

Anti Money Laundering Policy (AML)

Of

MUDRA OM SECURITIES PVT LTD.

Depository Participants-CDSL

Member: NSE Cash , F & O and BSE Cash

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Anti Money Laundering Policy

The Government of India has serious concerns over money laundering activities which are not only illegal but anti-national as well. As a market participant it is evident that strict and vigilant tracking of all transactions of suspicious nature required.

Accordingly the Company has laid down following policy guidelines:

Designated Director For PMLA Mr. Vibhav Mishra, is appointed as the Designated Director for PMLS on 24-03-2014.

Principal Officer: Mr. Vibhav Mishra is appointed as the Principal Officer. He will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the concerned authorities.

Purpose & Scope: As a Financial Market Intermediary we need to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Accordingly all the back office, DP and trading staff are instructed to observe the following safeguards:

No Cash transactions for trading in securities shall be allowed from any client in the normal course of business.

Maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include:

Cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.

All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.

All suspicious transactions whether or not made in cash.

Frequent off Market transfers from one BO account to another shall be scrutinized and asked for. In absence of valid reason case or found suspicious, it shall be brought to the notice of Principal Officer.

Trading beyond ones declared income: The turnover of the clients should be according to their declared means of income. Any abnormal increase in client's turnover shall be reported to Principal Officer. The Back Office staff should take due care in updating the clients' financial details and shall periodically review the same.

Policies & Procedures:

Customer due Diligence Process (CDD)

The main aspect of this policy is the Customer Due Diligence Process which means:

- Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted.
- Verify the customer's identity using reliable, independent source document, data or information.
- We may rely on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the

client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act Such reliance shall be subject to the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time.

- We will periodically update atleast once in a year all documents, data or information of all clients and beneficial owners collected under the CDD process.
- Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters:

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting

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

- i. We may rely on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.
- ii. 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 the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

For the above requirement and compliance, the branch must put client identification equipment to assist head office staff identify electronically client or beneficiary owner visiting the branch/franchisee/AP/SB for account opening/modifications. This will help to identify the entity and to compare the authenticity of account holder with provided documents. Also to verify that physical documents are available with the entity. Web cameras at branch/franchisee/AP/SB's office shall be installed and used to comply with this.

Along with the tele-verification post document receipt of documents and KYC Forms at Head office all relevant documents should be verified with appropriate sources like Income tax website for PAN Verification, Stamped on the documents details of verifying person, name, designation etc.

Post account opening, details of the same should be emailed and posted to client for verification of email, mobile numbers.

Staff or person involved in this process should be well trained/aware of relevant rules and guidelines for KYC and should be at least NISM SORM certified for competency of this process.

Client identification procedure:

a) The 'Know your Client' (KYC) Policy :-

While establishing the intermediary – client relationship:

No account shall be opened unless all the KYC Norms as prescribed from time to time by the SEBI / Exchanges are duly complied with, all the information as required to be filled in the KYC form (including financial information, occupation details and employment details) is actually filled in and the documentary evidence in support of the same is made available by the client. Moreover all the supporting documents should be verified with originals and client should sign the KYC & MCA in presence of our own staff and the client should be introduced by an existing clients or the known reference.

The information provided by the client should be checked through independent source circulated by the Government of India and SEBI from time to time like various United Nations' Security Council Resolutions (these can be accessed at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>).

Pan No must be verified from Income Tax Web Site

Address must be verified by sending Welcome Letter / Qtlly Statement of Account, and in case any document returned undelivered the client should be asked to provide his new address proof before doing any further transaction.

We must exercise additional due diligence in case of the Clients of Special Category which include but not limited to:-

- Non resident clients
- High networth clients (i.e the clients having networth exceeding 100 Lakhs and doing the intra day trading volume of more than 5 Crore and daily delivery volume more than Rs 25 Lakhs)
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- Companies offering foreign exchange offerings
- 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.
- Non face to face clients
- Clients with dubious reputation as per public information available etc.
- Such Other persons who as per our independent judgment may be classified as CSC.

In case we have reasons to believe that any of our existing / potential customer is a politically exposed person (PEP) we must exercise due diligence, to ascertain whether the customer is a

politically exposed person (PEP), which would include seeking additional information from clients and accessing publicly available information etc.

The dealing staff must obtain senior management's prior approval for establishing business relationships with Politically Exposed Persons. In case an existing customer is subsequently found to be, or subsequently becomes a PEP, dealing staff must obtain senior management's approval to continue the business relationship.

We must take reasonable measures to verify source of funds of clients identified as PEP.

The client should be identified by using reliable sources including documents / information and we should obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the Guidelines. Each original documents should be seen prior to acceptance of a copy.

Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority.

While accepting a client the underlying objective should be to follow the requirements enshrined in the PML Act, 2002 SEBI Act, 1992 and Regulations, directives and circulars issued there under so that we are aware of the clients on whose behalf we are dealing.

b) While carrying out transactions for the client

RMS department should monitor the trading activity of the client and exercise due diligence to ensure that the trading activity of the client is not disproportionate to the financial status and the track record of the client.

Payments department should ensure that payment received from the client is being received in time and through the bank account the details of which are given by the client in KYC form and the payment through cash / bearer demand drafts should not be entertained.

Policy for acceptance of clients:

The following safeguards are to be followed while accepting the clients:

No account is opened in a fictitious / benami name or on an anonymous basis. To ensure this we must insist the client to fill up all the necessary details in the KYC form in our presence and obtain all the necessary documentary evidence in support of the information filled in KYC. We must verify all the documents submitted in support of information filled in the KYC form with the originals and in-person verification should be done by our own staff. Moreover new client should either be introduced by an existing customer or by the senior official of the company. In case we have any doubt that in-complete / fictitious information is submitted by the client, we must ask for such additional information so as to satisfy ourselves about the genuineness of the client and the information of the client before accepting his registration.

Factors of risk perception of the client:-

Particulars	Factor of Bifurcation	Risk Category
Client of Special Categories as defined under Para A (a) of these Guidelines	Special Categories	<u>Very High Risk</u>
Direct Clients of other than Bhopal Region / Other States	Client`s Location	High Risk
Non-resident Clients (NRI)	Client`s Location	High Risk
Payment through Banker`s Cheque / Demand Draft / Cash / Chq of other bank (own) not mapped	Manner of Making Payment	High Risk
HNI Clients (average daily turnover > Rs 50 Lakhs or net settlement obligation > Rs 5 Lakhs)	Nature of Business Activity, Turnover etc	High Risk
Client Introduced by other Existing Clients	Client`s Location	Medium Risk
Direct Clients of Bhopal Region	Client`s Location	Medium Risk
Payment through A/c payee cheque from the Bank A/c other than one already mapped with us	Manner of Making Payment	Medium Risk
Professional persons like Doctos, Lawyers, CA/CS/ICWAI/Engineers Etc	Nature of Business Activity, Turnover etc	Medium Risk
Retail clients (average daily turnover < Rs 25 Lakhs or net settlement obligation < Rs 5 Lakhs)	Nature of Business Activity, Turnover etc	Medium Risk
Face to Face persons of Bhopal Region	Client`s Location	Low Risk
Face to Face clients of other than Bhopal Region / Govt. /Defence Sector Employees	Client`s Location	Low Risk
Client Introduced by existing known working Clients	Client`s Location	Low Risk
Regular payment through A/c payee cheque from the Bank A/c already mapped with us	Manner of Making Payment	Low Risk
Retail clients (average daily turnover < Rs 10 Lakhs or net settlement obligation < Rs 2 Lakhs)	Nature of Business Activity, Turnover etc	Low Risk

Ensure that no account is opened where we unable to apply appropriate clients due diligence measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client or information provided by the client is suspected to be non genuine or perceived non co-operation of the client in providing full and complete information. We should not continue to do business with such a person and file a suspicious activity report. We should also evaluate whether there is suspicious trading in the account and whether there is a need to freeze or close the account.

Policy for Recruitment of personnel

The HR Department is instructed to cross check all the references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting. The department should obtain the following documents:

- Photographs
- Proof of address
- Identity proof
- Proof of Educational Qualification
- References
- Retention of records

Records pertaining to active clients and staff details collected for recruitment shall be kept safely.

Information to be maintained

Company will maintain and preserve the following information in respect of transactions referred to in Rule 3 of PMLA Rules for the period of 5 years from the date of cessation of transactions between the client i.e. the date of termination of an account or business relationship exists between client and us. However, 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

- Client Registration Forms
- Contract Note
- the nature of the transactions;
- the amount of the transaction and the currency in which it denominated;
- the date on which the transaction was conducted; and
- The parties to the transaction.
- Employees' Training

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

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 and we ensure the effective and expeditious implementation of said order.

Investors Education

Implementation of AML/CFT measures requires back office and trading staff to demand certain information from investors which may be of personal nature or which have 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 customer with regard to the motive and purpose of collecting such information. There is, therefore, a need for the back office and trading staff to sensitize their customers about these requirements as the ones emanating from AML and CFT framework. The back office and trading staff should prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the AML/CFT program.

All front and backoffice staff of DP and Broking including all associates, Sub-brokers, Remisiers, Franchisee, Authorised Persons shall be well informed and trained about latest updation in AML and guidelines by any competent authority from time to time by taking group meeting, discussion, circulation of documents handbills and regular personnel interaction with them. Any queries related to any suspicious activity/transaction or compliance for AML should route through Designated Director and/or principle officer, in case of non-satisfactory solution is should be asked with higher level authorities like statutory / internal auditors or anyone who is well competent for this.

Reporting to FIU

As per our observations if any transaction of suspicious nature is identified it must be brought to the notice of the Principal Officer who will submit report to the FIU if required

We will not put any restrictions on operations in the accounts where an STR has been made. 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.

It shall be ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. While determining suspicious transactions, intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time.

Monitoring suspicious transactions shall involve following list of circumstances, since this list may not exactly related to transaction fully or partially suspicious in nature, it should be properly scrutinized depending upon the background and nature of its happenings:

- 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;**
- f. **Attempted transfer of investment proceeds to apparently unrelated third parties;**
- g. **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.**

Any suspicious transaction should 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.

Trails of all transactions/records/activities and other relevant information including CDD data and client identification data shall be kept along with STR, for verifications/ nature /reason of suspicion or disbursement of duties towards AML implantation. If transactions are abandoned or aborted by clients on being asked to give some details or to provide documents, reporting entity shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

Clients from high risk countries 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.

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.

We shall ensure the compliance of the above guidelines as and when it's required/informed by such authority competent to order the same and will also ensure to inform the board of directors of the company and other regulators about the same.

Registration into Income tax of India website as per SEBI Circular no. CIR/MIRSD/2/2015 26-08-2015

As per Above SEBI Circular and CDSL intimation of implementation of this circular dated 27-08-15 all participants are need to be registered for implementation of MCAA & FATCA. Registration of the same has to be done before date mentioned in the guidelines and to be complied accordingly.

Updating the Policy

Above said policies are reviewed by us on 31st March,2017 to keep it updated as per the various amendments in the PMLA rules or at least once in every six month by our Director Shri Sanjay kumar Maheshwari

Mudra om securities Private Ltd.

Trading & Clearing Member: **NSE Cash , F & O (12143)**

Trading Member: **BSE Cash (6408)**

Depository Participant: **CDSL (12069600)**