



Trusted Shares & Investments Limited

CDSL DP ID: 120-57900

SEBI Registration No: IN-DP-CDSL-476-2008

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VERSION 6.0 - SEPTEMBER 2020

Anti Money Laundering (AML and Combating Financing of Terrorism (CFT)-
Obligations of Intermediaries under the Prevention of Money Laundering Act,
2002 and Rules Framed there-under

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PART -I -OVERVIEW

1. INTRODUCTION

1.1

Trusted shares & Investments Ltd is a SEBI registered DP No. IN-DP-CDSL-476-2008. As a SEBI registered intermediary to discharge the statutory responsibility to detect possible attempts of money laundering, financing of terrorism or any other precedes of crime we have set our own AML & CET related policy which provide a general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India. They also provide guidance on the practical implications of the Prevention of Money Laundering Act, 2002 (PMLA).

1.2

DP registered under section 12 of Securities and Exchange Board of India Act, 1992 (SEBI Act). SEBI's Act 1992 we have set our own AML Policy to prevent money laundering & financing Terrorism. So while setting AML policy we have also taken into consideration that we cannot not treat/ judge each client on "ONE SIZE FITS ALL" approach. So we have taken into consideration the specific nature of business type of clients and transactions and various other factors.

2 BACK GROUND

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, and 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.

As per the provisions of the PMLA, as a DPt , shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Such transactions include:

1. All cash transactions of the value of more than Rs 10 lakh or its equivalent in foreign currency.
2. 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 take place within one calendar month.
3. 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.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

In case there is a variance in CDD/AML standards prescribed by SEBI and the regulators of the host country, branches/overseas subsidiaries of intermediaries are required to adopt the more stringent requirements of the two.

3. POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING

3.1 Essential Principles

3.1.1 As a SEBI registered DP under section 12, setting an appropriate AML policy under PMLA 2002 we have taken into consideration various points such as nature of business, Our organizational structure, type of client and transaction, etc. and follow the spirit of the suggested measures in Part II and the requirements as laid down in the PMLA.

3.2 Obligations to establish policies and procedures

3.2.1 Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all intermediaries ensure the fulfillment of the aforementioned obligations.

3.2.2 Our Designated director Mr. Mahaveer Meghawati has set appropriate policies and Procedure for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. As a registered DP:-

- (a) issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;
- (b) Making aware about the content of these Directives to all staff members;
- (c) Other than designated Director with ref to the updated comm. on PMLA from CDSL/SEBI, our Principle officer is reviewing the policies and procedures on yearly basis on the prevention of ML and TF to ensure their effectiveness
- (d) adopted client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- (e) undertaken client due diligence ("CDD") measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;
- (f) have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- (g) As we are not only providing DP related services but as a BSE broker, on regular basis we are making our staff members' aware abt the PMLA act and abt the various amendments and vigilance to guard against ML and TF

3.2.3 Policies and procedures to combat ML also cover:

- (a) Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- (b) Client acceptance policy and client due diligence measures, including requirements for proper identification;
- (c) Maintenance of records;
- (d) Compliance with relevant statutory and regulatory requirements;
- (e) Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- (f) Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

PART - II DETAILED DIRECTIVES

4. WRITTEN ANTI MONEY LAUNDERING PROCEDURES

- 4.1 To implement the anti money laundering provisions as envisaged under the PMLA, we have our own AML policy which includes inter alia, the following three specific parameters which are related to the overall '**Client Due Diligence Process**':
- a. Policy for acceptance of clients
 - b. Procedure for identifying the clients
 - c. Transaction monitoring and reporting especially Suspicious Transactions Reporting (**STR**).

5. CLIENT DUE DILIGENCE

- 5.1 The CDD measures comprise the following: KYC- Considering the potential threat of usage of the financial services by a money launderer, it is essential to make reasonable efforts to determine the true identity of **BOs** requesting for services offered by CDSL.

As a DP while opening the account of the BO's we obtain copies of the mandatory documents that are prescribed by SEBI and verify the same with the originals as per the procedures laid down in the DP operating instructions & communiqués issued by CDSL. Such communiqués which we received from our CDAS live system / or from CDSL website are based on mandatory requirements given by SEBI from time to time and based on operational requirements.

As a DP, Trusted Shares & Investments Ltd is thus responsible for following the client identification procedures.

- List of documents to be obtained at the time of Account Opening for compliance with KYC requirement.
- Procedure for execution of transfer instructions issued by the clients.

DP operations & Compliance norms provided by CDSL ,at the time of Account Opening we as (CDSL) DP-obtain a copy of one of the following documents as Proof of Identity and Proof of Address of the account Holder(s)/ POA holder / authorized person of the client. The Proof of identity is to be obtained for all the demat account holders and proof of address is to be obtained only for the first holder. In addition, as per SEBI and CDSL , PAN Card details of all the holders is compulsory for all categories of demat account holder(s). Our DP official while accepting the account opening form always verify the photocopy of the PAN Card against the original on the website provided by Income Tax-<https://incometaxindiaefiling.gov.in/knowpan/knowpan.jsp>, sign and stamp the copy and write: "verified with original" on the copy. The documents / information to be submitted by various categories of investors are as follows: -

1. INDIVIDUALS

The documents prescribed by SEBI from time to time:

a. Proof of Photo Identity: PAN card with photograph IS MANDATORY.

In Addition with PAN CARD below mentioned Photo ID Proofs:-

- Passport
- Voter ID Card
- Driving license
- Aadhar Card

Identity card/document with applicant's photo, issued by –

- Central/State Government and its Departments,
- Statutory/Regulatory Authorities,
- Public Sector Undertakings,
- Scheduled Commercial Banks,
- Public Financial Institutions,
- Colleges affiliated to Universities,
- Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members,
- Credit cards/Debit cards issued by Banks with photographs.

b. Proof of Address

- Aadhar Card
- Passport
- Voter ID Card
- Driving license
- Bank passbook

Verified copies of –

- Electricity bills (not more than two months old),
- Residence Telephone bills (not more than two months old),
- Leave and License Agreement / Agreement for sale.
- Self-declaration by High Court & Supreme Court judges, giving the address in respect of their own accounts.
- Identity card/document with address, issued by:
 - Central/State Government and its Departments,
 - Statutory/Regulatory Authorities,
 - Public Sector Undertakings,
 - Scheduled Commercial Banks,
 - Public Financial Institutions,
 - Colleges affiliated to universities,
 - Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council, etc., to their Members.

The above mentioned documents are the minimum requirements for opening a demat account. We have made “In Person Verification” compulsory at the time of Accounting Opening while establishing the identity of the persons ensuring the safety and integrity of the depository system.

c. Correspondence address:

- This is applicable to all types of investors.
- If correspondence address of the BO is not the same as permanent address, then the DP should obtain proof of permanent address as well as correspondence address and both must be entered in the system.
- If BOs wish to receive their correspondence at the address of some other entity - such as POA holder for NRI, for IPO / Margin financing, etc., the abovementioned proof of address documents in the name of such other entities may be accepted as proof of correspondence address of the BO, provided the same is mentioned in the account opening form. In all such cases, the DP should ensure that proof of permanent address for the BO has been obtained and the same has been entered in the system.

2. MINOR

The minor could be either the sole, first holder and/or second holder and/or third holder.

Documents to be obtained are:

- Birth certificate of minor.
- Proof of address and identity documents of the Guardian, as specified above.
- One passport size photograph of minor and one of guardian with guardian's signature across the photograph. Guardian should sign across the photograph of the minor.
- PAN Card for minor as well as guardian should be obtained.
According to the Hindu Guardians and Wards Act, natural parent i.e. Father, and in his absence, Mother, only can be the guardians. In any other event, the guardian has to be appointed by the court.

After the minor has attained majority, following procedure is to be followed :

- The account holder should submit proof of identity and proof of address as per CDSL requirements.
- The account holder should submit a photograph with signature across the photograph and the account opening form. Photograph must be pasted on the form.
- The account holder should submit a specimen signature.
- The guardian's signature should be deleted and account holder's signature should be scanned.

The above procedure can be followed only if the word 'minor' is not present in the "Account Holder's name" when the account was opened. If "minor" word is present, then the existing account has to be closed and a new account should be opened.

3. HUF (Hindu Undivided Family)

- All the documents, as mentioned above for account opening of individual investors, will be applicable.
- PAN Card and Bank Pass Book indicating the existence of HUF entity.
- Declaration by Karta giving details of the family members of the HUF with their names, sex (male/ female), date of birth and relationship with the Karta.
- HUF accounts cannot be opened with joint holder(s).
- HUF accounts cannot appoint a nominee.
- In the account opening form, the Karta should sign under the HUF stamp.
- Account can be opened in the name of HUF. The name should be as it appears in the PAN card, e.g. A H Doshi & Sons.

Procedure to be adopted in the event of death of Karta is as follows :

- HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta, i.e. the head of the family, and all the family members are the beneficiaries.
- HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will appoint the new Karta, who will be heading the family.
- The new Karta shall submit the new list of members and a no objection from the members for him to act as Karta of the HUF.
- The new Karta will submit to the DP the account modification form and record change in signature of the new Karta to operate the account.
- The previous account need not be closed and the same account can continue.

Procedure to be followed in case of partition of HUF :

In case of partial partition of the HUF, if one or two members of the HUF have left, the others can still continue the HUF in the existing name. In case of full partition, the entire HUF is dissolved.

In both the cases above, the Karta can transfer shares to the members who seek partition. If the issue of transfer cannot be amicably settled, the family members can go to court and transfer of shares can then be based on the Court directions.

4. CORPORATE

- a) Certified true copy of Board Resolution, duly certified by Managing Director/Company Secretary, authorizing opening of demat account and specifying the name of persons authorized by the Board to operate the said demat account. The resolution must specify the manner of operation of the account and authority given to the authorised signatories to open and operate the account.
- b) Names of the authorized signatories, designation, photograph and their specimen signatures duly verified by Managing Director/Company Secretary.
- c) Self Attested PAN card Copies(s) of Authorized Signatories/Director(s)
- d) Memorandum and Articles of Association of the Corporate Investor.
- e) Shares Holding Pattern.

5. **NRI**

- a) Proof of Identity (copy of passport/driving license).
- b) Proof of foreign address and Indian address (if any). [In the case of an NRI A/c without repatriation, proof of Indian address has to be given.]
- c) Bank account details with original cancelled cheque
- d) Power of Attorney, if any.

Change of status from NRI to Resident and vice versa :

It is the responsibility of the NRI to inform the change of status to the DP with whom he/she has opened the demat account. Subsequently, a new demat account in the resident status will have to be opened, securities should be transferred from the NRI demat account to resident account and then the NRI demat account should be closed.

6. **CLEARING MEMBER (CM)**

a) If CM is a corporate body :

1. Certified true copy of certificate of registration with SEBI, certified by Managing Director/Company Secretary.
2. Certified true copy of Board Resolution duly certified by the Managing Director / Company Secretary authorizing opening of demat accounts and specifying the name of person(s) authorized by the Board to operate the said demat account. The resolution must specify the manner of operation of the account and authority given to open and operate the demat account.
3. Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Director/Company Secretary.
4. Memorandum and Articles of Association of the Company.
5. One passport-size photograph of each of the authorized signatory(ies) with their signature/s across the photograph.

b) If CM is a not a corporate body :

1. The account has to be opened in the name of individuals.
2. Photocopy of Certificate of Registration with SEBI, duly notarized.
3. One passport-size photograph of each applicant with signature across the photograph.

7. **FIIIs**

- a) Certified true copy of Certificate of Registration with SEBI, certified by Managing Director/Company Secretary.
- b) Certified true copy of Board Resolution, duly certified by Managing Director/Company Secretary, authorizing opening of demat account, specifying names of persons authorized by the Board to open the demat account. The resolution must specify the manner of operation of the account and authority given to authorized signatory(ies), to open and operate the demat account.
- c) Names of the authorized signatory(ies), designation, photograph and their specimen signatures, duly certified by Managing Director/Company Secretary.
- d) Memorandum and Articles of Association of the Company.

8. **OCBs**

- a) Certified true copy of Board Resolution, certified by Managing Director/Company Secretary for persons authorized by the Board to act as authorized signatory(ies).
- b) Names of the authorized signatory(ies), designation, photographs and their specimen signatures, certified by Managing Director/Company Secretary.
- c) Memorandum and Articles of Association of the Company.
- d) RBI Registration Certificate.

9. **SOCIETIES**

Registered Society:

- a) Copy of Certificate of Registration under the Societies Registration Act, 1860.
- b) List of Managing Committee members.
- c) Certified true copy of Committee Resolution for persons authorized by the Committee to act as Authorized Signatory(ies).
- d) Names of Authorized Signatories, Designation, and their Specimen Signatures.
- e) Certified true copy, by the Chairman/Secretary, of Society Rules and Bye Laws.
- f) One passport-size photograph of each authorized signatory with signature across the face of the photograph

Unregistered Society :

- a) The account should be opened in the names of the members under "Individual" category (maximum three accountholders).
- b) All the documents, as applicable for account opening under individual category, should be obtained.
- c) The proof of address and identity documents of the members should be obtained for account opening.

10. **BANKS**

1. Certified true copy of Board Resolution, or Letter on the letterhead of the bank, signed by the Chairman/MD authorizing opening of account and authority given to authorized signatories to open and operate the demat account.
2. Names of the authorized signatories, designation, photograph and their specimen signatures, certified by Chairman/Managing Director.
3. Memorandum and Articles of Association, if any.
4. RBI Registration Certificate in case of Scheduled/Co-operative banks

11. **Trust : -Registered Trust (Public Trust):**

1. Account should be opened in the name of the Trust.
2. Certificate of Registration of Trust under the Societies Registration Act/ Public Trust Act, 1860.
3. Trust Deed and Rules.
4. List of Members on the Board of Trustees.

5. Certified true copy of Board Resolution to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory(ies) to operate the demat account.
6. Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.
7. One passport-size photograph of each of the authorized signatory(ies) with their signatures across the face of the photograph.

Unregistered Trust (Private Trust):

1. The Board of Trustees shall specify the names of the trustee/s who shall hold/ operate the demat account.
2. The account should be opened in the names of the trustees under "Individual" category (maximum three account holders).
3. The proof of address and identity documents of the trustees should be obtained for account opening.

12. Foreign Nationals

- a) Certificate from the bank or copy of passport; Other documents – same as NRI.

13. Association of Persons (AOP):

- a. Object of the association.
- b. Powers of the Managing Committee.
- c. Resolution to open a demat account in CDSL.
- d. Names of authorized signatories with the specimen signatures duly authorized by the governing Board Member.
- e. Copy of the PAN Card in the name of AOP
- f. Copy of the Bye Laws.

5.2 Policy for acceptance of clients: As a DP, right from beginning, we have not entertained or accepted/registered any walk in client. Always given due importance to those Clients who has approaches us with good reference. So as a policy, "reference" from old clients (old trading or demat account holders) has got the top most priority.

In a nutshell, We are following below mentioned safeguards while accepting the clients:

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Factors of risk perception (in terms of monitoring suspicious 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.

- c) Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- d) The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

Customer Due Diligence

1. New customer acceptance procedures adopted include following processes:

Checking the records with the Client in the barred list.

Before opening the client account it is also verified that the client is not a part of the Debarred list. This will help us in not opening erroneously account of a debarred client or entity. The list used are :

UNSC 1267

UNSC 1988

SEBI Debarred List

Domestic PEP

UNSC 2140

ARBITRATION NSE

If a client is found matching with UNSC 1267 or UNSC 1988 we would not open the account and immediately inform the Principal Officer/Management for further action which will result in STR filing

If a client is found matching with SEBI Debarred we would not open the account unless approved by a senior person on a case to case basis.

If a client is a Politically Exposed Person we will not open the account

The screening will be done for UBO and associated entities also like Directors in a private ltd or partners in a trust or trustees in a trust.

Summarizing the steps of Opening the account are as below:

Checking for KYC and mandatory information in the form.

In person verification

Verification with original documents

Checking of client with screening database consisting of sources mentioned above.

Verification of Pan with Income Tax Database.

To Obtain Aadhaar number as required by the Ministry of Finance gazette notification dated June 1, 2017 (BSE notice no.20170817-36 dated August 17, 2017)

CSC marking.

To verify status of client in **KRA Agencies** website and compliance at the time of account opening as per SEBI {KYC (Know Your Client) registration agency} Regulations, 2011,

Dispatch Photocopies of KYC and Welcome Letter on the address mentioned in the account opening form.

e) From the Date of Account Opening, every three years we will update KYC related Documents.

2. For existing clients on going due diligence processes include:

- i. Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.

- ii. To verify status of client in KRA Agencies website and compliance at the time of account opening as per SEBI {KYC (Know Your Client) registration agency} Regulations, 2011,
- iii. Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories.
- iv. To Obtain Aadhaar number as required by the Ministry of Finance gazette notification dated June 1, 2017 (BSE notice no.20170817-36 dated August 17, 2017)
- v. Once a Year we do issue PHYSICAL Statements to All BO's and also informed clients to contact us to get updated new KYC details in OUR SYSTEM if any by submitting new Documentary proofs.
- vi.
- vii. In case of non individuals client additional information about the directors, partners, dominant promoters, major shareholders is obtained.
- viii. Verify each account with SEBI debarred entity lists and UNSCR lists on daily basis.
- ix. To update/modify any change in existing client/beneficial owner details/records and obtain required information/documents as per KYC/CDD process. (Point no. C)
- x. Ongoing due diligence and scrutiny – We shall to conduct periodic due diligence and scrutiny of client's transaction and accounts to ensure that transactions are being conducted in knowledge, to find out the risk profile, source of funds, etc. At regular interval, ongoing due diligence and scrutiny needs to be conducted i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Organization's knowledge of the client, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- xi. Acceptance of e-PAN card for KYC purpose as per SEBI circular number SEBI/HO/IMD/FIIC/CIR/P/2017/068 dated June 30, 2017

5.3. Risk based approach: LOW,MEDIUM AND HIGH RISK Category

5.3.1 With resp. to client's given information like background, type of business relationship and mainly transaction income group, we have categorized our various clients under low, medium and high risk categories on that basis only as precautionary measure, executes orders as well as process the demat related transactions through back office as below :-

Income Upto 10 Lakhs:-Client belongs to Low Risk Category;

Income between 10 to 25 Lakhs:- Clients belongs to Medium Risk Category; and

Income above 25 Lakhs and Holding Valuation:- Clients belongs to High Risk Category

Especially for high risk group related clients(Income more than 25 Lakhs), as DP executives we always consult our higher authority/director and keeps keen monitoring on broking related trades as well as on demat transactions.

Under Risk assessment, to identify, assess and take effective measures to mitigate money laundering and terrorist financing we take help from below mentioned sites which gives specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions. And these can be accessed at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>).

5.4 Clients of special category (CSC): Such clients include the following:-

- i. Non resident clients
- 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**) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the subsequent para 5.5 of this circular 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 controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.
- viii. Non face to face clients
- ix. Clients with dubious reputation as per public information available etc.

5.5 Client identification procedure: Specially for below mentioned category-

Person with a criminal background:

Before opening the demat account(s) , for background checks of intending BO's to ensure that criminals or barred/banned individuals/entities do not open accounts, we carry out the verification on the following websites: www.world-check.com OR www.watchoutinvestors.com

Politically Exposed Person/Related to a PEP:

As mentioned in earlier AML policy, we had never entertained the walk-in clients to open the demat account(s). Always given the top most priority to only those clients coming with proper reference(s). so till date no such client found from above categories.

But still only our "Director/Designated Director" has sole and final authority related to PEP/Related to a PEP and carries the CDD like other individual(s) after receiving the approval from Director.

As far as the KYC norms are concerned & minimum documents requirements we have not given any sort of exemption to any of our client irrespective of the amount of investment made by Clients.

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

After taking into consideration Rule 9 of the PML Rules and regulations and circulars/guidelines issued by SEBI from time to time to carry out CDD we can rely on a third party for the purpose of

- (a) Identification and verification of the identity of a client and
- (b) Determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner.

6. Record Keeping: -

As a DP we are maintaining various registers, Account opening forms, Transactions Slips i.e DIS, and various other forms and provide all the relevant proofs in physical form at the time of inspection to the designated authorities. As and when required we can also provide all the required records from our upgraded back office software.

We have also maintained 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 lakh or its equivalent in foreign currency;
- (ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- (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.

7. Information to be maintained:-

As a DP we have 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.

8. Retention of Records:

- 8.1 Transactions of Clients: We will maintain records pertaining to transaction of clients at least for a period of 5 years after the account is closed as well as all instructions for operating the account given by the clients or its duly registered Power of Attorney shall also be maintained for a period of 5 years.
- 8.2 Identity of clients: In view of this, Under DP Operations & Compliance related rules & requirement no 9 of PML rules, as a DP we will maintain the records related identity of clients such as AOF and its documentary evidences for period of 5 years after the account is closed.
- 8.3 We will maintain and preserve the record of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later." The retention period shall be modified on receiving appropriate instructions from any regulatory authority like SEBI, FIU-IND or any other statutory authority.
- 8.4 We will preserve and retain the records related to on-going investigations or transactions which has been a subject of a suspicious transaction reporting, until it is confirmed that the case has been closed.
- 8.5 **Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND):** As a DP we will maintain and preserve the record of information related to 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 and the intermediary.

9. Monitoring of transactions:

- 9.1 To ensure effectiveness of AML Procedure it is vital to monitor regular transaction, so as Stock broker and DP, on daily basis monitors the trades as well as the demat related transactions above Rs. 100000/- as precautionary step.
- 9.2 We have all the relevant records , documentary proofs and will be made available to auditors and also to SEBI/stock exchanges/FIUIND/other relevant Authorities, during audit, inspection or as and when required.
We will preserve these records for five years as is required under the PMLA.
- 9.3 The whole and sole authority is given to Our Director to authenticate /verify the High value as well as dormant a/c related transaction. As far as the reporting the suspicious transaction (if any) to FIU IND is concerned we will preserve and maintained such records in terms section 12 of PMLA.
- 9.4 Our Principal officer randomly examine few high value transactions to comment on their nature, i.e. whether they are in the nature of suspicious transactions or not.

10. Suspicious Transaction Monitoring & Reporting:

- 10.1 As mentioned earlier, our principle officer's primary responsibility to monitor each transaction above Rs.500000 such as KYC, Pay in/payout of shares and funds etc.
- 10.2 A list of circumstances which may be in the nature of suspicious transactions is given below
 - 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.

10.3 If found any suspicious transaction; our Director/Designated Director will immediately report the same to FIU-IND in a specified report format with specific reference to the clients transactions and the nature/reason of suspicion. The same we will not be disclose to such client. 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/DP Compliance officer have timely access to client identification data and CDD information, transaction records and other relevant information.

10.4 It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that intermediaries shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

10.5 Clause 5.4(vii) of this Master Circular categorizes clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which

11. List of Designated Individuals/Entities

An updated list of individuals and entities which are subject to Svarious 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>.

As mentioned earlier before opening a demat account, we as broker and DP we ensure that accounts are not opened in the name of anyone whose name appears in said list.

On regular intervals we scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list.

Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

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

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

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: [ISD/AML/CIR-2/2009 dated October 23, 2009](#), which needs to be complied with scrupulously.

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

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 Trusted Shares & Inv. Ltd. Trusted Shares & Inv. Ltd. 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 -Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. Within two working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (IS-I) Division of MHA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and GCML. 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.

13. Reporting to Financial Intelligence Unit-India

13.1 In terms of the PML Rules, if found any information related to cash and Suspicious transaction as an intermediaries we will inform in specific report form to the Director, Financial Intelligence Unit-India

(FIU-IND) at the following address:

Director, FIU-IND,

Financial Intelligence Unit - India

6th Floor, Hotel Samrat

Kautilya Marg, Chanakyapuri

New Delhi -110021, INDIA

Telephone : 91-11-26874429, 26874349 (PABX)

FAX: 91-11-26874459

Website: <http://fiuindia.gov.in>

13.2 As a DP we will inform about suspicious transaction(if any) to FIU IND in the specified formats as formats are divided into two parts- Manual Formats and Electronic Formats. For eg. [Cash Transaction Report- version 1.0](#) and [Suspicious Transactions Report version 1.0](#))

- (a) The Cash Transaction Report (**CTR**) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- (b) The Suspicious Transaction Report (**STR**) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- (c) The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND;
- (d) Utmost confidentiality shall be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- (e) No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

13.3 As a Dp we will not put any restrictions on operations in the accounts where an STR has been made. Our directors, officers and employees (permanent and temporary) has been 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, there will be tipping off to the client at any level.

14. Designation of an officer for reporting of suspicious transactions:-

14.1. Primary authority given to Principal Officer as far as reporting suspicious transactions to His or her higher authority (i.e Designated director Mr. Mahaveer Meghawat)

- i. Appointment of Principal Officer and Designated Director: Our Board of Directors with respect to Board Resolution passed on 12th November 2010, has appointed Mrs. Manjiri Mandar Kelkar, Equity Dealer, amongst the staff members to act as Principal Officer under the provisions of PMLA and appointed Mr. Mahaveer Meghawat as Designated Director on 30th May, 2014 and the same has been informed to FIU-IND

ii. Responsibilities/duties:

The Principal Officer and the Alternate Officer will ensure that:

1. The Board approved AML program is implemented effectively.
2. To analyze the Data received from CDSL on fortnightly basis & report transactions of suspicious nature to FIU-IND directly, if any
3. As a CDSL Depository Participant, we will respond promptly to any request for information, including KYC related information made by the regulators, FIU- IND and other statutory authorities.

iii. Powers of the Principle officer:

After CCD, permitting DP executive to carry out demat account formalities through DP Back office.

To execute any DIS related on market / off market prior approval from principle officer with resp. to proper maker/checker procedure, authentication of High value transaction from director.

15. Employees' Hiring/Employee's Training/ Investor Education:-

15.1 Employee's Hiring Recruitment of Employees:

While hiring employees at our DP Level, we always prefer only those candidates who has adequate knowledge about Share/Capital market, CDSL Front & back office and competent to perform their duties related to CDSL & PMLA Compliance.

15.2 Training of DPs employees & Investor education Programme:

As far as training part is concern CDSL has played a LEADING ROLE.

In CDSL DP operation related 4 days training conducted at BSE ,for the first time we get to aware about PMLA & provisions of PMLA. The training program includes awareness about Money Laundering, Preventive measures to be taken, and obligations of the DPs with respect to reporting etc.

Through communiqués & seminars Conducted by CDSL we get to know about changes in operating procedure, Customer Due Diligence requirements or any other policy by which in turn we train the other employees of our DP.

15.3 Investors Education: As a part of Investor education programme , we have uploaded the PMLA related policy on our webpage "trustedshares.com" which give the easy access to all our clients. We also update the PMLA policy on regular basis as per the Communiqués issued by CDSL.

16. Annexure:

List of various reports and their formats

1. Cash Transaction Report Version 1.0 (Guidance Note)
2. Summary of cash transaction report for an intermediary
3. Cash Transaction Report for an Intermediary
4. Annexure A- Individual data sheet for an intermediary
5. Annexure B- Legal person/Entity detail sheet for an intermediary

6. Suspicious Transaction Report Version 1.0 (Guidance Note)
7. Suspicious Transaction Report for an intermediary
8. Annexure A- Individual Detail Sheet for an intermediary
9. Annexure B- Legal Person/ Entity Detail Sheet for an intermediary
10. Annexure C- Account Detail Sheet for an intermediary

WE WILL UPDATE OUR POLICY AS IF ANY REQUIREMENT

Dated: SEPT. 2020

Prepared by:

Manjiri Kelkar

Compliance officer

Review by :

Mahaveer Meghawat

Director

