Unique Stockbro Private Limited
Policy and Procedures to be implemented for PMLA
Version 5

1. Introduction

1.1. The Guidelines as outlined below provide a general background on the subjects of money laundering and terrorist financing summarizes the main provisions of the applicable anti-money laundering and anti-terrorist financing legislation in India and provides guidance on the practical implications of the Act. The Guidelines also sets out the steps that should be implemented to discourage and identify any money laundering or terrorist financing activities. The relevance and usefulness of these Guidelines will be kept under review and it may be necessary to issue amendments from time to time.

SEBI vide its circular Ref. No. SEBI/HO/MIRSD/DOS3/CIR/5/2018/104 dated July 4, 2018 issued master circular on Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under. In view of the same erstwhile PMLA policy is replaced by this policy.

2. Back Ground:

2.1. The Prevention of Money Laundering Act, 2002 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.

2.2. As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and company (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other company associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) 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:

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(a) All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.

(b) 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.

(c) All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as d-mat account, security account maintained by the registered company.

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

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

3.1. Guiding Principles

These Guidelines have taken into account the requirements of the Prevention of the Money Laundering Act, 2002 as applicable to the intermediaries registered under Section 12 of the SEBI Act. The detailed guidelines to be followed as mentioned in Section II to extent applicable to the company have outlined here.

3.2. Obligation to establish policies and procedures

3.2.1 The Company has a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

3.2.2 Management of the company is fully committed to establish appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements.

3.2.3 It will be ensured that the contents of these Guidelines are understood by all staff members;
The policies and procedures on prevention of money laundering and terrorist financing will be regularly reviewed to ensure their effectiveness.
Customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing have been laid down.
Customer due diligence ("CDD") measures will be undertaken to an extent

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that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction
Staff members' awareness and vigilance will be developed in staff meetings to guard against money laundering and terrorist financing.

3.2.4 This policy will be communicated all management and relevant staff that handle account information, securities transactions, money and customer records etc. whether in branches or otherwise.

PART II: DETAILED GUIDELINES

4. Customer Due Diligence

4.1. The customer due diligence ("CDD") measures will comprise the following:

(a) Obtaining sufficient information in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

(b) Verify the customer's identity using reliable, independent source documents, data or information;

(c) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted;

i. **For clients other than individuals or trusts:** Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, the company shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

aa) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

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Explanation: Controlling ownership interest means ownership of/entitlement to:

i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

bb) In cases where there exists doubt under clause (aa) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

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

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

ii. **For client which is a trust:** Where the client is a trust, the company shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

iii. **Exemption in case of listed companies:** Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

(d) Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).

(e) Understand the ownership and control structure of the client.

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(f) Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered company's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

(g) Company shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

4.2. Policy for acceptance of clients:

4.2.1 In a nutshell, the following safeguards are to be followed while accepting the clients:

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

(b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client will be determined 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 should enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile. (c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.

(c) Ensure that an account is not opened where the company is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the company is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. The market company shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. The market company shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market company shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading. company

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(d) The circumstances under which the client is permitted to act on behalf of another person / entity will be clearly laid down. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent- client registered with the firm, as well as the person on whose behalf the agent is acting should be clearly laid down). Adequate verification of a person's authority to act on behalf the customer should also be carried out.

(e) 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.

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

4.3. Risk-based Approach

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

4.3.2 Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk

4.4. Risk Assessment

4.4.1 Risk assessment will be carried out to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to 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

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list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions (these can be accessed at http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and http://www.un.org/sc/committees/1988/list.shtml).

4.4.2 The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

4.5. Clients of special category (CSC):

Such clients include the following-

(a) Non-resident clients,

(b) High net-worth clients,

(c) Trust, Charities, NGOs and organizations receiving donations,

(d) Companies having close family shareholdings or beneficial ownership,

(e) Politically exposed persons (PEP). Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. The additional norms applicable to PEP as contained in the subsequent clause 4.7 shall also be applied to the accounts of the family members or close relatives of PEPs,

(f) Companies offering foreign exchange offerings,

(g) Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries reputed to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money laundering control is suspect, company apart from being guided by the Financial Action Task Force (FATF) statements

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that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.

(h) Non face to face clients

(i) Clients with dubious reputation as per public information available etc.

4.6. Client identification procedure:

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

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

(a) Company shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS. Further, the enhanced CDD measures as outlined herein shall also be applicable where the beneficial owner of a client is a PEP.

(b) Company is required to obtain senior management approval for accepted and the client or beneficial owner is subsequently found to be, establishing business relationships with PEPs. Where a client has been or subsequently becomes a PEP, registered company shall obtain senior management approval to continue the business relationship.

(c) Company shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.

(d) The client shall be identified by the company by using reliable sources including documents / information. Company shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

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(e) The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the company in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.

(f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority within the company

4.6.2 SEBI has prescribed the minimum requirements relating to KYC for certain classes of company from time to time as detailed in Schedule II. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time.

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

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

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

4.7.1 Third party may be relied for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether he client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

4.7.2 Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified

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that the company shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

5. Record Keeping

5.1. Company will ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

5.2. Company will 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.

5.3. Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, company will retain the following information for the accounts of the customers 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 Draft etc.;
- the identity of the person undertaking the transaction;
- the destination of the funds;
- the form of instruction and authority.

5.4. Company should ensure that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate and applicable, certain records, e.g. customer identification, account files, and business correspondence will be retained for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

5.5. There will be a system of maintaining proper record of transactions prescribed under Rule 3, notified under the Prevention of Money Laundering Act (PMLA), 2002 as mentioned below:

(a) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;

(b) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency

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where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;

(c) 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;

(d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

6. Information to be maintained

Following information in respect of transactions referred to in Rule 3 of PMLA Rules will be maintained.

(a) the nature of the transactions;

(b) the amount of the transaction and the currency in which it denominated;

(c) the date on which the transaction was conducted; and

(d) the parties to the transaction.

7. Retention of Records

7.1. Records and information will be properly maintained and preserved 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 PMLA Rules will be preserved for a period of five years from the date of transactions between the client and company.

7.2. Records evidencing the identity of clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and company has ended or the account has been closed, whichever is later.

7.3. Thus the following document retention terms should be observed:

(a) All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period prescribed under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange byelaws or circulars.

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(b) The record of documents shall be maintained and preserved 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 company has ended or the account has been closed, whichever is later.

7.4. In situations where the records relate to on-going investigations or transactions, which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

7.5. Records of information reported to the Director, Financial Intelligence Unit - India (FIU-IND): 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 shall be maintained and preserved for a period of five years from the date of the transaction between the client and the company.

8. Monitoring of transactions

8.1. Regular monitoring of transactions is vital for ensuring effectiveness of the Anti-Money Laundering procedures. Hence, it is necessary to have an understanding of the normal activity of the client so that the deviant transactions / activities can be identified.

8.2. Pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The background including all documents / office records / memorandums / clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and adverse findings if any, shall be recorded in writing. Further such findings, records and related documents will 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 company as is required under PMLA 2002.

8.3. A record of transaction will be preserved and maintained in terms of section 12 of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the appropriate law authority. Suspicious transactions should also be regularly reported to the higher authorities / head of the department.

8.4. The compliance cell of the company should randomly examine a selection of transaction undertaken by clients to determine whether they are in the suspicious transactions or not.

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9. Suspicious Transaction Monitoring & Reporting

9.1. Staff of the company will be trained to ensure to take appropriate steps to enable suspicious transactions to be recognised and for reporting suspicious transactions. While determining suspicious transactions, company should be guided by definition of suspicious transaction contained in PML Rules as amended from time to time.

9.2. A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

(a) Clients whose identity verification seems difficult or clients appears 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 in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions.

(d) Substantial increases in business without apparent cause;

(e) Unusually large cash deposits made by an individual or business;

(f) Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;

(g) Transfer of investment proceeds to apparently unrelated third parties;

(h) 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.

9.3. Any suspicious transaction should be immediately notified to the Money Laundering Control Officer or any other designated officer within the company. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it should be ensured that there is continuity in dealing with the client as normal until told otherwise and the client should not be told of the report/suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other

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action taken. The Principal Officer/Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to customer identification data and other CDD information, transaction records and other relevant information.

9.4. It is likely that in some cases transactions are abandoned / aborted by customers on being asked to give some details or to provide documents. Company will report all such attempted transactions in STRs, even if not completed by customers, irrespective of the amount of the transaction.

9.5. 'Clients of Special Category', will also be subject to appropriate counter measures. These measures will include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

10. List of Designated Individuals/Entities

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various **United Nations' Security Council Resolutions (UNSCRs)** can be accessed at its website at http://www.un.org/sc/committees/1267/consolist.shtml. Company is directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Company shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

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

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

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

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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.

11.3. Company shall ensure effective and expeditious implementation of the procedure laid down in the UAPA Order dated August 27, 2009 as listed below

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

ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, stock exchanges, depositories and company shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsis@nic.in.

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

iv. In case, the aforementioned details of any of the customers match

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

v. Company shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph 11.3 (a) (ii) above carried through or attempted, as per the prescribed format.

11.4. 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 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. 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 company. 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.

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

All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to company through SEBI.

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12. Reporting to Financial Intelligence Unit-India

12.1. In terms of the PMLA rules, company is required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

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

12.2. Prescribed Manual and Electronic reporting formats will be used by the company.

(a) The cash transaction report (CTR) (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month.

(b) The Suspicious Transaction Report (STR) should 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 should record his reasons for treating any transaction or a series of transactions as suspicious. It should 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 should be maintained in filing of CTR and STR to FIU-IND.

(e) No nil reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

12.3. Company should not put any restrictions on operations in the accounts where an STR has been made. The company, officers and employees (permanent and temporary) are 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 should be ensured that there is no tipping off to the client at any level.

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12.4. Company, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, would file STR if it has reasonable grounds to believe that the transactions involve proceeds of crime.

13. Designation of an officer for reporting of suspicious transactions

13.1. To ensure that the company properly discharges its legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions. Names, designation and addresses (including e-mail addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU.

13.2. The Principal Officer will have access to and be able to report to other members of the management.

13.3. Appointment of a Designated Director

i. In addition to the existing requirement of designation of a Principal Officer, the company shall also designate Mr. Paresh V. Popat as a 'Designated Director'.

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

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

14.1. Hiring of Employees

The company will have adequate screening procedures in place to ensure high standards when hiring employees. It should identify the key positions within their own organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

14.2. Employees' Training

The company will have an ongoing employee-training programme so that staff-members are adequately trained in AML and CFT procedures. Training requirements will have specific focuses for frontline staff, back office staff, compliance staff, risk

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management staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

14.3. Investors Education

Implementation of AML/CFT measures requires company to demand certain information from investors which may be of personal nature or which has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the customer with regard to the motive and purpose of collecting such information. Clients will be sensitized about these requirements as the ones emanating from AML and CFT framework.

Policy and procedures as stated hereinabove shall be reviewed from time to time or at least annually and suitable changes shall be made applicable to the same to enable company to comply with AML provisions effectively. Furthermore, PMLA Policy and procedures shall also be changed in accordance with guidelines and directions issued by the Regulators.

For & behalf of
Unique Stockbro Private Limited

Ashish V. Popat
Principal Officer

Place: Mumbai

Date: July 15, 2018