



R.L.P. Securities Pvt. Ltd.

Corporate Member – NSE, BSE & MSEI.
SEBI Regn. No: INZ000166638.

Depository Participant – CDSL.
DP : IN-DP-224-2016.



R. L. P. Securities Pvt. Ltd.

POLICIES AND PROCEDURES FOR PREVENTION OF MONEY LAUNDERING **(Issued as per the requirements of the PMLA Act 2002)**

1. FOREWORD:

This Anti Money Laundering Policy has been prepared in accordance with the Prevention of Money Laundering (PMLA Act 2002) which was brought into force effective from 1st July 2005. As per the Notifications / Rules under the said Act. Which were also published in the Gazette of India on July 01, 2005 by the Department of Revenue, Ministry of Finance, Government of India.

It is obligatory for every banking company, financial institution, non-banking financial company and intermediary registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act)), including a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, asset management company, depository participant, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with the securities market, **to adhere to client account opening procedures and maintain records of such transactions as prescribed by the PMLA and rules notified there under.**

Considering the amendments made to the PMLA, Rules thereunder and the updated guidelines in the context of recommendations made by Financial Action Task force (FATF) on anti-money laundering standards, The policy is designed into two parts ;

Section 1:

An overview on the background and essential principles that concern combating Money Laundering (ML) and Terrorist Financing (TF).

Section 2:

A detailed account of the procedures and obligations to be followed by R L P Securities Pvt. Ltd. to ensure compliance with AML/ CFT directives.

These guidelines shall also apply to the branches and subsidiaries located in India and abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws and regulations permit. When local applicable laws and regulations prohibit implementation of these requirements, the same shall be brought to the notice of SEBI.

Apart from adhering to the key circulars / directives issued with regard to **KYC, CDD, AML and CFT** by SEBI, EXCHANGES, DEPOSITORIES, FIU IND, other Regulatory Bodies, As per the Annexure Annexed and All other rules, regulations, notifications issued by the Government of India from time to time, R L P Securities Pvt. Ltd., shall design our own requirements and specify additional disclosures to be made by the clients as per the need of our Business to address concerns of money laundering and

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suspicious transactions undertaken by clients. The applicable statutes and reporting guidelines as available at the website of the Financial Intelligence Unit – India (FIU-IND) are also to be adhered.

The basic objective of this Policy is to ensure that adequate controls and procedures are in place to protect the system from default and prevent the unwanted, scrupulous and dubious clients from entering into the system And Preventing Money Laundering and Combating financing of terrorism activities. As a result we can concentrate more on business.

Table of Contents

Section 1: Overview

- 1.1. Introduction
- 1.2. Background
- 1.3. Policies and Procedures to Combat Money Laundering and Terrorist financing
Essential Principles

Section 2: Detailed Directives

- 2.1. Written Anti Money Laundering Procedures
- 2.2. Client Due Diligence (CDD)
 - Elements of Client Due Diligence
 - Policy for acceptance of Clients
 - Risk Based approach
 - Clients of Special Category (CSC)
 - Client Identification procedure
- 2.3. Record Keeping
- 2.4. Information to be maintained
- 2.5. Retention of Records
- 2.6. Monitoring of transactions
- 2.7. Suspicious Transaction Monitoring and Reporting
- 2.8. List of Designated Individuals/ Entities
- 2.9. Procedure for freezing of funds, financial assets or economic resources or related services
- 2.10. Reporting to Financial Intelligence Unit-India
- 2.11. Designation of officers for ensuring compliance and reporting of Suspicious Transaction as per provisions of PMLA
- 2.12. Employees' Hiring / Employee's Training / Investor Education



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Section 1: Overview

1.1. Introduction

R. L. P. SECURITIES PRIVATE LIMITED has prepared this policy to provide an understanding on the general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India, as applicable to all the intermediaries registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**) and to provide guidance on the practical implications of the Prevention of Money Laundering Act, 2002 (**PMLA**). This policy is set to discourage and to identify money laundering or terrorist financing activities. The policy is designed based on the specific nature of our business, organizational structure, type of clients and transactions, etc., while implementing the policies and procedures it is ensured that every possible measures are taken for the effective implementation of the Policy. We ensure the measures taken are adequate, appropriate and abide by the spirit of such measures and requirements as enshrined in the PMLA to the best of our abilities.

We have designed this policy of PMLA and effective AML program to prohibit and actively prevent the money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities or flow of illegal money or hiding money to avoid paying taxes, to discourage and identify any Money Laundering or Terrorist financing Activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Maintenance of records of the Nature and Value of Transactions. To protect the interests of investors in securities and to regulate and promote the development of securities Market. Reporting Guidelines to Financial Intelligence Unit (FIU-IND) and Compliance with the standards set by Financial Action Task Force (FATF) on AML and CFT.

This Policy will be reviewed half yearly or at frequent intervals and necessary amendments will be made from time to time, as per the statute and requirements.

1.2. Background

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 manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) will now be treated as a scheduled offence under schedule B of the PMLA.

This policy provides a detailed Account of the procedures and obligations to be followed to ensure compliance with issues related to KNOW YOUR CLIENT (KYC) Norms, ANTI MONEY LAUNDERING (AML), CLIENT DUE DILIGENCE (CDD) and COMBATING FINANCING OF TERRORISM (CFT). Policy specifies the need for Additional disclosures to be made by the clients to address concerns of Money Laundering and Suspicious transactions undertaken by clients and reporting to FIU-IND. These policies are applicable to both Branch and Head office Operations.

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As per the provisions of the PMLA, we being an intermediary (which includes a stock-broker, sub-broker, Depository Participant, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser associated with securities market and registered under Section 12 of the SEBI Act, shall maintain and monitor a record of all the transactions, the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include;

- All cash transactions of the value of more than Rs. 10 lakh or its equivalent in foreign currency.
- 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
- 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.

“Suspicious Transaction” means a transaction made in cash or not made in cash, Demat Accounts, which to a person acting in good faith whether ‘transactions integrally connected’, ‘transactions remotely connected or related’ :

- Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime, Terrorist Financing; OR
- Appears to be made in circumstances of unusual or unjustified complexity; OR
- Appears to have no economic rationale or bona fide purpose.
- In case there is a variance in CDD / AML standards prescribed by SEBI and the regulators of India or the host country clients.

Such Transactions will be monitored applying stringent requirements and measures will be adopted to identify the Suspicious Transaction and report the same confidentially.

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

1.3.1 Essential Principles:

Taking into consideration the requirements of PMLA as applicable to R.L.P. Securities Pvt. Ltd., Depository Participant & Registered Stock Broker under Section 12 of the SEBI Act, We have outlined the relevant measures as per directives in Section 11 and the procedures to preventing ML and TF. The policy has been framed, as per the circumstances and specific nature of our business, organizational structure, types of clients and transactions, etc. to satisfy that the measures taken by us are adequate and appropriate and are followed to the spirit of the suggested measures in section 11 and the requirements as laid down in the PMLA.

1.3.2 Obligation to establish policies and procedures:

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Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures, To ensure the fulfillment of the aforementioned obligations R L P Securities Pvt Ltd has drafted this Policy.

To be in compliance with these obligations, the senior management of our company shall be fully committed to establish appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. We shall:

- a) issue a statement of policies and procedures, on a group basis to all our associates and branches 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 the 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) under take 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 transactions done by the clients, which may differ from case to case.
- f) have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- g) develop staff members’ awareness and vigilance to guard against ML and TF

Policies and procedures to combat ML

We shall:

- a) Communicate the group policies relating to prevention of ML and TF to the management, heads of Departments and all relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- b) Adopt Client acceptance policy and client due diligence measures, including requirements for proper identification of the beneficiary;
- c) Maintain all the records, as prescribed by SEBI, PMLA, Statutory and all other Regulatory authorities from time to time.
- d) Comply with relevant statutory and regulatory requirements;
- e) Co-operate with the relevant law enforcement authorities, including the timely disclosure of information.
- 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

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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, transactions and all other relevant factors.

Section 2: Detailed Directives

2.1. Written Anti Money Laundering Procedures

We have adopted 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 Suspicious Transaction Reporting (STR).**

2.2. Client Due Diligence (CDD)

2.2.1 The CDD measures comprise the following:

- a) As part of our Client Acceptance Policy, We shall obtain sufficient information in order to identify persons who beneficially own or control the securities, Holdings, Commodities and Bank account. Whenever it is apparent that the Securities, Commodities acquired or maintained through an account are beneficially owned by a party other than the client, that party 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) We shall verify the client’s identity using reliable, independent source documents, data or information, through different ways including that of continuous interaction / Communication with the client, based on the transactions and nature of Business.
- c) We shall identify the 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. Bank statements, Commodity holdings and Demat statements are verified where ever required to identify the sources of investments.
- d) We try verifying 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) We try understand the ownership and control structure of the client;
- f) We 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 in consistence with their Income, Net worth, source of Funds, Trading pattern, risk profile and our knowledge of the clients.

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- g) We shall be periodically be updating the documents, data or information of the clients and beneficial owners collected under the CDD process. Such periodic updation will be based on the risk profile of the client, regulatory updates, abnormal trades or any other cause of suspicion.
- h) To identify the genuineness of the client, In person verification of the client will be done by the Staff, Authorised Person of R L P. Securities Pvt. Ltd.
- i) We would depend on the third party CDD, who is a SEBI registered Intermediary only to the extent of identification and verification of the identity of BO and whether the client is acting on his own or on behalf of someone else.
- j) However we have our own independent methods of analyzing the Clients, based on their trading pattern, Frequent Off market Debit Or Credit transactions, dealing in illiquid stocks, Futures, options, Commodities, single stock, Placing matching orders, trading beyond their Net worth, Financial ability etc... Such CDD will help us on the non reliance of third party CDD.
- k) We also ensure that Central KYC, KRA Regulations and FATCA Regulations are adhered to.
- l) Linking of Demat and Trading Account with AADHAR is encouraged, on the willingness of the client. All AADHAR Numbers are Masked.
- m) For Corporates, Trusts, partnership firms, societies (All Non Individual Accounts), KYC of all the Directors / Promoters / Authorised Persons / Partners / trustees etc.. has to be fulfilled. Aadhar of all the persons involved will be Linked based on the willingness of the client.
- n) All the Dormant or Inactive Clients shall be monitored very closely and can be activated only after ascertaining the Beneficiary Ownership of the client, after obtaining required KYC Documents.

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, we shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.
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.
- In cases where there exists doubt, as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

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Control through other means can be verified through voting rights, agreement, arrangements or in any other manner.

- Where natural person is not identifiable as per the above scrutiny, the identity of the relevant natural person who holds the position of senior managing officials.

For client which is a trust:

Where the client is a trust, we 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.

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 ownership of such companies.

Applicability for foreign investors:

While dealing with foreign investors' the guidelines and clarifications as 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 and the notifications issued by regulators from time to time will be adhered.

The Board of Directors shall monitor the compliance of the aforementioned provision on identification of beneficial ownership and review the same periodically.

- Where the identity of the beneficial ownership of the client and / or the person on whose behalf a transaction is being conducted is still un identifiable, We shall identify the same corroborating the information provided.
- We shall analyse the ownership and control structure of the client.
- We shall Conduct ongoing due diligence and scrutiny, including Performing ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent to the best of our knowledge about the client, its business and risk profile, taking into account, where necessary, their source of funds
- Based on the risk profile of the client we shall periodically update all the documents, data or information of all clients and beneficial owners collected under the CDD process.

2.2.2 Policy for acceptance of clients:

R.L.P. Securities Pvt. Ltd. has developed 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, we are in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction.

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The policy is prepared taking into consideration the speed and complexity of the transactions, as well as the need for customer due diligence to ensure that undesirable elements are prevented from entering into the system, the policy also ensures compliance with:

- Pre-customer acceptance check
- Comprehensive black list filtering.
- Peer profiling, link analysis and risk based analysis
- Identification of customer with common or similar identity information
- Secondary check on the provision of mandatory information by the customer

At the time of opening an account or executing any transaction, we shall verify and maintain The Proof of identity, Correspondence and Permanent Address, Financial details / Annual Income, Source of Income / Investment, Professional details, Nature of business, Nature of Job etc.. Related Experience in trading, whether involved in any Crime / Barred entity, whether fulfilled FATCA regulations, Introduction If any Bank And Demat Details, Status and Sub Status of the client, Parental details, Date of Birth etc.. to fulfill the KYC and Central KYC Norms from time to time.

E mail ID and Mobile Number to be updated to Exchanges and Depository Participant, for sending Transactional alerts.

All the KYC details are uploaded to KYC, Central KYC, UCC of the Exchanges and Depositories.

To ascertain the genuineness of the clients, the following documents are obtained:

Proof of Identity: PAN CARD - Mandatory, Aadhar Card-Optional

As per the directives of the PMLA and other regulators and for the smooth implementation of the announcement made in Union Budget 2017 And to fulfill the Amendments brought in by FIU-IND, efforts are being made for LINKING OF DEMAT ACCOUNTS OF INDIVIDUALS WITH AADHAR, where ever provided by the client. Aadhar number would be masked.

Proof of Address: Voter ID, Ration Card, Valid Driving License, AADHAR CARD, Bank Pass book, Latest Bank statement, Electricity bill, Land Telephone Bill, Gas Bill – Not later than three months or any other proof of Identity, as prescribed by the Rules and Regulations of the Company, KRA, SEBI, Exchange(s), Depositories and any other Regulatory bodies from time to time.

Bank proof: Bank Pass Book, Latest Bank statement – Not later than three months, cancelled Cheque etc.

Demat Proof: C M R Copy, Holding & Transaction statement etc.

Financial Proof: for Derivative trades Six months Bank / Demat Statement, Financial statement certified by CA, Copy of IT return, Self declaration, etc., as prescribed by SEBI, Exchanges and all other regulators from time to time.

All other documents varying from client to client and Status of the client, as prescribed by the Rules and Regulations of the Company, SEBI, Exchange(s), Depositories and Other Regulatory bodies from time to time.

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DOCUMENTS TO BE OBTAINED AS PART OF CUSTOMER IDENTIFICATION PROCEDURE FROM NEW CLIENTS:

1	In case of individuals, one copy of the following documents have to be obtained	<ul style="list-style-type: none">➤ As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. [Please put “verified with original” stamp as proof of verification]➤ Link the AADHAR Number issued by UIAI, for Individuals, and for NON Individuals, the AADHAR of the Authorised signatories, Key persons / partners / directors / trustees etc.. to be captured, where ever issued by the client.➤ Other proofs for identity are Voter’s Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card or any other document prescribed by the regulatory authorities.➤ Address proof in the form of Voter’s Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill, AADHAR CARD in the name of the client or any other document prescribed by the regulatory authorities.
2.	In case of corporates, one certified copy of the following documents must be obtained	<ul style="list-style-type: none">➤ Copy of PAN CARD, the Registration/Incorporation Certificate➤ Copy of the Memorandum & Articles of the Association➤ Copy of the PAN card, AADHAR CARD and the Director Identification No. (DIN) of all the Directors, Promoters and Authorised Signatories and Proof of Identity and Address details of partners and who possess control of owner ship as defined in the policy➤ Copy of the latest audited Annual Statements of the corporate client➤ Latest Net-worth Certificate➤ Latest two years Income Tax return filed➤ Board Resolution for appointment of the Authorised Person(s) who will operate the account. Proof of address and identity of Authorized Person(s)
3.	In case of partnership firm one certified copy of the following must be obtained	<ul style="list-style-type: none">➤ Registration certificate, PAN CARD➤ Partnership Deed➤ Proof of Identity and Address details of partners and who possess control of owner ship as defined in the policy➤ Authorization letter for the person authorized to open and operate the account➤ Proof of identity, AADHAR CARD and address of the authorised person.➤ Annual statement>Returns of the partnership firm
4.	In case of a Trust, one certified	<ul style="list-style-type: none">➤ Registration certificate ,

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copy of the following must be obtained	<ul style="list-style-type: none">➤ Trust Deed➤ PAN card➤ Authorization letter for the entity authorized to act on their behalf➤ Officially valid documents like PAN card, AADHAR CARD, Voters ID, Passport, etc of person(s) authorized to transact on behalf of the Trust and who possess control of owner ship as defined in the policy
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Before opening an Account We shall,

- Verify the PAN Card with the Income Tax web site / NSDL or any other Authenticated Approved website to ascertain whether the name and other details match with the Income Tax details and accordingly stamped on the XEROX copy, Verified with Income Tax Web site.
- All the documents are verified in original by the Employees of our company, SEBI Registered Sub Brokers Or Exchange approved Authorised Persons and a stamp to the effect VERIFIED WITH ORIGINALS is affixed on the Xerox copy of the Document.
- **IN PERSON VERIFICATION** of all the clients will be done by the designated employee(s) of our company, SEBI Registered Sub Brokers, Or Authorized Persons the verification includes verification of the Identity of Person, gathering of information on financial details, Occupation, Previous experience in dealing in Securities and Action taken against clients by SEBI / OTHER REGULATORY AUTHORITIES, Compliance with FATCA, PMLA Regulations etc. from time to time and any other information which may differ from client to client, based on their Risk Profile.
- The client Identity and other details are verified from the list of barred entities available on SEBI / NSE / BSE Website etc., AND the list of Banned Entities available on UNITED NATIONS WEB SITE, so that no such clients enter the System. The client Account will be registered only after fulfilling all the above requirements, due diligence and entering into AGREEMENT duly attested by the Client and the Member and fulfilling all other requirements as per the Company rules, Regulations and Byelaws of the Exchange, SEBI guidelines, PMLA guidelines and all other requirements of Regulatory Bodies from time to time, depending on the status and nature of the Client. The client KYC details will be uploaded to the Depository and the Exchange(s). Rights and Obligations of Stock Broker, Sub Broker and Clients, Rights and Obligations of Beneficial Owner and Depository Participant, RDD, Do's and Don'ts, Policies and Procedures And KYC Agreements copy etc are made known to the client and are issued to clients and are also displayed on our web site. The company shall maintain records of all identification information for seven years after the account has been closed.
- Special care is taken in case of KYC Verification of Special Category and High Risk Clients. Such Accounts will be allowed to be opened only after the approval of senior management. No Transaction will be allowed, without upload of UCC to the Exchanges and Depositories.

402, Nirmal Towers, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 082.

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Corporate Member – NSE, BSE & MSEI.
SEBI Regn. No: INZ000166638.

Depository Participant – CDSL.
DP : IN-DP-224-2016.



The Safeguards followed while accepting the clients:

- a) No account shall be 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
High risk.
CSC - Clients of special category (as given below) may, if necessary, be classified even higher. Such client(s) require higher degree of due diligence and regular update of Know Your Client (KYC) profile.
- c) Documentation requirements and other information are collected in respect of different classes of clients depending on the perceived risk, Transactions and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI, Exchanges, Depositories, FEMA, KRA and any other regulators from time to time.
- d) We ensure that an account is not opened where we are unable to apply appropriate CDD measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided by the client is suspected to be non genuine, or there is perceived non co-operation of the client in providing full and complete information. We shall not continue to do business with such a person and file a suspicious activity report. We shall also evaluate whether there is suspicious trading, in determining whether to freeze or close, we shall be cautious to ensure that we shall hold securities or money that may be from suspicious trades. However, such action depends on consultation with the relevant authorities and in determining what action shall be taken when we suspect suspicious trading.
- e) We shall ascertain the circumstances under which the client is permitted to act on behalf of another person / entity and it 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 And the client registered with us, 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 are put in 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 and are to be verified from the respective websites to the best of our abilities and knowledge.
- (g) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

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(h). Adverse media reports about criminal activities / terrorist activities / terrorist financing activities of customer

(i). The customer details matched with watch lists (e.g. UN list, Interpol list etc.)

(j). Customer is being investigated for criminal or terrorist financing offences

2.2.3 Risk-based Approach:

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, location, type of business relationship or transaction etc. As such, we shall apply each of the clients due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach, is that we 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 we shall obtain necessarily depend on the risk category of a particular client.

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, Low risk provisions shall not be applied to such clients.

While following the CDD, KYC, Risk Assessment, Identification of Clients PMLA Regulations and other requirements, Apart for Various Parameters to be followed, it is ascertained that all the Guidelines followed under SCHEDULE I annexed herewith are followed.

Risk Assessment:

RLP Securities Pvt. Ltd shall carry out risk assessment to identify, assess and take effective measures to mitigate 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 Nation's Security Council Resolutions.

No Demat or trading Account will be allowed to be opened in the name of entity / entities whose name is listed on the banned entity list being maintained at united Nation's Website OR SEBI BANNED / SUSPENDED ENTITIES.

Every Account will be scrutinized before opening the Account through the list available in the following web sites / URL:

http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml

<http://www.un.org/sc/committees/1988/list.shtml>

<https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

<http://www.bseindia.com/investors/debent.aspx>

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<http://www.sebi.gov.in>

https://www.nseindia.com/content/press/prs_ra_sebi.xls

This PMLA Risk Policy carried out shall consider all the relevant risk factors before determining the level of overall risk, the appropriate level and type of mitigation to be applied shall be documented, updated regularly. It shall be made available to the competent authorities, SEBI, FIU- IND, Exchanges, Depositories, Auditors and self-regulating bodies, as and when required.

Classification of Clients-

Clients are categorized on various grounds like client's location (registered office address, correspondence addresses and other address if any applicable, nature of business activity, trading turnover etc and manner of making payment for transactions undertaken. Broadly speaking clients can be specified in following three categories:

Low risk clients: Low risk client includes clients who satisfy following criteria:

- Resident of India
- Provides any document on demand without any delay
- Provides income proof
- Provided reference
- No delegation of authority for operation of account
- Always provide securities and funds in time
- No cheque bounces
- Places order within reasonable period of time
- Transactions of the Clients will be in line with the Financial Status and networth of the client.
- No off market transactions
- Deals in various shares for investment purposes.

Medium risk client: Any client who cannot be comfortably placed in neither in Low risk nor in high risk category.

Low risk client includes clients who satisfy following criteria:

- Resident of India
- Hesitates to Provides any document on demand and delays to provide required information
- Income proof inline with the trades done but exceeds limits frequently.
- Direct Client with in adequate reference
- No delegation of authority for operation of account
- Honors the commitment but with little delay.
- No cheque bounces
- Places order within reasonable period of time
- Transactions of the Clients will be in line with the Financial Status and net worth of the client.

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DP : IN-DP-224-2016.



- Makes off market transfer to family members.

High risk client: Who takes excessive positions and makes delay in payment.

- Does not Provides the required document on demand and delays to provide required information
- Income proof not inline with the trades done, exceeds limits frequently.
- Direct Client with in adequate reference
- Delegation of authority for operation of account
- Very frequently fails in honoring the commitments
- Frequent cheque bounces
- Does not places order within reasonable period of time
- Who makes frequent off market transfers
- Who deals in concentrated shares

It includes all clients mentioned under Special category of clients as defined in this Policy and any client against whom any order is passed by regulatory authorities or any investigation is launched which is pending. Any client against whom any regulatory order is passed for accessing market then such client will automatically be black listed and no further trading should be done for those accounts. Any client whose dealings are not in line with the regular market practices.

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, Low risk provisions shall not be applied to such clients irrespective of the amount of investment made by clients, without any minimum threshold or exemption we obtain the 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 R.L.P. Securities Pvt. Ltd. This shall be strictly implemented by us to avoid non-compliance which shall attract appropriate sanctions.

2.2.4 Clients of special category (CSC):

Such clients include the following-

- i. Non-Resident clients / Foreign Nationals,
- ii. High net-worth clients,
- iii. Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- iv. Companies having close family shareholdings or beneficial ownership
- v. Politically Exposed Persons (PEP), PEP's 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 Client Identification Procedures, shall also be applied to the accounts of the family members or close relatives of PEPs.
- vi. Companies offering foreign exchange offerings
- vii. Clients in high risk countries where existence / effectiveness of money laundering

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DP : IN-DP-224-2016.



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 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, we 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 their website (www.fatf-gafi.org), shall also independently access and consider other publicly available information

viii. Non face to face clients

ix. Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and shall extend based on the exercise of independent judgment to ascertain whether any other set of clients shall be classified as CSC or not and also as notified by the various regulatory bodies from time to time.

2.2.5 Client identification procedure:

The KYC policy clearly spells out the client identification procedure to be carried out at different stages i.e. while establishing the Member – Client relationship, while carrying out transactions for the client or when we have doubts regarding the veracity or the adequacy of previously obtained client identification data. We shall be in compliance with the following requirements while putting in place a Client Identification Procedure. **(CIP):**

- a) We shall proactively put in place appropriate risk management systems to determine whether the 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 Client Identification procedure shall also be applicable where the beneficial owner of a client is PEP.
- b) The business relationships with PEPs are established only with the prior approval of the senior management. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, senior management approval to continue the business relationship is to be obtained.
- c) We 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) We shall identify the client by using reliable sources including documents / information. We shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- e) We ensure adequate enough information to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by us in compliance

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Depository Participant – CDSL.
DP : IN-DP-224-2016.



with the directives. Each original document shall be verified prior to acceptance of a copy.

f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to our higher authorities.

SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries as applicable to us from time to time as detailed in Schedule 1, 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, We shall frame the internal directives based on our experience in dealing with our clients and legal requirements as per the established practices.

Further, we shall conduct ongoing due diligence where inconsistencies are noticed 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 as to control on and be aware of the clients on whose behalf we are dealing.

We 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 our clients and such other additional requirements that we consider appropriate to enable us to determine the true identity of our clients.

Irrespective of the amount of investment made by clients, no minimum threshold or exemption will be considered for 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 there will not be any 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; this shall be strictly implemented irrespective of the value of Investment.

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

R.L.P. Securities Pvt. Ltd. may rely on SEBI regulated Intermediaries, Authorised Persons, 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 and CDD and record-keeping requirements in line with the obligations under the PML Act.

Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

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R.L.P. Securities Pvt. Ltd.

Corporate Member – NSE, BSE & MSEI.
SEBI Regn. No: INZ000166638.

Depository Participant – CDSL.
DP : IN-DP-224-2016.



2.3. Record Keeping:

The principal officer shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

We 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 behavior.

Shall 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, we shall retain the following information for the accounts of our 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:
 - The origin of the funds;
 - The form in which the funds were offered or withdrawn, e.g. cheques, Demand Drafts
 - The identity of the person undertaking the transaction;
 - The destination of the funds;
 - The form of instruction and authority.

We 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, we 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.

The principal Officer will be responsible for maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- (i) All cash transactions of the value of more than Rupees ten lakhs or our equivalent in foreign currency;
- (ii) All series of cash transactions integrally connected to each other which have been valued below Rupees ten lakhs or our equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees ten lakhs or its equivalent foreign currency;
- (iii) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- (iv) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

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Depository Participant – CDSL.
DP : IN-DP-224-2016.



2.4. Information to be maintained:

We shall maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- I. The nature of the transactions;
- II. The amount of the transaction and the currency in which it is denominated;
- III. The date on which the transaction was conducted; and
- IV. The parties to the transaction.
- V. All other Documents and Information as required by PMLA and SEBI

2.5. Retention of Records:

We 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 will be maintained and preserved for a period of **five years** from the date of transactions between the client, Member, Exchange AND Depository Participant.

As stated in the policy we have formulated and implementing 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 the our 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 the client and us has ended or the account has been closed, whichever is later.

Thus the following documents and records shall be maintained:

- (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 there under as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.
- (b) R.L.P. Securities Pvt. Ltd. shall maintain and preserve the record of documents evidencing the identity of its clients and beneficial owners (e.g. copies of 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.

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.



R.L.P. Securities Pvt. Ltd.

Corporate Member – NSE, BSE & MSEI.
SEBI Regn. No: INZ000166638.

Depository Participant – CDSL.
DP : IN-DP-224-2016.



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

R.L.P. Securities Pvt. Ltd. shall maintain and preserve the record of information related transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of the transaction between the client, Depository, Exchange and us.

2.6. Monitoring of transactions:

We shall regularly monitor the transactions, as it is vital for ensuring effectiveness of the AML procedures. Our dedicated staff has an understanding of the normal activity of the client so that we can identify deviations in transactions / activities.

We shall pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. We 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 / FIU- IND / other relevant Authorities, during audit, inspection or as and when required. These records will be maintained and preserved for a period of five years from the date of transaction between the client and us as is required under the PMLA and SEBI.

The compliance Officer shall ensure that record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and those 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 of the Company. The Designated Director Appointed by the company will review the overall operations.

Analysis of each customer action and transactions against money laundering patterns Erase of use, configurable alerts and Scenario management functionality Library of alert scenarios, developed. It should cover typologies varying from large volumes monitoring, off-market transactions, surge in activities etc. 'Alert Flood control mechanism' should be available to reduce flood of alerts thereby making the number of alerts, manageable. A fully auditable workflow with evidence management to suit the requirements of Depository Participant, Exchange and Brokerage firms.

The Principal Officer 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. The records will be updated on daily basis, and in any case not later than 5 working days.

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SEBI Regn. No: INZ000166638.

Depository Participant – CDSL.
DP : IN-DP-224-2016.



2.7. Suspicious Transaction Monitoring and Reporting:

We shall 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, we shall adopt defined guidelines for arriving at suspicious transaction as contained in PML Rules and SEBI as amended from time to time.

We shall monitor through the Transactional Alerts generated by the CDSL, NSE, BSE and other regulatory Authorities. Automated means of alerts from CTCL Risk Management Admin and Back Office Software for risk based unusual size, volume, pattern or type of transactions.

Broad categories of reason for suspicion and examples of suspicious transactions for are indicated as under:

- 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.

Identity of Client:

- False identification documents
 - Identification documents which could not be verified within reasonable time
 - Non-face to face client
 - Doubt over the real beneficiary of the account
 - Accounts opened with names very close to other established business entities
- Suspicious Background
- Suspicious background or links with known criminals
 - Multiple Accounts, Large number of accounts having a common account holder, Common e mail, common Mobile Number, common introducer or authorized signatory with no rationale
 - Unexplained transfers between multiple accounts with no rationale
 - Activity in Accounts Unusual activity compared to past transactions
 - Use of different accounts by client alternatively
 - Sudden activity in dormant accounts
 - Activity inconsistent with what would be expected from declared business
 - Account used for circular trading
 - Frequent Off Market Transactions
 - Frequent Off Market Credit Transactions and selling in the Market.

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Nature of Transactions

- Unusual or unjustified complexity
- No economic rationale or bon fide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

Value of Transactions

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated/deflated

The above list is only illustrative and indicative, for arriving at a transaction to be suspicious, whether a particular transaction is suspicious or not will also depend upon the background, details of the transactions and other facts and circumstances, as per the transaction and may differ from client to client and Trade to Trade.

We have a system in a place to report and notify any suspicious transaction immediately to the Principal Officer. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature / reason of suspicion. However, we shall ensure that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told or tipped 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.

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. All such attempted transactions shall also be reported in STRs, even if not completed by clients, irrespective of the amount of the transaction.

As mentioned in this policy and defined by the statute, from time to time, the clients categorized as 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', shall be subject to appropriate counter measures. which may include, 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.

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2.8. List of Designated Individuals/ Entities:

We shall not open an account in the name of any one whose name appear in the 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>.

We shall also continuously scan all the 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:

As per Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities, which was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

We shall ensure effective and expeditious implementation of the procedure laid down in the CTCR by the order Dated March 14, 2019

a) On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities') from the Ministry of External Affairs (MHA)'; SEBI will forward the same to stock exchanges, depositories and registered intermediaries for the following purposes:

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.

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We shall match our clients list with the above list and In the event, particulars of any of customer/s match the particulars of designated individuals / entities, we shall immediately, not later than 24 hours from the time of finding out such customer, shall 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 our 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 shall also be sent by post and also be conveyed through e-mail at jsis@nic.in.

- ii. We shall also send the particulars of the communication mentioned 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.
 - iii. In case the aforementioned details of any of the customers match the particulars of designated individuals / entities beyond doubt, we 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.
 - iv. We shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts, carried through or attempted, as per the prescribed format.
- b On receipt of the particulars as mentioned 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 the stock exchanges, depositories, registered intermediaries are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by stock exchanges, depositories, registered intermediaries 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.

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d Implementation of requests received from foreign countries under U.N. Securities Council Resolution 1373 of 2001:

- i. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.
- ii. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
- iii. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
- iv. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the list would be forwarded to stock exchanges, depositories and intermediaries and the procedure as enumerated at paragraphs 2.9.2 (a) and (b) shall be followed.
- v. The freezing orders shall take place without prior notice to the designated persons involved.

e) 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. The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in paragraph 5(ii) above within two working days.

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The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) 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.

f) Communication of Orders under section 51A of Unlawful Activities (Prevention) Act

- i. All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to stock exchanges, depositories and intermediaries through SEBI.

2.10. Reporting to Financial Intelligence Unit-India:

In terms of the PML Rules, The Principal Officer shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND), through e net / at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri, New Delhi-110021.
Website: <http://fiuindia.gov.in>

After careful examination of the transactions and coming to a conclusion on the STR Or CTR, the reporting will be done as per the guidelines of FIU-IND and 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).

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.

The following Schedule shall be followed for Reporting:

- 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.**

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- 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.**

We shall not put any restrictions on operations in the accounts where an STR has been made, and our 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

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

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

Appointment of a Principal Officer:

To ensure the implementation of PMLA Act, with true spirit and to properly discharge the legal obligations to report suspicious transactions to the authorities, the company has designated **Mr. CH. V. A. Varaprasad, Compliance Officer** of the Company as the Principal Officer for our Anti-Money Laundering Program. He is a Post Graduate in Commerce from Nagarjuna University, Andhra Pradesh, and is qualified by experience, knowledge and training. He 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. The details of Principal Officer, Name, designation and addresses (including e-mail addresses) has been intimated to the Office of Director-FIU, and any changes therein shall also be intimated from time to time. The ‘Principal Officer’ is sufficiently of a senior position, have access to the senior Management and is able to discharge the functions with independence and authority.

The duties of the Principal Officer will include monitoring the firm’s compliances with AML obligations and overseeing communication and training the employees on PMLA procedures and to ensure that the employees strictly adhere to the policies laid down on AML activities and PMLA guidelines as per the guidelines set out from time to time and reviewing the same at frequent intervals of time, At a period of 6 months. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU – IND). The Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required.

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2.11.2 Appointment of a Designated Director:

“Designated director means a person designated by the reporting entity, R L P Securities Pvt. Ltd, to ensure the 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.

In terms of Section 13 (2) of the PMLA, The Designated Director also has a major role to play in the implementation of PMLA Policies and is also responsible to Director, FIU – IND and is under obligation for implementation AML/CFT policies.

- i. In addition to the existing Principal Officer R.L.P. Securities Pvt. Ltd has designated **Dr. R.M.C.V. Prasada Rao**, Our Managing Director, as “**Designated Director**”. In terms of Rule 2 (ba) of the PML Rules. To ensure overall compliance with the obligations imposed under chapter IV of the PML Act.
- ii Our Managing Director, Dr. R.M.C.V. Prasada Rao, also being the Designated Director to monitor PMLA Activities, will monitor the implementation of the PMLA Activities. The same has been intimated to the Office of Director, FIU-IND, Exchanges and CDSL and any changes therein shall also be intimated from time to time.
- iii The Designated Director will be reviewing the AML Policies on monthly or whenever required along with the Principal Officer and all the heads of the departments and will apprise the Board of Directors, On the Implementation of the PMLA Regulations.

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

Hiring of Employees:

We shall have adequate screening procedures in place to ensure high standards when hiring employees, having regard to the risk of money laundering and terrorist financing based on the size of our business, we ensure that all the employees taking up such key positions are suitable and competent to perform their duties.

Employees’ Training:

We have an ongoing employee training program conducted by our Principal Officer and Senior Management, Participation of all the Key Employees in the Seminars conducted by various Regulatory bodies from time to time, so that the members of the staff are adequately trained in AML and CFT procedures.

All the Circulars issued by various Regulatory bodies including that of PMLA, are circulated to all the staff Members and the same are also being discussed in length, in the Training Program’. Training program shall have special emphasis on 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.

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Frequent Training Programs shall be conducted for Our Sub Brokers and Authorised Persons also. Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the AML / CFT.

Investors Education:

As the implementation of AML / CFT measures being sensitive subject and requires us to demand and collect certain information from investors, which may be of personal in nature or has hitherto never been called for, which information include documents evidencing source of funds / income tax returns / bank records etc. and 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 us to sensitize the clients about these requirements, as the ones emanating from AML and CFT framework. We shall circulate the PMLA Circulars and other specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT program. The same shall also be emphasized on, in the Investor Awareness Programs conducted by us at frequent intervals of time. The importance of the same is also made known to them at the time of opening the Account.

This PMLA Policy is prepared by Mr. G. Muralidhar, Vice President (Operations) and was reviewed by our Internal Auditors, M/s. P S Iyyengar & Co., Chartered Accountants. Hyderabad.

This Policy was placed before the board in its Board of Directors meeting held on 06.03.2020 at our Head office and was approved on 06.03.2020.

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SCHEDULE I

List of key circulars/ directives issued with regard to KYC, CDD, AML and CFT

S. No.	Circular Number	Date of Circular	Subject	Broad area covered
1.	SEBI/HO/MIRSD/D OP/CIR/P/2019/69	May 28, 2019	Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967 – Directions to stock exchanges, depositories and all registered intermediaries	Procedure to be followed for the freezing of assets of individual or entities engaged in terrorism
2.	SEBI/ HO/ IMD/ FIIC/ CIR/ P/ 2017/ 068	June 30, 2017	Acceptance of e -PAN card for KYC purpose	E-PAN issued by CBDT for KYC compliance by FPI
3.	SEBI/ HO/ MRD/ DP/ CIR/ P/ 2016/ 134	December 15, 2016	Master Circulars for Depositories	Opening of BO Accounts
4.	CIR/ IMD/ FPIC/ 123/ 2016	November 17, 2016	Review of requirement for copy of PAN Card to open accounts of FPIs	Verification and submission of PAN Card by FPI
5.	CIR/ MIRSD/ 120 / 2016	November 10, 2016	Uploading of the existing clients' KYC details with Central KYC Records Registry (CKYCR) System by the registered intermediaries	Time lines for registered intermediaries in respect of uploading KYC data of the new and existing individual clients with CKYCR
6.	SEBI/ HO/ IMD / DF3/ CIR/ P / 2016/ 84	September 14, 2016	Master Circular for Mutual Funds	Compliance with AML/ CFT

				CDD directives of SEBI stipulated in Master Circular dated September 14, 2016
7.	CIR/ MIRSD/ 66/ 2016	July 21, 2016	Operationalization of Central KYC Records Registry (CKYCR)	Authorization of Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI) for receiving, storing, safeguarding, retrieving the KYC records and finalizing template of KYC
8.	CIR/ IMD/ FPI&C/ 59/ 2016	June 10, 2016	Know Your Client (KYC) norms for ODI subscribers, transferability of ODIs, reporting of suspicious transactions, periodic review of systems and modified ODI reporting format	Applicability of Indian KYC/AML norms for Client Due Diligence, KYC Review, Suspicious Transactions Report, Reporting of complete transfer trail of ODIs, Reconfirmation of ODI positions, Periodic Operational Evaluation
9.	CIR/ MIRSD/ 29/ 2016	January 22, 2016	Know Your Client Requirements - Clarification on voluntary adaptation of Aadhaar based e-KYC process	Client identification and authentication from UIDAI, Investment Limit and mode of payment to Mutual Funds, PAN verification, additional due diligence in case of material difference in information

10.	CIR/ IMD/ FIIC/ 11/ 2014	June 16, 2014	Know Your Client (KYC) requirements for Foreign Portfolio Investors (FPIs)	Process to be followed by DDPs to share the relevant KYC documents of FPIs with the banks and record of transfer of documents
11.	CIR/ MIRSD/ 1/ 2014	March 12, 2014	Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) Obligations of Securities Market Intermediaries under the Prevention of Money laundering Act, 2002 and Rules framed there under	Consequential modifications and additions to Master Circular CIR/ ISD/ AML/ 3/ 2010 dated December 31, 2010 in respect of Risk Assessment, Reliance on third party for carrying out Client Due Diligence (CDD), Record keeping requirements, Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND), Appointment of a Designated Director
12.	CIR/ MIRSD/ 13/ 2013	December 26, 2013	Know Your Client requirements	Shifting of certain information in Section C of Part I to Part II of the AOF, information required to be captured in the systems of KRAs
13.	CIR/ MIRSD/ 09/ 2013	October 8, 2013	Know Your Client Requirements	Acceptance of e-KYC service launched by UIDAI as a valid process for KYC verification

14.	CIR/ MIRSD/ 07 /2013	September 12, 2013	Know Your Client Requirements for Eligible Foreign Investors	Partial modification to the provisions of circular No CIR/MIRSD/ 11 /2012 dated September 5, 2012, Classification of Eligible foreign investors investing under Portfolio Investment Scheme ('PIS') route as Category I, II and III
15.	CIR /MIRSD/ /2013	March 28, 2013	Amendment to SEBI ((Know Your Client) Registration Agency) Regulations, 2011 and relevant circulars	Modification of circulars dated December 23, 2011 and April 13, 2012, to the extent of requirement for sending original KYC documents of the clients to the KRA
16.	CIR/ MIRSD/ 2/2013	January 24, 2013	Guidelines on Identification of Beneficial Ownership	Client Due Diligence to identify and verify the identity of persons who beneficially own or control the securities account for clients other than individuals or trusts and client which is a trust. Exemption in case of listed companies, Applicability for foreign investors and Implementation
17.	CIR/ MIRSD/ 01/2013	January 04, 2013	Rationalization process for obtaining PAN by Investors	Verification the PAN of clients online at the Income Tax website

18.	CIR/ MIRSD/ 11/ 2012	September 5, 2012	Know Your Client Requirements	Clarifications for Foreign Investors viz. FII, Sub Accounts and QFIs w.r.t. implementation of SEBI circulars no. CIR /MIRSD/ 16/ 2011 dated August 22, 2011 and MIRSD/ SE/ Cir- 21/ 2011 dated October 5, 2011 on know your client norms
19.	CIR/ MIRSD/ 09 / 2012	August 13, 2012	Aadhaar Letter as Proof of Address for Know Your Client (KYC) norms.	Admissibility of Aadhaar letter issued by UIDAI as Proof of Address in addition to its presently being recognized as Proof of Identity
20.	MIRSD/ Cir-5 / 2012	April 13, 2012	Uploading of the existing clients' KYC details in the KYC Registration Agency (KRA) system by the intermediaries	Process to avoid duplication of KYC, guidelines for uploading the KYC data of the existing clients, Schedule for implementation
21.	MIRSD/ Cir- 26 / 2011	December 23, 2011	Guidelines in pursuance of the SEBI KYC Registration Agency (KRA) Regulations, 2011 and for In-Person Verification (IPV)	Guidelines for Intermediaries, Guidelines for KRAs, Guidelines w.r.t. In-Person Verification (IPV)

22.	MIRSD/ 2011	Cir-23/ December 2, 2011	The Securities and Exchange Board of India (KYC Registration Agency) Regulations, 2011.	Centralization of the KYC records to avoid duplication of KYC process
23.	CIR/ MIRSD/ 2011	22/ October 25, 2011	'In-person' verification (IPV) of clients by subsidiaries of stock exchanges, acting as stock brokers	Clarification w.r.t ultimate responsibility for 'in-person' verification
24.	MIRSD/ SE/ 2011	Cir-21/ October 5, 2011	Uniform Know Your Client (KYC) Requirements for the Securities Markets	Clarification w.r.t different KYC forms used by Market Intermediaries, Guidelines for KYC form capturing the basic details about the client and additional details specific to the area of activity of the intermediary being obtained
25.	CIR/ MIRSD/ 2011	16/ August 22, 2011	Simplification and Rationalization of Trading Account Opening Process	Client account opening Process, Client Account Opening Form, Rights & Obligations of stock broker, sub-broker and client for trading on exchanges Uniform Risk Disclosure Documents, Guidance Note detailing Do's and Don'ts for trading
26.	CIR/ ISD/ AML/ 2010	3/ December 31, 2010	Master Circular on AML/CFT	Anti - Money Laundering (AML) Standards/ Combating the Financing of

				Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under
27.	CIR/ MRD/ DP / 37/ 2010	December 14, 2010	Acceptance of third party address as correspondence address	Capturing of address other than that of the BO as the correspondence address.
28.	CIR/ MRD/ DMS/ 13/ 2010	August 31, 2010	Guidelines on the Execution of Power of Attorney by the Client in favour of Stock Broker/ DP	Clarifications on the Execution of the POA by the client
29.	CIR/ MRD/ DMS/ 13/ 2010	April 23, 2010	Guidelines on the Execution of Power of Attorney by the Client in favour of Stock Broker/ DP	Guidelines on the Execution of Power of Attorney by the Client
30.	CIR/ ISD/ AML/ 2/ 2010	June 14, 2010	Additional Requirements for AML/ CFT	Additional Requirements on retention of documents, monitoring, tipping off, updation of records and other clarifications.
31.	CIR/ ISD/ AML/ 1/ 2010	February 12, 2010	Master Circular –AML/ CFT	Framework for AML/ CFT including procedures for CDD, client identification, record keeping & retention, monitoring and reporting of STRs
32.	SEBI/ MIRSD/ Cir No.02/ 2010	January 18, 2010	Mandatory Requirement of in-person verification of clients.	In-person verification done for opening beneficial owner's account by a DP will hold good for opening

				trading account for a stock broker and vice versa, if the DP and the stock broker is the same entity or if one of them is the holding or subsidiary.
33.	ISD/ AML/ CIR-2/ 2009	October 23, 2009	Directives on CFT under Unlawful Activities (Prevention) Act, 1967	Procedure to be followed for the freezing of assets of individual or entities engaged in terrorism
34.	ISD/ AML/ CIR-1/ 2009	September 01, 2009	Additional AML/ CFT obligations of Intermediaries under PMLA, 2002 and rules framed	Additional AML/ CFT requirements and clarifications thereon
35.	ISD/ AML/ CIR-1/ 2008	December 19, 2008	Master Circular on AML/ CFT directives	Framework for AML/ CFT including procedures for CDD, client identification, record keeping & retention, monitoring and reporting of suspicious transactions.
36.	MIRSD/ DPSIII/ 130466/ 2008	July 2, 2008	In-Person verification of clients by stock-brokers	Responsibility of stock brokers to ensure in - person verification by its own staff.
37.	MRD/ DoP/ Cir-20/ 2008	June 30, 2008	Mandatory Requirement of PAN	Exception for certain classes of persons from PAN being the sole identification number for all participants trading in the securities market.
38.	F.No.47/ 2006/ ISD/ SR/ 122539	April 4, 2008	In-person verification of BO's when opening demat accounts	In-person verification to be carried out by staff of depository participant.

39.	MRD/ DoP/ Cir- 20/ 2008	April 3, 2008	Exemption from mandatory requirement of PAN.	Exemption for investors residing in the State of Sikkim from PAN being the sole identification number for trading in the securities market.
40.	F.No.47- 2006 /ISD/ SR/ 118153/ 2008	February 22, 2008	In-Person verification of clients by depositories	Clarification on various topics relating to 'in person' verification of BOs at the time of opening demat accounts
41.	MRD/ DoP/ Dep/ Cir- 12/ 2007	September 7, 2007	KYC Norms for Depositories	Proof of Identity (POI) and Proof of Address (POA) for opening a Beneficiary Owner (BO) Account for non - body corporates
42.	MRD/ DoP/ Cir-05/ 2007	April 27, 2007	PAN to be the sole identification number for all transactions in the securities market	Mandatory requirement of PAN for participants transacting in the securities market.
43.	ISD /CIR/ RR/ AML/ 2/ 06	March 20, 2006	PMLA Obligations Of intermediaries in terms of Rules notified there under	Procedure for maintaining and preserving records, reporting requirements and formats of reporting cash transactions and suspicious transactions
44.	ISD/ CIR/ RR/ AML/ 1/ 06	January 18, 2006	Directives on AML Standards	Framework for AML and CFT including policies and procedures, Client Due Diligence requirements, record keeping, retention, monitoring and reporting

45.	SEBI/ MIRSD/ DPS - 1/ Cir-31/ 2004	August 26, 2004	Uniform Documentary Requirements for trading	Uniform KYC documentary requirements for trading on different segments and exchanges
46.	MRD/ DoP/ Dep/ Cir- 29/ 2004	August 24, 2004	Proof of Identity (POI) and Proof of Address (POA) for opening a Beneficiary Owner	Broadening the list of documents that may be accepted as Proof of Identity (POI) and/or Proof of Address (POA) for the purpose of opening a BO Account
47.	SEBI/ MRD/ SE /Cir- 33/ 2003/ 27/ 08	August 27, 2003	Mode of payment and delivery	Prohibition on acceptance/ giving of cash by brokers and on third party transfer of securities
48.	SMDRP/ Policy/ Cir- 36/ 2000	August 4, 2000	KYC Norms for Depositories	Documentary requirements for opening a beneficiary account.
49.	SMD/ POLICY/ CIRCULARS /5-97	April 11, 1997	Client Registration Form	Formats of client Registration Form and broker clients agreements
50.	SMD-1/ 23341	Nov. 18, 1993	Regulation of transaction between clients and members	Mandatory requirement to obtain details of clients by brokers.