following approach is followed as specified in SEBI circular No. CIR/MIRSD/2013 dated 24th January 2013 & further SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023.

- **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:

- a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest. Explanation: Controlling ownership interest means ownership of/entitlement to:
 - i. more than 25%(**now 10% as per amended SEBI circular dated june 16, 2023 mentioned above**) of shares or capital or profits of the juridical person, where the juridical person is a Company; or
 - ii. more than 15%(**now 10% as per amended SEBI circular dated june 16, 2023 mentioned above**) of the capital or profits of the juridical person, where the juridical person is a partnership; or
 - iii. more than 15%(**now 10% as per amended SEBI circular dated june 16, 2023 mentioned above**) of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- b. In cases where there exists doubt under clause 4 (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means. Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.
- c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

- **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%(**now 10% as per amended SEBI**

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circular dated june 16, 2023 mentioned above) or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership

- ***Exemption in case of listed companies:***

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

- ***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 SEBI/HO/AFD-2/CIR/P/2022/175 Dated December 19, 2022 and amendments thereon 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 in record.

The Stock Exchanges and Depositories shall monitor the compliance of the aforementioned provision on identification of beneficial ownership through half-yearly internal audits. In case of mutual funds, compliance of the same shall be monitored by the Boards of the Asset Management Companies and the Trustees and in case of other intermediaries, by their Board of Directors

Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).

Understand the ownership and control structure of the client.

Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

Registered intermediaries shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there is doubt the adequacy or veracity of previously obtained client identification data, and

Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process

- **Categorization of Clients / 'Risk – Based Approach'**

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Organization has adopted risk based approach towards all the client with the help of bifurcating clients into Client of Special category, High risk, Medium risk and Low risk category depending on back ground of customer, type of business relation, Trading pattern, location etc. When a transaction takes place we come to know with the help of client category that client belongs to which category. Client of high risk countries including countries where existence and effectiveness of money laundering controls is suspected or which do not apply FATF standards as 'Client of special category' are also included & accordingly due diligence take place.

Low Risk Client: - Low risk client are salaried Individuals, corporate providing financial details every year regularly, Government employees, Etc or those person whose financial information can be easily excesses or those who are of cooperative nature & provide any information on time when ever is asked by the KSSBL.

Medium Risk Client: - Medium risk client are Business man, corporate not providing financial details every year regularly, Etc or those person whose financial information can not be easily excesses or those who are of some non cooperative nature & not provide any information on time when ever is asked by the KSSBL.

High Risk Client: - High risk client are Trusts, Charities, NGOs, Politically Exposed persons, High Net worth individuals whose identity & source of wealth is difficult to identify, client in high risk countries etc.

- i. The classification of clients will be based on the type of operation of the client, income earned, net worth / Net Wealth of the client, etc. The Principal officer along with the designated director, board of director will lay down the further policy and revise the same on time to time basis.
- ii. All customers should be assigned one of these categories
- iii. The category of risk assigned to an account/customer will determine the applicable Customer Identification Procedures, subsequent monitoring & risk management
- iv. Customers who may pose a particular risk to the Company and Money Laundering Deterrence Programme and the Company's reputation, and who should normally be treated as high risk and subject to enhanced Customer Due Diligence, include, but are not limited to the following:
 - Offshore Trusts, Special purpose Vehicles, International Business Companies which are established in locations with strict bank secrecy or confidentiality rules, or other legislation that may impede the application of prudent money laundering controls.
 - Private companies or public companies not subject to regulatory disclosure requirements that are constituted in full or in part by bearer shares
 - Customers with complex account relationships – e.g. multiple accounts in one, customers with high value and/ or high frequency transactional behavior.
 - No account should be opened in anonymous or fictitious / benami name(s) i.e. to say the anonymous or fictitious / benami customers shall not be accepted

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- No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verification documents on account of non-co-operation of the customer or non-reliability of the data/information furnished of the Company.

Members of the Company must not establish accounts or relationships involving unregulated money service businesses or unregulated businesses involved in aiming / gambling activities.

Non Face to Face Businesses

Members of the Company should apply Customer Due Diligence procedures which ensure that the process is equally as effective for non-face to face customers as for face to face customers. Financial services and products are now frequently provided to non-face to face customers via postal, telephone and electronic facilities including the Internet. Customer identification procedures in these circumstances should include appropriate measure to mitigate the risks posed by non-face to face business. Ongoing due diligence and scrutiny of transactions and trading account should be conducted.

Correspondent Accounts

The Company is not permitted to open or maintain “payable through accounts”, (being correspondent accounts that are used directly to transact business on their own behalf) without the written and ongoing annual approval of the Head of Compliance

Other Parameters: -

The other parameters are nature of business activity, trading turnover, manner of making Payment etc. Provision will be made in the back office software for noting categorization of each client. The clients will be placed under low, medium and high-risk category based on their turnover. Corporate / HNIs having respectable social and financial standing, Clients who make payment on time and take delivery of shares can be considered as Low Risk clients. Intra-day clients or speculative clients whose turnover is not in line with the Financials declared are considered as Medium Risk clients. Clients trading on a regular basis in illiquid scrips in large volume and quantity, those who have have suspicious background are to be considered as High risk clients.

Clients of special category (CSC)

Customers who may pose a particular risk to the Company, to money laundering deterrence programme and to the Company's reputation, and who should normally be treated as high risk and subject to enhanced customer due diligence, include, but are not limited to the following:

- Offshore Trusts, Special purpose Vehicles, International Business Companies which are established in locations with strict bank secrecy or confidentiality rules, or other legislation that may impede the application of prudent money laundering controls
- Private companies or public companies not subject to regulatory disclosure requirements and which are constituted in full or in part by bearer shares
- Customers with complex account relationships e.g. multiple accounts in one
- Non-Resident Clients

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- High Net-worth Clients
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically Exposed Person (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 norms applicable to PEP shall also be applied to the accounts of the family members or close relatives of PEPs
- Companies offering foreign exchange offerings
- Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, where there is unusual banking secrecy), Countries active in narcotics production, Countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following - Havens/sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent,
- Non face to face clients
- Clients with dubious reputation as per public information available etc.

Reliance on third party for carrying out Client Due Diligence (CDD)

We 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 record-keeping requirements in line with the obligations under the PML Act.. 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 regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that we shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

8. RECORD KEEPING AND INFORMATION TO BE MAINTAINED

- (i) The Company shall maintain record of following transactions as prescribed under Rule 3, notified under the PMLA:
 - a. all cash transactions of the value of more than Rs.10 lakh or its equivalent in foreign currency;
 - b. all series of cash transactions integrally connected to each other which have been valued below Rs.10 lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rs.10 lakh;

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

For the above transactions, Company shall also maintain following information:

- 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.
- (ii) The Company shall maintain records of all the reports made to the authorities and information provided to them;
 - (iii) The Company shall also maintain the results of any monitoring of transactions or account, which is carried out.
 - (iv) All records should be readily retrievable.
 - (v) The Company shall maintain all the above records for a period of 5 years from the date of cessation of transactions between the Company and the client.
 - (vi) In situations where the records relate to on-going investigations or transactions, which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

9. TRANSACTION MONITORING & REPORTING ESPECIALLY SUSPICIOUS TRANSACTIONS REPORTING (STR)

Using our analytical skills, exercising due precaution and extra vigilance & Ongoing Monitoring of Account we need to monitor and report about the following transactions: -

- 1) Clients whose identity verification seems difficult or clients appears not to Cooperate.
- 2) Asset management services for clients where the source of the funds is not clear or Not in Keeping with client's apparent standing /business activity
- 3) False Identification documents submitted by the client at time of account opening
- 4) Substantial increases in business without any resone.
- 5) Large sums being transferred from overseas for making payments or Unusual and large cash deposits made by an individual or business or Source of funds are doubtful or inconsistency in payment pattern.
- 6) Multiple transactions of value just below the threshold limit of Rs 10 Lacs specified in PMLA so as to avoid possible reporting
- 7) Purchases made on own account transferred to a third party through off market transactions through DP Accounts or Suspicious off market transactions in illiquid stock.
- 8) Sudden activity in dormant accounts.
- 9) Suspicious background or links with criminals.
- 9) Unusual high turnover of transactions in comparison with disclosed income.
- 10) Large number of accounts having common parameters such as common partners

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/directors / promoters / address / email address / telephone numbers / introducers or
Authorized signatories

Any suspicious transaction shall be immediately notified to the Principal Officer. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be upended, in one or more jurisdictions concerned in the transaction, or other action taken. STR reporting to FIU should have some reasonable ground to believe that the transaction involves proceeds of crime. Based on the findings if any suspicious transaction is found that should be reported to FIU-IINDIA without informing the same to the client.

The Company has the procedure where it calls for the updated financial information of the client on annual basis from the clients. However, the company does not intend to stop the operations in case the financial information is not received unless and until it is felt that providing further exposure to the client may be problematic and with reference to the same the compliance officer/principal officer /senior management may take decision as felt necessary.

10. ACTION ON REPORTED SUSPICIOUS TRANSACTIONS & CASH TRANSACTIONS

(i) All reported suspicious transactions of any customer(s) with suspicious identity should be reviewed by the Principal Officer thoroughly. After thorough verification & confirmation of transactions which are suspicious in nature, the same should be immediately (not later than 7 days) reported to FIU, Ministry of Finance, New Delhi in writing.

(ii) Reporting to Financial Intelligence Unit – India (FIU-IND):

Principal Officer of the Company shall act as a central reference point in facilitating onward reporting of transactions to FIU-IND and for playing an active role in the identification and assessment of potentially suspicious transactions. Principal Officer of the Company shall submit Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) as prescribed under Rule 3, notified under the PMLA to: Director, FIU-IND, Financial Intelligence Unit-India, 6th Floor, Tower 2, Jeevan Bharat building, Connaught Place, New Delhi-110001.INDIA Telephone : 91-11-23314429, 23314459 ,91-11-23319793(Helpdesk)Email: helpdesk@fiuindia.gov.in (For FINnet and general queries),ctrcell@fiuindia.gov.in (For Reporting Entity / Principal Officer Registration related queries)compliance@fiuindia.gov.in , Website <http://fiuindia.gov.in/> and shall adhere to the following instructions given in SEBI Circular no. ISD/AML/CIR-1/2008 dated December 19, 2008 while reporting:

- a. Cash Transaction Reports (CTRs): All cash transactions identified as per clause 7(iii) of this policy should be reported to the FIU-IND in Cash Transaction Reports.
 - The CTRs (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month;
 - The Company shall submit the CTRs in electronic format;
 - The CD should be accompanied by Summary of Cash Transaction Reports in physical form duly signed by the Principal Officer.

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b. Suspicious Transaction Reports (STRs):

- All suspicious transactions shall be reported by the Principal Officer to Director, FIU-IND within 7 working days of establishment of suspicion at the level of Principal Officer. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.
- The Principal Officer shall submit the STRs in electronic format;
- c. The Principal Officer will be responsible for timely submission of CTRs and STRs to FIU-IND;
- d. Utmost confidentiality should be maintained in filing of CTRs and STRs to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- e. No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

Every control system should be established in the organization to take care that the reporting of suspicious activity should be done to the regulators only and no client should be informed to the suspicious reporting being done about themselves or about anybody else. The Company and its staff are strictly required to ensure that there is no 'tipping-off' to any customers about any suspicious transaction reporting that has been made to the regulators. The organization may use the learning from the suspicious activity to train the staff for controlling any suspicious activity and use the information for investor / clients awareness about the suspicious transactions.

It is clarified that the as a 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, we shall file STR if we have reasonable grounds to believe that the transactions involve proceeds of crime.

It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence

11. PROCEDURE AND MANNER OF MAINTAINING INFORMATION

- The company shall maintain information in respect of above transactions with its client in hard and soft copies and in accordance with the procedure and manner as may be specified by the Reserve Bank of India or the Securities and Exchange Board of India, as the case may be, from time to time.
- The company shall maintain such information in form specified above and at such intervals as may be specified by the Reserve Bank of India, or the Securities and Exchange Board of India, as the case may be, from time to time.
- The company to observe the procedure and the manner of maintaining information as specified by the Reserve Bank of India or the Securities and Exchange Board of India, as the case may be.

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12. LIST OF DESIGNATED INDIVIDUALS/ENTITIES

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

The details of the lists are as under:

- The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at: <https://www.un.org/securitycouncil/sanctions/1267/press-releases>
- The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases

KSSBL has directed to ensure that accounts are not opened in the name of anyone whose name appears in said list and it shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list have to be immediately be intimated to SEBI and FIU-IND

13. PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES

KSSBL is aware that Under section 51A of Unlawful Activities (Prevention) Act, 1967, 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 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 Master Circular ref. no: SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, Further SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023 which needs to be complied with scrupulously. Accordingly, in order to ensure compliance with the Order the company shall follow the following procedure:

In case if any client is found to be guilty under the PMLA provisions then the following procedure to be followed by the DP, the action to be followed will be as under:

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1. If the particulars of any of customer/s match the particulars of designated individuals/entities, the intermediary (here KSSBL) shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Central [designated] Nodal officer for UAPA, at Fax No.011-23092551 and also convey over telephone on 011-23092548. The intermediary would also convey the information through e-mail at jsctcr-mha@gov.in.
2. The Company shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The consolidated list of UAPA Nodal Officers is available at the website of Government of India, Ministry of Home Affairs
3. The intermediary would inform the UAPA Nodal Officer of State/UT so that they may take effective action like informing the State Police and /or the Central Agencies for conducting the verification of the individuals/ entities identified by the registered intermediaries.
4. The KSSBL to provide full support to the appointed agency for conducting of the verification so that the verification gets completed within a period of 5 working days.
5. The KSSBL would not provide any prior notice to the designated individuals/entities.

14. PROCEDURE FOR UNFREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATESERVICES

Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned stock exchanges/depositories and UAPA Nodal Officer of State/UT. The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 3.1 of Annexure1 of Circular SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 within two working days.

The Central [designated] Nodal officer for UAPA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the

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concerned stock exchanges, depositories and registered intermediaries. However, if it is not possible for any reason to pass an order unfreezing the assets within five working days, the The Central [designated] nodal officer shall inform the applicant.

15. RISK ASSESSMENT

We shall carry out risk assessment to identify, 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/ SEBI/ RBI 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 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.

16. CO-OPERATION WITH AUTHORITIES

- The Company and its staff shall cooperate with Anti Money Laundering authorities and shall comply with requirements for reporting any suspicious transactions/activity. However, due regard must be paid to the Company's policy of maintaining customer confidentiality. Confidential information about customers may, therefore, only be given to the authorities when there is a legal obligation to do so.
- The Company and its staff shall strictly ensure that there is no 'tipping-off' to customers about suspicious transaction report being made about their transactions/activities or that the authorities are looking into their transactions/activities. If such information is passed to a customer, it may seriously hamper the enquiry/investigation of the authorities.
- There may be occasions when the authorities ask for a suspect account to be allowed to continue to operate while they progress with their enquiries. In such cases, the Company would cooperate with the authorities, as far as possible, within the bounds of commercial prudence and applicable laws. Senior line management and Principal/Compliance Officer must always be kept aware of such instances.

17. DESIGNATION OF AN OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS

Principal Officer is responsible for reporting suspicious transactions to higher authorities Transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. 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.

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18. RECRUITMENT / TRAINING OF EMPLOYEES / INVESTOR EDUCATION

➤ Hiring of Employees:

As Member, we have adequate screening procedures in place to ensure high standards when hiring employees. We identify the key positions within 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.

➤ Employees' Training:

We have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

➤ Investors Education:

Implementation of AML/CFT measure requires our company to demand certain information from investors which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for our company to sensitize our clients about these requirements as the ones emanating from AML and CFT framework.

19. IMPLEMENTATION OF AADHAAR:

As per notification given by the Ministry of Finance (Department of Revenue) on 1st June, 2017 under of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 and review the policy periodically and implement as and when require/ circulars or press release or notification are issued by the Regulator or any other Authority from time to time. The Aadhaar has become mandatory and we have a policy to collect Aadhaar number along with supporting documents from all the clients. We are complying with important requirements as mentioned in the notification are emphasize as under:

In these there are two types of clients:

- Individual
- Other than Individual i.e. Entities

In case of Individual:

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The client shall submit to us the Aadhaar number issued by the Unique Identification Authority of India along with written consent for Authentication.

In case of other than Individual i.e. Entities:

Client is a Company/Partnership firm/Trust/ Unincorporated association or body of individuals, shall submit to us certified copies of Aadhaar Numbers; Issued to managers, officers or employees in case of company and the person in case of partnership firm/trust/unincorporated association or a body of individuals holding an attorney to transact on behalf of the client entity along with written consent for Authentication.

- If the client does not submit the Aadhaar number, at the time of commencement of an account based relationship with M/s. Kedia shares & stock brokers limited., then they submit the same within the specified time limit.
- For existing clients already having an account based relationship with M/s. Kedia shares & stocks brokers limited., the client shall submit the Aadhaar number within the prescribed time limit and we implement as and when circulars or press release or notification are issued by the Regulator or any other Authority from time to time.
- If client fails to submit the Aadhaar number within the aforesaid time limits the said account shall cease to be operational till the time Aadhaar number is submitted by the client.
- In case the identity information relating to the Aadhaar number submitted by the client does not have current address of the client, the client shall submit an officially valid document to the M/s. Kedia Shares & stocks brokers limited.

In view of the Supreme Court judgement dated 26.09.2018 regarding Aadhar Card not being mandatory for registration of clients in the Capital Market, the provision of the above point is not applicable and hence the above point is no longer valid

20. MONITORING AND REVIEW OF COMPANY'S AML POLICY & PROCEDURES

- The Company shall undertake regular monitoring of its operations through line management and/or Compliance to check that all businesses are complying with the Company's AML Policy & Procedures as well as local legal and regulatory requirements as prescribed under the PMLA and by SEBI.
- Operational and functional review work shall be undertaken by Compliance and/or Audit functions, as appropriate. Compliance Officer shall liaise with their relevant Audit function counterpart to arrive at appropriate review programme and responsibility.
- The level and frequency of monitoring and review work shall be undertaken having regard to materiality and risk in relation to the business and customer base.

The review of the policies and procedures should be done by a person who is different than the one who has framed such policies and procedures so as to check the effectiveness.

21.FURTHER INFORMATION

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Any queries or doubts concerning Company AML Policy & Procedures or any local legislation or regulation or Circulars or Guidelines relating to Anti Money Laundering and/or Combating Financing of Terrorism shall be referred to the Principal Officer of the Company.

22.OTHER POINTS

- The Policy / Documents will be reviewed once in a year or as and when required and will be presented before the board in the board meeting.
- The company has made the PMLA policy which is informed to the Investors through the company's website and the company is also carrying out Investor Education initiative by explaining the investors about the PMLA rules & requirements.

For Kedia Shares & Stocks Brokers Limited

Sd/-

Authorised Signatory