

INVENTURE GROWTH & SECURITIES LIMITED (IGSL)
ANTI MONEY LAUNDERING POLICY – Version - 4 (2019)

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Section 1: Preamble

1.1. Introduction

- 1.1.1 The Directives as outlined below provide a general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India. They also provide guidance on the practical implications of the Prevention of Money Laundering Act, 2002 (PMLA). The Directives also set out the steps that a registered intermediary or its representatives shall implement to discourage and to identify any money laundering or terrorist financing activities. The relevance and usefulness of these Directives will be kept under review and it may be necessary to issue amendments from time to time.
- 1.1.2 These Directives are intended for use primarily by intermediaries registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act). While it is recognized that a “one- size-fits-all” approach may not be appropriate for the securities industry in India, each registered intermediary shall consider the specific nature of its business, organizational structure, type of clients and transactions, etc. when implementing the suggested measures and procedures to ensure that they are effectively applied. The overriding principle is that they shall be able to satisfy themselves that the measures taken by them are adequate, appropriate and abide by the spirit of such measures and the requirements as enshrined in the PMLA.

1.2. Background

- 1.2.1 The PMLA came into effect from 1st July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on 1st July, 2005 by the Department of Revenue, Ministry of Finance, Government of India. The PMLA has been further amended vide notification dated March 6, 2009 and inter alia provides that violating the prohibitions on anipulative and deceptive devices, insider trading and substantial acquisition of securities or ontrol 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.
- 1.2.2 As per the provisions of the 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 market and registered under Section 12 of the SEBI Act , shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include;
- i. All cash transactions of the value of more than Rs. 10 lakh or its equivalent in foreign currency.
 - ii. 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 monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency

- iii. All suspicious transactions 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.

1.2.3 It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered. In case there is a variance in CDD/AML standards prescribed by SEBI and the regulators of the host country, branches/overseas subsidiaries of intermediaries are required to adopt the more stringent requirements of the two.

1.3. Policies and Procedures to Combat Money Laundering and Terrorist financing

1.3.1 Essential Principles:

1.3.1.1 These Directives have taken into account the requirements of the PMLA as applicable to IGSL registered under Section 12 of the SEBI Act. Some of these suggested measures and procedures may not be applicable in every circumstance. IGSL shall consider carefully the specific nature of its business, organizational structure, type of client and transaction, etc. to satisfy itself that the measures taken by it are adequate and appropriate and follow the spirit of the suggested measures in Section II and the requirements as laid down in the PMLA.

1.3.2 Obligation to establish policies and procedures:

1.3.2.1 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. The PMLA is in line with these measures and mandates that all intermediaries ensure the fulfillment of the aforementioned obligations.

1.3.2.2 To be in compliance with these obligations, the senior management of IGSL 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. IGSL 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 in system a 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

1.3.2.3 Policies and procedures to combat ML shall cover:

- a) Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- b) Client acceptance policy and client due diligence measures, including requirements for proper identification;
- c) Maintenance of records;
- d) Compliance with relevant statutory and regulatory requirements;
- e) Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- f) 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 structure, number of clients and other such factors.

Section 2: Detailed Directives

2.1. Written Anti Money Laundering Procedures

- 2.1.1 IGSL shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following three specific parameters which are related to the overall 'Client Due Diligence Process':
- a) Policy for acceptance of clients
 - b) Procedure for identifying the clients
 - c) Transaction monitoring and reporting especially Suspicious Transaction Reporting (STR).

2.2. Client Due Diligence (CDD)

- 2.2.1 The CDD measures comprise the following:

- a) Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party 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. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement
- 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 -
 - 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, IGSL shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:
 - aa) 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% of shares or capital or profits of the juridical person, where the juridical person is a company;

- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or iii. 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.

- bb) In cases where there exists doubt under clause (aa) 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.

- cc) Where no natural person is identified under clauses (aa) or (bb) 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, IGSL 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.

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 investors: IGSL dealing with foreign investors' may be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.
- v. 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 IGSL, by their Board of Directors
- d) 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).
- e) Understand the ownership and control structure of the client. .
- f) 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 and within IGSL's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

- g) IGSL shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.
- h) In case of registration of foreign clients the requirements may be followed as per **Annexure I**.

2.2.2 Policy for acceptance of clients:

2.2.2.1 IGSL shall develop client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF. By establishing such policies and procedures, they will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following safeguards are to be followed 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 transactions) of the client are clearly defined having regard to 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 undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.
- c) Ensure that an account is not opened where the IGSL is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to IGSL is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. IGSL shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. IGSL shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, IGSL shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- d) The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be 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 rights and responsibilities of both the persons i.e. the agent- client registered with the intermediary, 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.

- f) 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.
- g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).
- h) The featured documents for acceptance of Client can further be checked from the **Annexure – II below**.

2.2.3 Risk-based Approach:

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

2.2.3.2 Further, low risk provisions 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 pose a low risk

2.2.3.3 **Risk Assessment:**

a) IGSL shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its 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 Council Resolutions (these can be accessed at the URL- http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/ist.shtml>)

c) 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.

2.2.3.4 Categorization of Clients

While accepting and executing a client relationship the Company adopt a risk based approached as under:

Low Risk	Medium Risk	High Risk
Individual clients with clean image not PEP, whose identity and sources of wealth can be easily identified.	Clients, where identity and sources of wealth are not supported by public documents like income tax returns, registered conveyance deeds etc.	Non resident clients (NRI) High Networth clients (Annual income above Rs. 25 Lakhs)
Listed Companies	Clients with sudden Spurt in volumes or investment without apparent reasons.	Trust, Charities, NGO's and organizations receiving donations.
Govt Owned Companies, regulated bodies like banks and PMLA regulated intermediaries.	Person in business / industry or trading activity where scope or history of unlawful trading / business activity dealings is more.	Politically exposed persons (PEP). High profile politicians and connected persons (immediate family, close relatives and companies in which such individuals have interest or significant influence.
No cheque Bounce clients	-	Cheque bounce of a client to be treated as high risk. May be changed as and when required having satisfied.
Arbitragers	Clients who trade in derivatives	Continuous Trades in Illiquid scrips and such other trading patterns that may break the equilibrium of the market.
Client having regular relationship or low volumes (e.g upto 20 Lakhs)	Clients having occasional relationship but with moderate volumes.	

Note : The categorization of clients shall be reviewed and revised once in 12 months.

2.2.4 Clients of special category (CSC): Such clients shall include the following:

- a) Non - resident clients

- b) High net-worth clients, (above income of Rs. 25 lakhs)
- 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) 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 2.2.5 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 where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following - Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, IGSL 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.
- h) Non face to face clients
- i) Clients with dubious reputation as per public information available etc. The above mentioned list is only illustrative and the IGSL shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

2.2.5 **Setting-up limits**

The margin limit of client is set by RMS Team, depending on client ledger balance & Share holdings in demat account, cash collateral / FD in security Margin deposited with company. Margin server access is restricted to head office only and surveillance department manage the transaction of clients. Margin limits are changed only on phone calls by designated person of Accounts department if funds & Security received from clients. The margin limit to the medium, high risk clients is strictly given with in the available margin of the clients. If client is insist to take any leverage it can be done only for intra-day and approval from RMS head to category of high, medium risk clients on case to case basis.

RMS team should also take extra due diligence with regard to trading pattern of medium and high risk category client along with PEP i.e. traded volume, trading in particular scrips, etc. If they find any unusual trading pattern, they must bring to the notice of principal officer and top management of the company.

The trading pattern of client needs to be monitored, wherein clients declaring the income contradicts the trading volume or exposure or in terms of funds on case to case basis.

2.2.5 Client identification procedure:

- 2.2.5.1 The KYC policy shall clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the intermediary - client relationship, while carrying out transactions for the client or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

Intermediaries shall be in compliance with the following requirements while putting in place a Client Identification Procedure (**CIP**):

- a) IGSL shall 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. Further, the enhanced CDD measures as outlined in clause 2.2.5 shall also be applicable where the beneficial owner of a client is a PEP.
 - b) IGSL are required to obtain senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, IGSL shall obtain senior management approval to continue the business relationship.
 - c) IGSL shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
 - d) The client shall be identified by the intermediary by using reliable sources including documents / information. IGSL shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
 - e) The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the IGSL in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
 - f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within IGSL.
- 2.2.5.2 SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time as detailed in Schedule II. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, all registered intermediaries shall frame their own internal directives based on their experience in dealing

with their clients and legal requirements as per the established practices. Further, the intermediary shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the intermediary is aware of the clients on whose behalf it is dealing.

2.2.5.3 IGSL shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01, 2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients IGSL of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

2.2.5.4 It may be noted that irrespective of the amount of investment made by clients, no minimum threshold or exemption is available to registered intermediaries (brokers, depository participants, AMCs etc.) from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. Further no exemption from carrying out CDD exists in respect of any category of clients. In other words, there shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by IGSL. This shall be strictly implemented by IGSL.

2.2.5.5 IGSL may use the indicative customer identification requirements may be followed as per **Annexure – III**

2.2.6 Reliance on third party for carrying out Client Due Diligence (CDD)³

2.2.6.1 Registered intermediaries 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.

2.2.6.2 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 IGSL shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

2.3. Record Keeping

- 2.3.1 IGSL shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.
- 2.3.2 IGSL shall maintain such records as 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.
- 2.3.3 Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:
- a) the beneficial owner of the account;
 - b) the volume of the funds flowing through the account; and
 - c) for selected transactions:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction
 - iv. the destination of the funds;
 - v. the form of instruction and authority.
- 2.3.4 IGSL shall 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 shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.
- 2.3.5 More specifically, all the intermediaries shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:
- a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
 - b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;
 - c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
 - d) all suspicious transactions whether or not made in cash and by way

of as mentioned in the Rules.

2.4. Information to be maintained

2.4.1 Intermediaries are required 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.

2.5. Retention of Records:

2.5.1 IGSL shall 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. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of five years from the date of transactions between the client and IGSL.

2.5.2 As stated in sub-section 2.2.5, IGSL is required to formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. 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 five years after the business relationship between a client and IGSL has ended or the account has been closed, whichever is later. Whereas in case of IGSL as a depository with CDSL / NSDL shall preserve for a period of Eight (8) years after the business relationship between a client.

2.5.3 Thus the following document retention terms shall be observed:

- a) All necessary records on transactions, both domestic and international, shall be maintained 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) IGSL shall maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed,

whichever is later.

- 2.5.4 In situations where 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.
- 2.5.5 Records of information reported to the Director, Financial Intelligence Unit -India (FIU - IND)⁵: IGSL 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 IGSL.

2.6. Monitoring of transactions

- 2.6.1 Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. This is possible only if IGSL has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.
- 2.6.2 The intermediary shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. IGSL may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. 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/FIUIND/ 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 IGSL.
- 2.6.3 IGSL shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions 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 IGSL.
- 2.6.4 Further, the compliance cell of the IGSL 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.

2.7. Suspicious Transaction Monitoring and Reporting

- 2.7.1 IGSL shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions.
- 2.7.2 A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:
- a) Clients whose identity verification seems difficult or clients that appear not to cooperate
 - b) Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;
 - c) Clients based in high risk jurisdictions;
 - d) Substantial increases in business without apparent cause;
 - e) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
 - e) Attempted transfer of investment proceeds to apparently unrelated third parties;
 - f) Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export-import of small items.
- 2.7.3 Any suspicious transaction shall be immediately notified to the Money Laundering Control Officer or any other designated officer within the intermediary. 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 suspended, in one or more jurisdictions concerned in the transaction, or other action taken. 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.
- 2.7.4 It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that intermediaries shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.
- 2.7.5 Clause 2.2.4 (g) of this Master Circular categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. Intermediaries are directed that such clients shall also be subject to appropriate counter measures. These measures may include 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 persons in that country etc.

2.8. List of Designated Individuals/ Entities

2.8.1 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) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. IGSL is directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries 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 shall immediately be intimated to SEBI and FIU-IND.

2.9. Procedure for freezing of funds, financial assets or economic resources or related services

2.9.1 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.

2.9.2 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.

2.9.3 IGSL shall ensure effective and expeditious implementation of the procedure laid down in The UAPA Order dated August 27, 2009 as listed below:

- a) On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities) IGSL shall follow:
 - i. To maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with them.
 - ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, IGSL 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 Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

iii. IGSL shall send the particulars of the communication mentioned in (ii) above through post/fax and through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU-IND.

iv. In case the aforementioned details of any of the customers match the particulars of designated individuals/entities beyond doubt, IGSL would prevent designated persons from conducting financial transactions, under intimation to Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

v. IGSL shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph 2.9.2 (a) (ii) above carried through or attempted, as per the prescribed format.

- b) On receipt of the particulars as mentioned in paragraph 2.9.3 (a) (ii) above, IS-I Division of MHA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by IGSL are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by IGSL are held by the designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.
- c) In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND. The order shall take place without prior notice to the designated individuals/entities.
- d) Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person
 - i. 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 registered intermediaries. IGSL 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 5(ii) above within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, 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 concerned stock exchanges, depositories and registered intermediaries. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of IS-I Division shall inform the applicant.

2.10. Reporting to Financial Intelligence Unit-India

2.10.1 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>

2.10.2 IGSL shall carefully go through all the reporting requirements and formats that are available on the website of FIU - IND under the Section Obligation of Reporting Entity - Furnishing Information-Reporting Format ([https://fiuindia.gov.in/files/downloads / Filing_Information.html](https://fiuindia.gov.in/files/downloads/Filing_Information.html)). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents While detailed instructions for filing all types of reports are given in the instructions part of the related formats, IGSL shall adhere to the following:

- a) The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- b) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- c) The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

- d) The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;
- e) Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.
- f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non - profit organization transactions to be reported.

2.10.3 IGSL shall not put any restrictions on operations in the accounts where an STR has been made. IGSL and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR 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 and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

It is clarified that IGSL, 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 if they have reasonable grounds to believe that the transactions involve proceeds of crime.

2.11. Transactional Alerts provided by the Exchange

In order to facilitate effective surveillance mechanisms at the Member level, the Exchange provide transaction alerts based on the trading activity on the Exchange.

There are consolidated file of alerts based on above mentioned different parameters to be downloaded from NSE through ENIT and BSE through EDOS.

Download these files in excel format copy the same in alert compilation alert.

- I) If any alerts found, need to be checked the following first
 - a. CRF of client.
 - b. Financial back ground of client
- II) Compliance team forward PMLA alerts to RMS team for their feedback / remarks like clients payment terms, trading pattern, etc.
- III) RMS team shall revert back PMLA alerts file to compliance officer after mentioning their remarks / feed back
- IV) Compliance team first analyzes the transactions alerts with available record.
 - a. Clients past trading pattern
 - b. Frequency of trading of the clients
 - c. Nos. of account of the same family / group
 - d. Whether the client is related directly or indirectly with the company questioned in alerts or any group.
- V) If require, Compliance team may seek explanation from the

clients about the said transactions based on the nature of transaction alerts.

- a. Source of funds if client purchase stock
 - b. Source of delivery if client sale stock
 - c. Reason for sudden increase of volume
 - d. Reason for dealing in specific scrips from all group / family account
 - e. Reason of order price away from market price
 - f. If client deal in concert
 - g. Whether he is related with the company or not.
 - h. Or any other query specifying the alert in question.
 - i. Other connected clients
 - j. Other publicly available information
- VI) If required Compliance team seek documentary evidence in support of explanation of the clients.
 - VII) Compliance team must put their remarks in each transactions alerts and forward it to the Principal Officer.
 - VIII) Principal Officer must cross check remarks given by the compliance team and analyze the transactions with available record.
 - IX) If required principal Officer may ask to client for further explanation and or necessary documents.
 - X) If principal officer satisfy with the documents and clarification of clients, close the alerts and put remarks accordingly.
 - XI) If Principal Officer still finds anything suspicious, forward the same to the management and take the approval from management / director and report to the exchange with his comment along with documents.
 - XII) If any concern seen post inquiry/ receipt of explanation from client, Principal Officer shall forward the alerts to the Exchange with his comments and any documents deemed relevant.
 - XIII) Analyzing and reporting of alerts must be completed within 15 days transaction alerts received from the exchange.

Note: Sub point of points III, VI & VII are only illustrative. Compliance team / principal officer may analyze, seek documents / clarification from the client based on the nature of transaction alerts and clients.

2.11. Designation of officers for ensuring compliance with provisions of PMLA

2.11.1 Appointment of a Principal Officer:

- 2.11.1.1 To ensure that IGSL 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.

The Company has designated Mr. Arivnd Gala, as the Principal Officer for IGSL operations for due compliance of anti money laundering policies and Mr. Avinash Bhosale as Principal Officer for the purpose of Depositories. They will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the FIU - IND. The company has provided the FIU with contact information of the principal officer and will promptly notify FIU of any changes in this information.

2.11.2 Appointment of a Designated Director:⁷

2.11.2.1 In addition to the existing requirement of designation of a Principal Officer, IGSL 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 - the Managing Director or a Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a company,

2.11.2.2 In terms of Section 13 (2) of the PMLA, 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.

2.11.2.3 IGSL shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU - IND.

2.11.2.4 Mr. Kamlesh Limbachiya, Director of the company has been appointed as a designated director as per the SEBI's requirement given viz circular no. CIR/MIRSD/1/2014 dated March 12, 2014 in terms of Rule 2(b)(a) of the PMLA Rules. The responsibility of the designated director is to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules. The company has intimated to the FIU about appointment of designated director along with his contact information. The company will promptly notify FIU of any changes in this information.

2.12. Employees' Hiring/Employee's Training/ Investor Education

2.12.1 Hiring of Employees

2.12.1.1 IGSL shall have adequate screening procedures in place to ensure high standards when hiring employees. IGSL 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.

2.12.2 Employees' Training:

2.12.2.1 IGSL Shall have an ongoing employee training programme so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements shall 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.

2.12.3 Investors Education

2.12.3.1 Implementation of AML/CFT measures requires IGSL 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 IGSL to sensitize their clients about these requirements as the ones emanating from AML and CFT framework.

Communication:

Each version of modified policy must be communicated to all staff and all associates person viz: Head Office, Branch, Authorized Persons. This communication is mandatory in addition to the training session to be given to the staff and associates person from time to time

Policy Approved

Policy Created by :	Compliance Team
Policy Reviewed by :	Compliance and Principal Officer
Policy reviewed on :	August 09 th , 2019
Approval Authority :	Board of Directors
Policy Approved on :	September 13 th , 2019
Periodicity of Review :	As and when required on the basis of new Circulars
Version Number :	4 (2019)
Officer Responsible for Implementation :	Compliance Officer and Principal Officer

For Inventure Growth and Securities Limited**Whole Time Director / Designated Director**

Annexure I

Know Your Client Requirements in case of foreign clients

Sr. No.	Relevant requirements on KYC Form as per SEBI norms	Clarifications for Foreign Investors viz. FIIs, Sub Accounts and QFIs
1	Authorized signatories list with specimen signatures to be submitted	If the client has authorized the Global Custodian - an entity regulated by an appropriate foreign regulatory authority or Local Custodian registered with SEBI as a signatory by way of a Power of Attorney ('PoA') to sign on its behalf, such PoA may be accepted.
2	Intermediary has to get the KYC form filled from the clients.	The Global Custodian or the Local Custodian may fill the KYC form, if authorized through the PoA.
3	PAN to be taken for individual promoters holding control - either directly or indirectly, Partners/Trustees, whole time directors/two directors in charge of day to day operations and persons authorized to deal in securities on behalf of company/firm/others.	Not applicable.
4	For foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card is mandatory.	Proof of Identity document duly attested by the entities authorized for the same as per SEBI Circular dated October 5, 2011 or authorised signatories as mentioned at point 1 above may be adequate in lieu of the passport copy.
5	For foreign entities, CIN is optional; and in the absence of DIN no. for the directors their passport copy should be given.	CIN No. is provided as an example and requires the client's registration number in its respective country. If the foreign entity does not have CIN, the equivalent registration number of the entity may be mentioned. If it does not have any registration number, then SEBI Registration number may be mentioned. In case the directors (as per point 3 above), of the client do not have an equivalent of DIN in the client's respective jurisdiction, "Not Applicable" may be stated. Copy of the Passport may not be provided.
6	It shall be mandatory for all the intermediaries addressed in this circular to carry out In person verification of their clients.	In person verification is not applicable for a non-individual Client. In case of QFI - Individual Client, IPV shall be carried out by SEBI registered intermediary

		as per SEBI Circular dated August 22, 2011
7	Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the list mentioned in the circular dated Aug 22, 2011.	In the absence of originals for verification, documents may be attested as per SEBI Circulars dated August 22, 2011 and October 5, 2011 or authorised signatories as mentioned at point 1 above.
8	A. Copy of the balance sheets for the last 2 financial years (to be submitted every year), annual gross income and net worth details. B. 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). POI and POA of individual promoters holding control – either directly or indirectly.	A. Though it is not mandatory, the intermediaries shall carry out due diligence as per the PMLA and SEBI Master Circular on AML about the financial position of the client. B. List of Beneficial owners with shareholding or beneficial interest in the client equal to or above 25% to be obtained. If global Custodian / Local custodian provides an undertaking to submit these details, then intermediary may take such undertaking only. Any change in the list to be obtained based on risk profile of the client.
9	Name, residential address, photograph, POI and POA of Partners/ Trustees, Whole time directors / two directors in charge of day to day operations and individual promoters holding control – either directly or indirectly.	A. Not required if Global Custodian /Local Custodian gives an undertaking to provide the following documents as and when requested for by intermediary: 1) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and 2) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf. B. If Global Custodian/Local Custodian does not provide such undertaking as stated in A above, intermediary shall take required details from Foreign Investors.
10	Copy of SEBI registration certificate to be provided	Custodian shall verify the SEBI registration certificate copy with the originals or with the details available on SEBI website and provide duly certified copy of such verified SEBI registration certificate to the intermediary.
11	Every client has to provide the trading account related details, as required by Annexure 3 to the SEBI circular dated August 22, 2011.	Annexure 3 to the circular dated August 22, 2012 pertaining to trading account related details is not applicable for FIIs and Sub Accounts.

		However, Intermediaries are required to update details of any action taken or proceedings initiated against the entity by the foreign regulators or SEBI/ Stock exchanges For QFI, the intermediary shall collect the following details from Annexure 3: Bank Account details Depository account Regulatory Actions as mentioned above.
12	Executed documents:	To be send to the clients free of charge. Documents prescribed by SEBI on its web site, intimate the clients regarding the link and email a copy of the same to the client.
13	Place of incorporation	If place of incorporation is not available, Intermediary should take Registered office address/ principal place of business of entity
14	Date of commencement of business	Not applicable
15	Copies of the Memorandum and Articles of Association and certificate of Incorporation.	If FII or Sub Account does not have certificate of incorporation or Memorandum and Articles of Association, then any reasonable equivalent legal document evidencing formation of entity may be allowed.
16	Copy of the Board Resolution for investment in securities Market.	Not Applicable

Annexure-II

Customer Acceptance Procedure

Features to be verified and documents that may be obtained from Customers

Featured Documents

Accounts of Individuals	<p>Legal name and any other names used Correct permanent address</p> <ul style="list-style-type: none">(i) Passport / Aadhaar Card(ii) PAN card(iii) Voter's Identity Card(iv) Driving licence (Valid Licence)(v) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of branch(vi) Telephone bill (Latest Landline)(vii) Letter from any recognized public authority.(viii) Electricity Bill (Latest)(ix) Ration Card(x) Letter from the employer, (subject to the satisfaction of the branch)(xi) Any other document which provides customer information to the satisfaction of the broker will suffice. <p>And such other proofs or requirements as stipulated within the norms of KYC guidelines.</p>
Accounts of companies	<p>Name of the company Principal place of business Mailing address of the company Telephone /Fax Number</p> <ul style="list-style-type: none">(i) Certificate of incorporation and Memorandum & Articles of Association(ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account(iii) Power of Attorney/ Board Resolution granted to its managers, officers or employees to transact business on its behalf(iv) Copy of PAN allotment letter

	(v) Copy of the telephone bill / bank statements
Accounts of partnership firms	<p>Legal name Address: Names of all partners and their addresses Telephone numbers of the firm and partners (i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney/Partnership Letter granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners</p> <p>And such other proofs or requirements as Stipulated within the norms of KYC guidelines.</p>
Accounts of trusts & foundations	<p>Names of trustees, settlers, beneficiaries and signatories. Names and addresses of the founder, the managers/directors and the beneficiaries Telephone/fax numbers (i) Certificate of registration, if registered (ii) Power of Attorney/ Resolution granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses (iv) Resolution of the managing body of the Foundation / association granting authority to transact business (v) Telephone bill (Latest Landline)</p>

ANNEXURE III

Customer Identification Requirements - Indicative Guidelines

Particulars	Guidelines
Trust / Nominee or Fiduciary Accounts	There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. The Compliance team should determine whether the Customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, Compliance team shall insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. While opening an account for a trust, dealers should take reasonable precautions to verify the identity of the trustees and the settlers of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a foundation', steps should be taken to verify the founder managers/ directors and the beneficiaries, if defined.
Accounts of Companies and firms	Compliance team need to be vigilant against business entities companies and being used by individuals as a 'front' for maintaining accounts firms with brokers. They should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders. But at least promoters, directors need to be identified adequately.
Client accounts opened by professional intermediaries	When the dealer has knowledge or reason to believe that the client account opened by a professional intermediary is on behalf of a single client, that client must be identified. Dealers may hold 'pooled' accounts managed by professional intermediaries on behalf of Entities like mutual funds, pension funds or other types of funds. Dealers should also maintain 'pooled' accounts managed by lawyers/chartered accountants or stockbrokers for funds held 'on deposit' or 'in escrow' for a range of clients. Where funds held by the

	<p>Intermediaries are not co-mingled at the branch and there are sub-accounts', each of them attributable to a beneficial owner, all the beneficial owners must be identified.</p> <p>Where such accounts are co-mingled at the branch, the branch should still look through to the beneficial owners. Where the broker rely on the 'customer due diligence' (CDD) done by an intermediary, it shall satisfy itself that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirements.</p>
<p>Accounts of Politically Exposed Persons (PEPs) resident outside India</p>	<p>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.</p> <p>Compliance team should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Compliance team should verify the identify of the person and seek information about the sources of funds before accepting the PEP as a customer. The Compliance team should seek prior approval of their concerned Heads for opening an account in the name of PEP.</p>
<p>Accounts of Non –Face – to Face Customers</p>	<p>With the introduction of telephone and electronic brokering, increasingly accounts are being opened by brokers for customers without the need for the customer to visit the broker branch. In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the documents presented shall be insisted upon and, if necessary, additional documents may be called for.</p>