

PMLA POLICY

NAME OF THE GROUP

FINDOC

CORPORATE OFFICE

4TH FLOOR, KARTAR BHAWAN, NEAR PAU GATE NO 1,

FEROZEPUR ROAD, LUDHIANA-141001

FINDOC INVESTMART PVT LTD

SEBI Registration Number:

INZ000164436

SEBI Registration Number_DP

IN-DP-NSDL-366-2014

FINDOC COMMODITIES PVT LTD

SEBI Registration Number:

INZ000019234

List of Directors

Findoc Investmart Pvt Ltd

- 1.) Mr. Hemant Sood
- 2.) Mr. Chander Shekhar
- 3.) Mr. Nitin Shahi

Introduction

The Prevention of Money Laundering Act, 2002 (**PMLA**) came in force with effect from 1st July 2005.

As per the provisions of the PMLA, each market intermediary (**Reporting Entity**) (which includes a stockbroker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with the securities market and registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) shall have to adhere to client account opening procedures and maintain records of such “transactions” as prescribed by the PMLA and Rules notified there under.

Obligations of a “Reporting Entity” includes.–

- a. to maintain a record of all transactions covered as per the nature and value of which may be prescribed, in such manner as to enable it to reconstruct individual transactions
- b. furnish to the Director (FIU) within such time as may be prescribed information Relating to such transactions, whether attempted or executed, the nature and value of which may be prescribed
- c. verify the identity of its clients in such manner and subject to such conditions as may be prescribed
- d. identify the beneficial owner, if any, of such of its clients, as may be prescribed
- e. maintain record of documents evidencing identity of its clients and beneficial Owners, account files and business correspondence relating to its clients and information related to transactions for specified period.

For the purpose of PMLA, transactions include:

1. all cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency.
2. all series of cash transactions integrally connected to each other, which have been valued below Rs.10 Lakhs or its equivalent in foreign currency, such series of transactions within one calendar month.
3. all suspicious transactions (remotely / integrally connected or related), whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as Demat account, security account maintained by the registered intermediary.

For the purpose “**Suspicious Transaction**” means a transaction whether or not made in cash which to a person acting in good faith.–

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

The Anti-Money Laundering Guidelines provides a general background on the subjects of money laundering and terrorist financing in India and provides guidance on the practical implications of the PMLA. The PMLA Guidelines sets out the steps that a registered intermediary and any of its representatives, need to implement to identify and discourage any “Money Laundering” (ML) or “Terrorist Financing” activities.

SEBI has issued various directives vide circulars, from time to time, covering issues related to Know Your Client (**KYC**) norms, Anti- Money Laundering (**AML**), Client Due Diligence (**CDD**) and Combating Financing of Terrorism (**CFT**). The directives lay down the minimum requirements and it is emphasized 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.

While it is recognized that a “one-size-fits-all” approach may not be appropriate for the securities industry in India, each registered intermediary is required to implement suggested measures and procedures considering the specific nature of its business, organizational structure, type of clients and transactions, etc. to ensure that they are effectively applied.

Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing.

To be in compliance with these obligations, the senior management of a registered intermediary shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements.

The obligations of an intermediary under Prevention of Money Laundering Act, 2002 (PLMA) includes:-

- a. issuance and adoption of written policy statement, on a group basis (wherever applicable), for dealing with the risk of MF and TF within the framework of current statutory and regulatory requirements,
- b. ensuring that these directives and contents of policy is understood by all staff members,
- c. regular review of policy and procedures of prevention of ML & TF and to ensure that such reviews are conducted by the person other than the one framing the policy,
- d. adoption of client acceptance policies and procedures which are sensitive to the risk of MF & TF,
- e. undertaking client due diligence measures to an extent that is sensitive to the risk of ML & TF
- f. compliance with relevant statutory and regulatory requirements
- g. have system in place for identification, monitoring and reporting of suspected ML and TF transactions to concerned authorities

- h. co-operation with relevant law enforcement authorities and timely disclosure of information
- i. defining the role of internal auditors to ensure compliance of policies, procedures and control to prevent money laundering.

Accordingly, we have drafted this written policy framework (hereinafter called as "PMLA Policy") for our whole group (consisting of M/s. M/s. Findoc Investmart Pvt Ltd having SEBI Regn Nos. INZ000164436 and M/s. Findoc Commodities Pvt Ltd having SEBI Regn Nos. INZ000019234) for policy which aims to have a system in place to identify, monitor and reporting the suspected money laundering or terrorist financing transactions to law enforcing authorities within the framework of current statutory and regulatory requirements.

All concerned are hereby advised to ensure that every possible measure are taken for the effective implementation of this Policy and that the measures taken are adequate, appropriate and abide by the spirit and requirements as enshrined in the PMLA.

PRINCIPAL OFFICER_ FIDOC INVESTMART PVT LTD

Ms. Monika Verma is working as Principal Officer of our Company. She has worked more than seven year as a Company Secretary and having more than four years experience as Compliance Officer as well as Principal Officer.

PRINCIPAL OFFICER_ FIDOC COMMODITIES PRIVATE LIMITED

Mr. Sandeep Gujral is working as Principal Officer of our Company. He has more than 10 years of Experience of stock and commodity market.

MAINTENANCE OF RECORDS OF TRANSACTIONS AS PER RULE 3

We have adopted all the standard of Anti Money Laundering issued by Department of Revenue, Ministry of Finance, and Government of India. All the records of all transaction

are maintained which has been prescribed in the Rules notified under the PMLA. It includes:

- (i) All cash transactions of the value of more than rupees 10 lacs or its equivalent in foreign currency;
- (ii) All series of cash transactions integrally connected to each other which have been valued below rupees 10 lacs 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 lacs;
- (iii) all transaction involving receipts by non profit organisations of value more than rupees ten lacs or its equivalent in foreign currency
- (iv) 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;
- (v) All suspicious transactions whether or not made in cash and including, inter-alia, credit or debit into from any non monetary account such as demat account, security account maintained by the registered intermediary.
- (vi) all cross border wire transfers of the value of more than five lacs rupees or its equivalent in foreign currency where either the origin or destination of funds is in india
- (vii) all purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.

POLICIES AND PROCEDURE TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING.

In order to combat drug trafficking, terrorism, and other serious crime we have established appropriate policies and procedures for the prevention of Money Laundering and Terrorist Financing and we comply with all relevant Legal and Regulatory Requirement. We have:

- (a) Issued a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirement,
- (b) Ensured that the content of these Directives are understood by all staff members,
- (c) Regularly reviewed the policies and procedures on the prevention of ML and TF to ensure their effectiveness.
- (d) Adopted client acceptance policies and procedures which are sensitive to the risk of ML and TF,
- (e) Undertake Client Due Diligence 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) a system in place for identifying, monitoring, and reporting suspected ML and TF transaction to the law enforcement authorities,
- (g) Developed Staff Member awareness and vigilance to guard against ML and TF.

WRITTEN ANTI MONEY LAUNDERING PROCEDURES.

We have adopted written procedure to implement the Anti- Money Laundering provisions as defined under the PMLA. Such procedure shall include the following three specific parameter which are related to the overall **'CLIENT DUE DILIGENCE PROCESS'**

- (a) Policy for acceptance of clients
- (b) Procedure for identifying the client

- (c) Transaction monitoring and reporting especially Suspicious Transaction Reporting (STR).

CLIENT DUE DILIGENCE.

Our Client Due Diligence is as follows:

- (a) We obtain sufficient information in order to identify persons who beneficially own or control the Securities account. If the securities acquired and maintained through an account which is beneficially owned by a party other than the client, the party shall be identified using Client Identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control, or influence a client and/or persons on whose behalf a transaction is being conducted.
- (b) Verify the client's identity using reliable, independent source documents, data or information.
- (c) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted,
- (d) Verify the identity of beneficial owner of client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).
- (e) Understand the ownership and control structure of the client.
- (f) Conduct ongoing Due Diligence and Scrutiny.
- (g) Periodically update all documents, data or information of all client and beneficial owners collected under the CDD process.

Suggestive measures for identification of beneficial ownership is as given below:-

i.) 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, identification of beneficial owners of the client may be done by applying following measures namely;

As certain 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 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.

Where no natural person is identified under clauses mentioned above, the identity of the relevant natural person who holds the position of senior managing official.

ii.) For client which is a trust.

Where the client is a trust, the beneficial ownership of the client shall be identifying by taking reasonable measures to verify 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.

iii.) 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.

iv) Applicability for Foreign Investor.

we are aware with the clarifications issued by the SEBI vide Circular CIR/MIRSD/11/2012 dated September 05, 2012 and CIR/MIRSD/07/2013 dated September 12, 2013 for the purpose of identification of beneficial ownership of the clients.

POLICY FOR ACCEPTANCE OF CLIENT:

We have develop client acceptance policies and procedures that aim to identify the types of client that are likely to pose a higher than average risk of ML and TF. By adopting these policies and procedures, we are in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. We follow the following safeguards while accepting the clients.

- a) No account is opened in a fictitious/ benami name or on an anonymous basis

- b) Factors of Risk perception (in terms of monitoring suspicious transaction) of the client are clearly defined having regard to client's location (registered office address, correspondence address and other addresses if applicable), nature of business activity, trading turnover etc. And manner of making payment for transaction undertaken
- c) The parameters enable classification of client into low, medium and high risk.
- d) Documentation Requirement and other information are collected in respect of different classes of clients depending on the perceived risk and having regard to the requirement of PMLA.
- e) The account are not opened in case where it is not possible to ascertain the identity of the client or information provided is suspected to be non-genuine or there is non-co-operation of client in providing full and complete information.
- f) Proper consultation done with relevant authorities in case of suspicious trading and action will be taken.
- g) The circumstances under which the client is permitted to act on behalf of another person/entity shall be clearly laid down. It is specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the right and responsibilities of both persons i.e. the agent-client registered with the company as well as the person on whose behalf the agent is acting shall be clearly laid-down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.
- h) Necessary checks has been made before opening an account to ensure the identity of the client does not match with any person having known criminal background and

is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.

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

RISK- BASED APPROACH.

- 1.) We apply on each of the client due diligence measures on a risk sensitive basis. An enhanced client due diligence process is applicable for higher risk categories of client. In line with the risk-based approach, type and amount of identification information and documents required to be obtain depend on the risk category of a particular client. Further, low risk provision shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact a pose of low risk.
- 2.) We carry out risk assessment to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to the client, countries or geographical areas, nature and volume of transactions, payment methods used by client etc. We 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, updated list of individuals and entities who are subject to sanction measures as required under the various United Nation's Security Council Resolutions.
- 3.) We 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 is documented, updated regularly and made available to competent authorities and

self-regularly and made available to competent authorities and self regulating bodies, as and when required.

CLIENT OF SPECIAL CATEGORY:

List is as follows:

- 1.) Non-Resident Client
- 2.) High Net-worth Client
- 3.) Trust, Charities, Non-Governmental Organisations and organisations receiving donations
- 4.) Companies having close family shareholding or beneficial ownership
- 5.) Politically Exposed persons(PEP)
- 6.) Companies offering Foreign Exchange Offerings
- 7.) Client in high risk countries where existence/effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruptions(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. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.
- 8.) Non Face to Face Client

9.) Client with dubious reputation as per public information available etc.

CLIENT IDENTIFICATION PROCEDURE:

We adopt a KYC policy for client identification carried out at different stages i.e. while establishing the Organisation–client relationship, while carrying out transactions for the client or when we have doubts regarding the veracity or adequacy of previously obtained client identification data.

We are in compliance with the following requirements while putting in place a Client Identification Procedure (CIP):

- a) We proactively put in place appropriate risk management systems to determine whether our client or potential client or the beneficial owner of such client is a politically exposed person. It includes seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic database of PEPS.
- b) We obtain senior management approval for establishing business relationship with PEPs.
- c) Where a client has been accepted and client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, we obtain senior management approval to continue the business relationship.
- d) We take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- e) The client identified by us using reliable sources including documents/ information. We obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

- f) The information must be adequate enough to satisfy competent authorities in future that due diligence was observed by us in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
- g) Failure by the client to provide satisfactory evidence of identity shall be noted and reported to the higher authority by us.

RELIANCE ON THIRD PARTY FOR CARRYING OUT CLIENT DUE DILIGENCE:

- 1.) We may rely on a third party for the purpose of
 - a.) Identification and Verification of the identity of a client
 - 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 is 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.
- 2.) We rely subject to the conditions that are specified in Rule 9(2) of the PML Rules and be in accordance with the regulations and Circulars/ Guidelines issued by SEBI from time to time. Further we are responsible for CDD and undertake enhanced due diligence measures, as applicable.

RECORD KEEPING:

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

- 2.) We maintain such records as are sufficient to permit reconstruction of individual transaction (including the amount and type of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.
- 3.) We maintain the relevant information in case of Audit trial done by Investigating Authorities for any suspected drug related or other laundered money or terrorist property. Following details are maintained:
 - A) The Beneficial Owner of the Account,
 - B) The volume of funds flowing through the account,
 - C) For selected transaction:
 - a) The Origin of the Funds,
 - b) The form in which the funds were offered or withdrawn,
 - c) The identity of the person undertaking the transaction,
 - d) The destination of the funds,
 - e) The form of instruction and authority,
- 4.) We ensure that all clients and transaction records and information are available on a timely basis to the competent investigating authorities.
- 5.) When required by the investigating authority, we retain certain records for more than the periods required under SEBI Act, Rules, and Regulations framed thereunder PMLA, other legislations, rules and regulations or exchange bye –law or circulars.
- 6.) We put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML rules as mentioned below:
 - (i) All cash transactions of the value of more than rupees 10 lacs or its equivalent in foreign currency;
 - (ii) All series of cash transactions integrally connected to each other which have been valued below rupees 10 lacs 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 lacs;

(iii) All transaction involving receipts by non profit organisations of value more than rupees ten lacs or its equivalent in foreign currency

(iv) 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;

(v) All suspicious transactions whether or not made in cash and including, inter-alia, credit or debit into from any non monetary account such as demat account, security account maintained by the registered intermediary.

(vi) all cross border wire transfers of the value of more than five lacs rupees or its equivalent in foreign currency where either the origin or destination of funds is in india

(vii) all purchase and sale by any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity, as the case may be.

7.) Details of above transactions are furnished to directors in the prescribed manner when executed

8.) Identify the beneficial owner if any of such clients as may be prescribed

9.) Maintain records of documents evidencing identity of its clients and beneficial owners as well as account files and business correspondence

10.) Every information maintained, furnished or verified shall be kept confidential

11.) The records shall be maintained for the period of five years

INFORMATION TO BE MAINTAINED.

We maintain and preserve the following information in respect of transactions as per PML rules;

1.) The nature of the transaction,

- 2.) The amount of the transaction,
- 3.) The date on which the transaction was conducted,
- 4.) The parties to the transaction.

RETENTION OF RECORDS.

- 1.) We take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. These records should be maintained and preserved for a period of five years from the date of transaction between the client and intermediary.
- 2.) The records evidencing the identity of the clients and beneficial owners as well as accounts files and business correspondence are maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or accounts has been closed, whichever is later.
- 3.) The documents retention terms shall be as follows:
 - (a) All necessary records on transaction, both domestic and international, are maintain at least for the minimum period prescribed under the relevant act and rules (PMLA and rules framed thereunder as well SEBI act) and other legislations, Regulations or exchange bye-laws or circulars.
 - (b) We maintain and preserve the record of documents evidencing the identity of clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licences or similar documents) as well as account files and business correspondence for a period of five years after the business relationship between us and client has ended or the accounts has been closed, whichever is later.
- 4.) In situation whereby the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

**RECORDS OF INFORMATION REPORTED TO THE DIRECTOR-FINANCIAL INTELLIGENCE
UNIT-INDIA (FIU-IND).**

We maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Directors, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of transaction between us and client.

MONITORING OF TRANSACTION.

- 1.) We regular monitor the transactions for effectiveness of the Anti Money Laundering Procedures,
- 2.) Special attention is given to all complex, unusually large transaction/ patterns which appear to have no economic purpose. We specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background of such transaction and purpose thereof shall also be examined carefully and finding shall be recorded in writing. These findings, records and related documents shall be made available to auditors and also to SEBI/ stock Exchange/ FIU-IND/other relevant authorities, during audit, inspection or as and when required under the PMLA. These records shall be preserved for a period of five years as required under the PMLA.
- 3.) We ensure a record of transactions is preserved and maintained as per PMLA regulations and the transactions of suspicious nature are reported to the Director, FIU-IND.
- 4.) Our Compliance Department randomly examine a selection of transactions undertaken by clients to comment their nature .i.e. whether they are in the nature of suspicious transaction or not.

SUSPICIOUS TRANSACTION MONITORING AND REPORTING.

- 1.) We ensure that appropriate steps are taken to enable suspicious transactions to be recognised and have appropriate procedures for reporting suspicious transaction.
- 2.) Alerts are based on the category of the clients as high, low and medium risk categories.
- 3.) For determining suspicious transactions we follow the definition of Suspicious Transaction contained in PML Rules as amended from time to time.
- 4.) Any Suspicious Transaction is immediately notified to the Money Laundering Control Officer.
- 5.) The notification is done in the form of a detailed report with specific reference to the clients, transactions and the nature / reason of suspicion.
- 6.) The Principal Officer/Money Laundering Control 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.
- 7.) In cases where transactions are abandoned or aborted by clients on being asked to give some details or to provide documents, we report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.
- 8.) Where the Client are of high risk countries, including countries where existence and effectiveness of money laundering is suspect or which do not or insufficiently apply FATF standard, in that case client shall also be subject to appropriate counter measures. It includes a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions and applying enhanced due diligence while expanding business relationships with the identified country or person in that country etc.

LIST OF DESIGNATED INDIVIDUALS/ENTITIES:

- 1.) 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)** are accessed by us regularly.
- 2.) We ensure that accounts are not opened in the name of anyone whose name is appearing in the said list.
- 3.) We 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.
- 4.) We intimate to SEBI and FIU-IND in case of resemblance of any individuals/entities with the List. Full details of accounts shall be provided to SEBI and FIU-IND.

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 Nation's Security Council, Resolution (UNSCR) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. The accounts are opened after check the list. We continuously scan all existing account to ensure that no account is held by or linked to any of the entities or individuals included in the list.

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.

We implement and follow the order issued vide SEBI Circular Ref. No ISD/AML/CIR-2/2009 dated Order 23, 2009. All the terms will be properly complied by us.

REPORTING TO FINANCIAL INTELLIGENCE UNIT- INDIA.

- 1.) In terms of PML Rules, we report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND).
- 2.) We carefully go through all the reporting requirements and formats enclosed with this circular. These requirements and formats are divided into two parts- Manual Format and Electronic Formats. These documents contain detailed directives on the compilations and manner/ procedure of submission of the manual/electric reports to FIU-IND.
- 3.) Details instructions for filling all types of reports are given in the instructions part of the related formats, we adhere to the following:
 - a) The Cash Transaction Report (CTR) (whenever applicable) for each month submitted to FIU-IND by 15th of the succeeding month.

- b) The Suspicious Transaction Report (STR) submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transaction integrally connected are of suspicious nature.
- c) The Principal Officer records his reason for treating any transaction or a series of transaction as suspicious. We ensure that there is no undue delay in arriving at such a conclusion.
- d) Our Principal Officer is responsible for timely submission of CTR and STR to FIU-IND.
- e) Utmost confidentiality is maintained in filling of CTR and STR to FIU-IND. The reports may be transmitted by Speed/Registered post/ Fax at the notified address.
- f) No Nil Reporting needs to be made to FIU-IND in case there are no cash/suspicious transaction to be reported.
- g) No restriction is made on operations in the accounts where an STR has been made. Our Directors, Officers and Employees are prohibited from disclosing (tipping off) the fact that a STR or related information is being reported or provided to the FIU-IND.
- h) The prohibition of Tipping Off) extends not only to the filling of the STR and/or related information but even before, during and after the submission of an STR. Thus, it is insured that there is no Tipping Off to the client at any level.

DESIGNATION OF AN OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS.

- 1.) Principal Officer is properly discharge his legal obligations to suspect and report suspicious transactions. Details of Principal Officer are intimated to Director-FIU.
- 2.) Mr. Hemant Sood, Director of the company is appointed a Designated Director in terms of the Rule 2(ba) of the PML Rules who is responsible overall compliance with the obligations imposed under chapter IV of the Act.
- 3.) The Designated Director is the Director of the company duly authorised by the Board of Directors of the company.
- 4.) We have communicated the details of the Designated Director, such as name, designation and address to the Office of the Director, FIU-IND.

HIRING OF EMPLOYEES.

We have adequate screening procedures in place to ensure high standards when hiring employees. We identify the key position in our organisation having regard to the risk of Money Laundering and Terrorist Financing. The employees taking up key positions are suitable and competent to perform their duties.

EMPLOYEES' TRAINING.

We shall have an ongoing employees training programme so that the members of the staff are adequately trained in AML and CFT procedures. It includes training for frontline staff, back office staff, compliance staff, management staff and staff dealing with new client.

INVESTORS EDUCATION.

We require certain information from investors which may be of personal nature including documents evidencing source of funds/ income tax returns/ bank records. For satisfying the customer's queries we appoint a Designated Officer who sensitizes the customers about their requirement and necessity of evidence.

**Thanking You,
For Findoc Investmart Private Limited**

Compliance Officer