KNOW YOUR CUSTOMER (KYC)
AND
ANTI-MONEY LAUNDERING (AML) POLICY

(STOCK BROKER OPERATIONS)

ARYAMAN CAPITAL MARKETS LIMITED

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Approved by Designated Director- FIU, PMLA (name & date):	Shreyas Shah Designated Director
Reviewed by the Board on	**May 18, 2026**
Name of the entity	Aryaman Capital Markets Limited

SEBI references:

- SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 regarding '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

INTRODUCTION

ARYAMAN CAPITAL MARKET LIMITED ("**ACML"/ the company**) has formulated Know Your Customer (**KYC**) and Anti-Money Laundering (**AML**) Policy (the Policy) in order to comply with the applicable Prevention of Money Laundering Act, 2002 (PMLA Act) and in line with SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 regarding '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

APPLICABILITY:

This policy has been formulated to ensure compliance with applicable **Anti-Money Laundering (AML) standards** and to implement preventive measures safeguarding **ACML** from being misused as a vehicle for **money laundering and terrorist financing** in the future. ACML, being a **Securities and Exchange Board of India (SEBI) registered stockbroker**, currently engages solely in **Proprietary Trading** and does not conduct any **clientele business** as a **Trading Member**.

Consequently, the provisions outlined in this **this Policy** will become applicable only when the Company initiates clientele business. As the Company does not currently have any clients, it is not obligated to adhere to all the requirements of this policy at present. However, this policy has been structured with **a forward-looking approach**, ensuring that ACML is prepared to implement robust AML measures in accordance with regulatory requirements upon the commencement of clientele operations.

a) PREFACE

This Know Your Customer (**KYC**) and Anti-Money Laundering (**AML**) Policy (**the Policy**) has been prepared in accordance with Prevention of Money Laundering Act, 2002 (**PMLA Act**) and in line with Master Circular dated June 06, 2024, issued by the Securities and Exchange Board of India ('**SEBI**') on the '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 thereunder on (**New guidelines**). This Policy also takes into account the provisions of the PMLA Act and other Rules and Regulations laid down by SEBI and FIU.

As per PMLA, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, authorized persons, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, depository participant, underwriter, portfolio manager, investment adviser and any other intermediary 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 notified under the PMLA. For the purpose of PMLA, transactions include:

1. All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
2. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency, where such series of transactions have taken placed within one calendar month and the monthly aggregate exceeds an amount of rupees 10 lakhs or its equivalent in foreign currency.
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.

For the purpose of suspicious transactions reporting, apart from transactions integrally connected", transactions remotely connected or related need to be considered. In case there is a variance in CDD/AML standards prescribed by SEBI and the regulators of any other country in which ACML operates, ACML shall be required to adopt the more stringent requirements of the two.

If the host country does not permit the proper implementation of AML/CFT measures consistent with the home country requirements, financial groups shall be required to apply appropriate additional measures to manage the ML/TF risks, and inform SEBI.

"Suspicious transactions" means a transaction whether or not made in cash which to a person acting in good faith –

1. gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
2. appears to be unusually large and / or made in circumstances of unusual or unjustified complexity or
3. appears to have no economic rationale or Bonafide purpose.

Senior Management refers to Business Head and Compliance Head of ACML.

This Policy only supplements the existing SEBI / FIU guidelines relating to KYC/AML and any subsequent guidelines from the date of the Policy on KYC/AML will be implemented immediately, with subsequent ratification by the Board. Extant regulations will at any point in time override this Policy.

b) KYC/AML PHILOSOPHY OF ACML

b.1 The KYC / AML philosophy of ACML is to prevent ACML from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The objective of this policy is also to enable ACML to know / understand its customers and their financial dealings better which in turn will help ACML to manage its risks prudently.

b.2 It is important that ACML"s management views "money-laundering prevention" and "knowing your customer" as part of the risk management strategies and not simply as stand- alone requirements that are being imposed by legislation/regulators".

Hence the objective of the policy is to –

1. To have a proper Customer Due Diligence (CDD) process before registering clients.
2. To monitor/maintain records of all cash transactions of the value of more than Rs.10 lacs.
3. To maintain records of all series of integrally connected cash transactions within one calendar month.
4. To monitor and report suspicious transactions.
5. To discourage and identify money laundering or terrorist financing activities.
6. To take adequate and appropriate measures to follow the spirit of the PMLA.

c) WHAT IS MONEY LAUNDERING?

c.1 Money laundering is the criminal practice of putting ill-gotten gains or dirty money

through a series of transactions, so that the funds are cleaned to look like proceeds from legal activities. It is driven by criminal activities and conceals the true source, ownership, or use of funds.

In simple terms money laundering is most often described as the "turning of dirty or black money into clean or white money". If undertaken successfully, money laundering allows criminals to legitimize "dirty" money by mingling it with "clean" money, ultimately providing a legitimate cover for the source of their income.

Section 3 of the PMLA Act defines money laundering in following words:
"Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering".

d) CUSTOMER ACCEPTANCE POLICY

d.1 No account shall be opened in anonymous or fictitious / benami name(s). PAN shall be mandatory for each account. Each client shall have only one trading account.

d.2 The parameters of risk perception in terms of the nature of business activity, location of customer (registered office address, correspondence addresses and other addresses if applicable), mode of payments, volume/trading turnover, social and financial status, and manner of making payment for transactions undertaken, etc. The parameters shall enable categorization of customers into low, medium and high risk. ACML has indicative categories of customers which would fall into low, medium and high-risk categories (refer **Annexure 1).** The list shall be updated with approvals from Compliance, and Business groups.

For the purpose of risk categorization, individuals/entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk. Illustrative examples of low risk customers are as follows:

- salaried employees whose salary structures are well defined.
- Government Departments and Government owned companies.
- regulators and statutory bodies; etc.

Customers that are likely to pose a higher-than-average risk to ACML shall be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. Clients of Special Category (CSC) as defined as per PMLA circular dated 4th July 2018, will be classified as "High Risk". Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile. ACML shall apply Customer Due Diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

d.3 While the profile of the customer is captured in the account opening form, a Customer Due Diligence (CDD) sheet is also prepared at the account opening stage for all accounts(individual
/ non individual). The CDD sheet is an addendum to the account opening form and captures in further detail the profile of the customer, especially the expected transaction

pattern of the account. The CDD sheet is prepared by the sales team based on their discussions and understanding of the customer but is not required to be signed off by the customer.

CDD shall include the following measures –

- **Antecedent Verification:** Obtain and independently verify client details such as identity, address, contact information, occupation, promoters/directors, source of income, market experience, PAN, and SEBI registration (if applicable).
- **Company/LLP Validation:** Cross-check details like CIN, registered office, and directors/partners on the MCA (ROC) website. Discrepancies must be clarified, and if unresolved, the account will not be opened.
- **Enhanced Due Diligence (EDD):** For retail clients, local references and reliable independent sources will be used to verify identity and creditworthiness. If acting on behalf of another entity, authorization and identity must be verified.
- **Approval & Screening:** The Account Opening Team will review and approve accounts after verification. New accounts will be screened against SEBI, exchange, ANMI, and international watchlists (OFAC, UN, EU, Interpol, etc.).
- **In-Person Verification & Beneficial Ownership Check:** Conduct in-person verification as per regulations and identify the ultimate beneficial owner (UBO). Verify shareholder/promoter details for non-individual entities and independently confirm sources of funds.
- **Transaction Monitoring:** Assess the nature, movement, and source of transactions. Periodically request financial details to ensure authenticity, especially for complex corporate and partnership accounts. Compliance approval is required for opaque ownership structures before activation.

For this purpose, **"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, including those persons who exercise ultimate effective control over a legal person or arrangement. ACML shall be guided by and follow SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012 in this regard and such amendments thereto from time to time.

Identifying beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted. The beneficial owner shall be determined as under

a) **WHERE THE CLIENT IS A COMPANY,** the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means. **Explanation: -** For the purpose of this sub-clause: -
   i. "Controlling ownership interest" means ownership of or entitlement to more than ten per cent of shares or capital or profits of the company;
   ii. ii. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

b) **WHERE THE CLIENT IS A PARTNERSHIP FIRM,** the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more

juridical person, has ownership of/ entitlement to more than ten percent of capital or profits of the partnership or who exercises control through other means.
Explanation: - For the purpose of this clause:-
"Control" shall include the right to control the management or policy decision;

c) **WHERE THE CLIENT IS AN UNINCORPORATED ASSOCIATION OR BODY OF INDIVIDUALS**, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen per cent of the property or capital or profits of such association or body of individuals;

d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

e) **WHERE THE CLIENT IS A TRUST**, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten per cent 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; and

f) where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.

g) A**PPLICABILITY FOR FOREIGN INVESTORS:** In this regard ACML may be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19,2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client;

h) Every registered intermediary shall register the details of client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not registered, and maintain such relationship between a client and all the registered intermediary has ended or the account has been closed whichever is later.

- As a part of Client Due Diligence (CDD), in April, 2021, the Exchanges and Depositories have made below mentioned 6 attributes of KYC mandatory.
  Name
  Address
  PAN
  Valid Mobile Number
  Valid Email Address
  Income Range

- **Reliance on third party for carrying out Client Due Diligence (CDD)**:-In-person verification and verification of document copies of clients / prospective clients against originals are to be done and reliance on third parties / external entities, where necessary, in accordance with SEBI / Exchange / Regulatory guidelines in this regard as may be amended from time to time. {At this point in time, in case of stock brokers and their Authorized Persons i.e. APs (appointed by the stock-brokers after getting approval from concerned stock exchanges) can perform In-Person Verification – as per SEBI Circular dated December 23, 2011} or one can rely on IPV / KYC as

"verified" and available in KRAs. No other third party may be relied on, unless expressly authorized under SEBI / Exchange / Regulatory guidelines in this regard.

- For onboarding of NRI / FII / FPI clients, in case there is any connection with any country which has been observed by the FATF to be non-compliant with its requirements, the account shall be rejected. which shall mean the following
    - Person has provided a residential / correspondence address of such country
    - Directions for the operating of the account are received from the said country
    - The POA holder of the account is connected in the above manner from that country

- **Ongoing due diligence and scrutiny** – We shall 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.

- For all clients applying for trading rights in the futures and options/currency/ commodity segments, further details as regards their proof of income and source of funds and shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

- Necessary checks shall be conducted before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations or banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide. For conducting such reviews, while ACML shall check the lists provided by SEBI/ /Exchanges/internally maintained negative lists, it shall rely primarily on the United Nations list which is available at http://www.un.org/sc/committees/1267/consolist.shtmland http://www.un.org/sc/committees/1988/list.shtml).

- The list of FATF countries is also updated on an ongoing basis to ensure that clients covered under the high-risk countries as per the FATF list are not allowed to open accounts through ACML. The compliance team shall be responsible to ensure that the said lists are updated through various sources.

Process wherein the name of the client (new or existing) matches with the negative list –

Type of client	What matches with negative list	What is to be done
New	PAN	Reject account
	Name	1. Check the address or any other detail in the negative list. 2. If anything is closely resembling the client in question – Escalate case to compliance team before opening 3. Compliance team to analyse the alert with the KYC details of the client 4. Take a declaration from the client that he is not the same person. 5. If the client is not cooperating – Not to open the account. 6. If the client provides the documents, onboard the client.
Existing	PAN	1. Analyse the reason for alert generation 2. Seek proof of payment of penalty to SEBI from the client incase alert generated is for only paying penalty against SEBI order; or 3. Proceed for locking/suspension of account as per SEBI/regulatory orders where client is debarred from accessing the securities market or cases related to fraud, financial crime, moral turpitude, etc.
	Name / Address / Other details	1. Escalate to compliance officer 2. Review past transactions. 3. If the past transactions have shown any similarity to SEBI/ order or any alert – Close the account 4. If not – ask the client to provide declaration he is not the same person. 5. If the client is not cooperating – Lock the client's account 6. If the client provides the documents, continue maintaining the client's account.

ACML will not open or continue an account if proper customer due diligence (CDD) or KYC procedures cannot be completed. This applies when:

- The client's identity cannot be verified.
- The provided information appears false or unreliable.
- The client does not fully cooperate in providing required details.

In such cases, ACML will discontinue business with the client, file a Suspicious Activity Report (SAR), and assess any unusual trading activity to decide whether to freeze or close the account.

If suspicious transactions are detected, ACML will withhold securities or funds, consult relevant authorities, and take appropriate action.

For Partnership Firm Accounts, the account opening team must verify the Partnership Deed to ensure that no Hindu Undivided Family (HUF) is a partner. If an HUF is a partner, the account will not be opened.

For LLP Accounts, the team must review the LLP Deed and partner list to confirm that no HUF is a partner. If an HUF is involved, the account cannot be opened (as per MCA Circular dated 29.07.2013).

If a prospective client fails to provide valid identity proof, the case will be reported to the Principal Officer for necessary action, including filing a Suspicious Transaction Report (STR) if required

d.4 ACML shall apply higher levels of due diligence when an account is operated by a mandate holder or where an account is opened by an intermediary in fiduciary capacity. KYC documents will be taken for both the mandate holder/intermediary in fiduciary capacity and the account holder. Adequate verification of a person's authority to act on behalf of the client shall be carried out.

e) CUSTOMER IDENTIFICATION PROCEDURE

e.1 Customer identification involves verifying the customer's identity using reliable, independent documents, data, or information. When a client acts on behalf of a juridical person, individual, or trust, ACML shall verify both the client's authorization and the identity of the authorized representative. ACML must gather sufficient information to establish the identity of each new customer, whether regular or occasional, and determine the purpose of the relationship. Additionally, ACML must ensure compliance with regulatory guidelines by conducting due diligence based on the customer's risk profile.

e.2 ACML shall have in place a comprehensive Customer Identification Procedure which details the various documents that ACML can take as Identity, Address proof for various types of customers (refer **Annexure 2**). This Customer Identification Procedure document shall be updated with approvals from Compliance, and Business groups, with subsequent ratification by the Board of Directors.
However, merely obtaining identification documents for identity, address and signature proof from the customer does not mean that the KYC is complete. KYC means actually knowing the customer, nature of his business and the purposes for which ACML account will be used.

e.3 ACML may ask for periodical updation of customer identification and other data after the account is opened.

f) MONITORING OF TRANSACTIONS

f.1 Ongoing monitoring is an essential element of effective KYC procedures. ACML can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

f.2 ACML shall have in place a comprehensive transaction monitoring process from a KYC/AML and Surveillance perspective. ACML shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering or market abuse. An indicative list of such alerts is provided with this policy. (Annexure 3) ACML monitoring team shall endeavour to update the list based on current understanding of the market scenario and trading patterns followed by clients. In addition to the alerts from internal sources, the Surveillance team shall also monitor the alerts provided by the exchanges and Depositories. Details relating to the compliance with respect to the said circular are elaborated in Annexure 3.

f.3 On the basis of criticality of the breach, observation of account behaviour, repetitive breaches, the AML Monitoring Team shall send a query to the concerned business. Responses would be expected within 7 days. The background including all documents, office records and clarifications pertaining to such transactions and their purpose will be examined carefully and findings will be recorded. If the alerts still persist or the AML Monitoring Team is not satisfied with the responses, then the AML query team shall send the query with its observations to the Principal Officer.

f.4 ACML shall put in place a system of periodical review of risk categorization of accounts. Such review of risk categorization of customers shall be carried out at a periodicity of once in five years or such lower frequency as possible or desirable.

f.5 Risk Rating is done on a client level i.e. if across different business lines, client is found to be High Risk in any business line, client will be marked as High Risk for all his accounts with ACML. For eg. if he is found to be High Risk for trading account, he is marked as High Risk for DP account as well.

f.6 All employees of ACML shall monitor transactions related to their day-to-day functioning / job description on a continuous basis and shall report any Cash Transactions and / or Suspicious Transactions to Compliance or directly to the Principal Officer.
It is clarified that employees are obligated to be vigilant and report any such executed or attempted suspicious transaction to Compliance or directly to the Principal Officer as a Suspicious Transaction, even if not completed by Clients, irrespective of the amount of the transaction.
In any case, all employees are required to exercise diligence and proactively alert concerns in compliance with the Group's Whistleblower Policy.

f.7 It would be ensured that record of transaction is preserved and maintained in terms of section 12 of the PMLA 2002 and / or rules made there-under and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the Director, FIU- IND. Suspicious transactions shall also be regularly reported to the appropriate law authority.

f.8 Further the accounts or financial assets shall be frozen for any particular client in case so required by any regulatory authority upon receiving a notice for the same.

g) RISK MANAGEMENT

g.1 The overall responsibility/implementation and adherence of this KYC/AML policy shall lie with the Compliance & Surveillance Unit of ACML. The surveillance

activities shall be conducted under overall supervision of its Compliance Officer.

g.2 The Concurrent / Internal Auditors shall specifically check and verify the application of KYC/AML & Surveillance procedure, scope and coverage of the AML and Surveillance policy and procedure documents, their implementation and effectiveness and shall also review the alerts generated and appropriateness of closure of the alerts and comment on the lapses observed in this
regard.
The Auditor shall also ensure that a quarterly MIS of alerts (comprising the number of alerts pending at the beginning of the quarter, generated during the quarter, processed and acted upon during the quarter and cases pending at the end of the quarter along with reasons for pendency and action plan for closure, as also exceptions noticed during the disposal of alerts and reasons for delay in disposal of alerts) is prepared and presented to the Board and verify the accuracy and completeness thereof. The reports and compliance in this regard shall also be put up before the Board.

h) COMBATING FINANCING OF TERRORISM (CFT)

- ACML shall have a heightened awareness in the system to check for transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism.
- 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 registered intermediaries ensure the fulfilment of the aforementioned obligations.
- Financial groups shall be required to implement group wide programmes for dealing with ML/TF, which shall be applicable, and appropriate to, all branches and majority owned subsidiaries of the financial group as under:
  - *a.* policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;
  - *b.* the provision, at group level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This shall include information and analysis of transactions or activities which appear unusual (if such analysis was done); similar provisions for receipt of such information by branches and subsidiaries from these group level functions when relevant and appropriate to risk management;
  - *c.* adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

i) MAINTENANCE OF RECORDS OF TRANSACTIONS / INFORMATION TO BE PRESERVED / MAINTENANCE AND PRESERVATION OF RECORDS / CASH AND SUSPICIOUS TRANSACTIONS REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA (FIU-IND)

i.1 Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the PMLA Act, 2002. In terms of the Rules, the provisions of PMLA Act, 2002 came into effect from July 1, 2005. Section 12 of the PMLA, 2002 casts certain obligations on financial institutions in regard to preservation and reporting of customer account information. One may refer policy for maintenance and preservation of records as

available on the website of the company

Registered Intermediaries are required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- the nature of the transactions;
- the amount of the transaction and the currency in which it is denominated;
- the date on which the transaction was conducted; and

- the parties to the transaction.

i.2 Maintenance and preservation of records

i.2.1 ACML shall take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, ACML shall maintain for such number of years as would be required under the PMLA 2002 and rules made there-under from the date of transaction between ACML and the client, all necessary records of transactions, both domestic or international, which will permit / facilitate reconstruction of individual transactions (including the amounts and types of currency involved if any) as also its own findings, conclusions and clarifications received, so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity. To enable this reconstruction, ACML shall retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:

- the beneficial owner of the account;
- the volume of the funds flowing through the account; and
- for selected transactions:
- the origin of the funds;
- the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
- the identity of the person undertaking the transaction;
- the destination of the funds;
- the form of instruction and authority.

ACML shall ensure that all client and transaction records and information are made available on a timely basis to the competent investigating authorities.

i.2.2 ACML shall maintain and preserve records of documents evidencing the identity of its clients and beneficial owner and his address (e.g. copies of documents like passports, identity cards, Aadhaar card, driving licenses, PAN card, bank statement, utility bills, e-KYC data shared by KUA, etc.) while opening the account and during the course of business relationship, These records are properly preserved for such number of years as would be required under the PMLA 2002 and rules made thereunder after the business relationship is ended or the account has been closed whichever is later. The identification records and transaction data should be made available to the competent authorities upon request.

i.2.3 Record generation, maintenance and retention –
For the purpose of the record keeping provision, we should 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.

a) Records of the all-trading details of the client needs to be stored for such number of years as would be required under the PMLA 2002 and rules made thereunder
b) Records shall be maintained in hard and/or soft copies.

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.

Where required by the investigating authority, ACML shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars. One may refer policy for maintenance and preservation of records as available on the website of the company

i.3 Reporting To Financial Intelligence Unit-India and Other Regulatory Bodies
(*The provisions outlined in **this Policy** is not applicable for broking operations, as ACML currently engages solely in Proprietary Trading and does not conduct any clientele business as a Trading Member)*

i.3.1 In terms of the Rules, ACML shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India, 6th Floor, Tower-2,
Jeevan Bharati Building, Connaught Place,
New Delhi-110001.
Website - http://fiuindia.gov.in/

i.3.2 In case of adverse observations or abnormal activity are recorded during transaction monitoring or instances of potential money laundering or market abuse are discovered, ACML shall report all such instances along with the details of the adverse observations to the Exchange/Regulatory Authorities within the stipulated timelines.

i.3.3 Counts of alerts and reporting's made to FIU shall be submitted to Exchanges / Depositories or regulators at the monthly / quarterly intervals as specified by Exchanges / Depositories or regulators from time to time.

i.4 Confidentiality in maintenance of records

i.4.1 Confidentiality has to be maintained because records are being maintained under Rule. 3 of the PMLA Rules. The obligation to maintain confidentiality is upon every registered intermediary, its directors, officers, and, inter alia, all other employees. Maintenance of confidentiality as per the New Guidelines will ensure clients are not tipped off knowing the fact of maintenance of such records.

i.5 Suspicious transaction monitoring and reporting (STR)
*(The provisions outlined in this **Policy** is not applicable for broking operations, as ACML currently engages solely in Proprietary Trading and does not conduct any clientele business as a Trading Member)*

(i) The Suspicious Transaction Report (STR) shall be furnished 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 Non-Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND on or before the 15th of the succeeding month. Confidentiality shall be maintained in filing of STR and NTR to FIU-IND.

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 once a suspicious transaction report is received from a branch or any other office. Such report shall be made available to the competent authorities on request.
Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/non-profit organization transactions to be reported.
Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013);"

(ii) While determining suspicious transactions, ACML shall be guided by definition of suspicious transaction as amended from time to time.

(iii) An indicative list of suspicious activities contained is provided along with this policy.

(iv) While ensuring that there is no tipping off to the customer at any level, ACML shall also ensure **not** to put restrictions on operations in the accounts where an STR has been made. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. It shall ensure that there is no information to the client at any level, of the report or about our suspicion. Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, it shall file STR if have reasonable grounds to believe that the transactions involve proceeds of crime.

(v) It shall be ensured that there is continuity in dealing with the client as normal until instructed otherwise by any regulatory authority. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, for reasons recorded in writing.

(vi) In some cases transactions may be abandoned or aborted by clients on being asked to give some additional details or to provide documents. In such cases, ACML shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

(vii) Confidentiality requirement does not inhibit information sharing among entities in the group.

(viii) ACML shall maintain updated designated lists / negative lists for screening purposes in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed therein are holding any funds, financial assets or economic resources or related services held in the form of securities with them. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, subject to UN Sanctions, ACML from the time of finding out such customer, shall immediately and not later than 24 hours after such detection, 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 (CTCR), Ministry of Home Affairs at Fax No. 011 – 23092551 and also convey over telephone No. 011 - 23092548. ACML shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered and carried through or attempted, as per the prescribed format. The particulars apart from being sent by post will be conveyed through e-mail at jsctcr-mha@gov.in and to sebi_uapa@sebi.gov.in

In case the aforementioned details of any of the customers match the particulars of designated individuals/entities beyond doubt, ACML would prevent designated persons from conducting any financial transactions.

j) PRINCIPAL OFFICER

Presently the compliance officer shall be appointed as the principal officer of the Company. The Principal Officer shall be facilitated to discharge duties with independence and appropriate level of authority. The decision of the Principal Officer to report a transaction to FIU-India shall be final and binding.

k) DESIGNATED DIRECTOR

The whole-time director in charge of Operations shall be appointed as the designated Director of the Company and details thereof be intimated to FIU consequent to SEBI Circular CIR/MlRSD/112014 dated March 12, 2014.

l) CUSTOMER EDUCATION / EMPLOYEE'S TRAINING / EMPLOYEE'S HIRING

l.1 CUSTOMER/INVESTORS' EDUCATION

Implementation of KYC procedures requires ACML to demand certain information from customer which may be of personal nature or which has hither to never been called for or which do not appear in the standard checklists. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Relationship Managers of ACML shall be trained to explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the customer. ACML shall put up an this policy on its website to educate clients regarding the objectives and broad framework of the AML/CFT programme.

l.2 EMPLOYEES' TRAINING

ACML shall have an ongoing employee training programme so that the members of the staff are adequately trained in KYC/AML procedures and fully understand the rationale behind the KYC/AML policies and implement them consistently.

l.3 HIRING OF EMPLOYEES

KYC norms / AML standards / CFT measures have been prescribed to ensure that criminals are not allowed to misuse ACML infrastructure. It should therefore, be necessary that adequate screening mechanism is put in place by ACML as an integral part of their recruitment / hiring process of personnel.

The Human Resources department of ACML confirms the previous employment details given by the employee with prior employer.

m) REVIEW OF POLICY:

This policy will be reviewed at least once in a year by the Principal Officer and Designated Director for FIU (PMLA) or at such lesser frequency as may be required due to changes in regulatory framework. Views of concerned Business Heads, if any, may be taken into account where the management finds it necessary to do so. Revised versions of the policy shall be reviewed, approved and adopted by the Board of Directors of ACML Limited.

This policy has been reviewed and updated to incorporate all regulatory requirements as per SEBI's Master Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 06, 2024 regarding '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.

n) PROCEDURE FOR FREEZING THE FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES

The registered intermediaries shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, they do not have any accounts in the name of individuals/entities appearing in the lists of individuals and entities, suspectedof having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC).

In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 (Annexure 1) for strict compliance. These guidelines have been further amended vide a Gazette Notification dated June08, 2021 (Annexure 2). Corrigendums dated March 15, 2023 and April 22, 2024 have also been issued in this regard (Annexure 3) and (Annexure 4). The list of Nodal Officers for UAPA is available on the website of MHA.

o) PROCEDURE FOR IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION AND THEIR AND DELIVERY SYSTEMS (PROHIBITION OF UNLAWFUL ACTIVITIES) ACT, 2005 – DIRCTIONS TO STOCK EXCHANGES AND REGISTERED INTERMEDIARIES

The Government of India, Ministry of Finance has issued an order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR ("the Order") detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act"). The Order may be accessed by clicking on chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://fiuindia.gov.in/pdfs/AML_legislation/DoR_Section_12A_WMD.pdf

The registered intermediaries are directed to comply with the procedure laid down in the said Order.

ANNEXURE 1

Risk Categorization

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF INDIVIDUALS

NOTE: If any of the above accounts are operated by Power of Attorney (POA) holder/mandate holder, then the account will be categorized as "High Risk"

Type	**Recommended Risk Categorisation**	**Risk Perception**
Salaried	Low risk	Source on income is fixed and pattern of entries in the account can be correlated with known sources of income/ expenditure.
Senior citizens	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
House-wife	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
Self Employed-Professionals / Businessmen	Low risk (except professionals associated with the film industry who will be categorized as "Medium" risk).	Accounts maintained by Chartered Accountants, Architects, Doctors, Lawyers, Sportsmen, etc.
Non-Resident Individuals	High risk	Non-resident clients are categorized as"Clients of Special Category (CSC)" as per SEBI. CSCs are to be classified as high as they require high degree o due diligence.

Politically Exposed Persons Resident outside India	High Risk	Politically Exposed Persons" (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money- Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in paragraph 14 of the Master Circular shall also be applied to the accounts of the family members or close relatives / associates of PEPs." 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. Branches should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Front end staff should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. Such accounts should be subjected to enhanced monitoring on an ongoing basis. The above norms should also be applied to the accounts of the family members and close relatives / associates of PEPs. Further ACML may maintain a list of additional accounts as "Designated PEP" The accounts of Politically Exposed Persons shall be opened only after obtaining the approval of the senior management. Further, in the event of an existing customer or the beneficial owner of an account subsequently becoming PEP, senior management approval would be required to continue the business relationship and such accounts would be subjected to Customer Due Diligence measures as applicable to the customers of PEP category including enhanced monitoring on an ongoing basis. In such events ACML shall be guided by the information provided by the clients or front end teams. Networth as well income range shall both be mandatory in case of PEP accounts.

RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF NON-INDIVIDUALS

Risk categorization of non-individual customers can be done basis:

A. Type of Entity **B.** Industry; **C.** Country of Domicile

A. Type of Entity

Type	**Recommended Risk Categorisation**	**Risk Perception**
Private Ltd/ Public Ltd Companies	Low / Medium / High risk	Depending on the clarity of the shareholding structure and the nature of operations, such companies would be classified.
Local Authorities or Public Bodies	Low Risk	They are constituted under Special Acts. Operations are governed by such Acts / Rules
Public Sector Undertakings, Government Departments/ Undertakings, Statutory Corporations	Low Risk	These types of entities are governed by specific Acts, Notifications etc. framed by the Government of India or the State Government and are controlled and run by the Govt.
Mutual Funds/Scheduled Commercial Banks/Insurance Companies/Financial Institutions	Low Risk	These entities are strictly regulated by their respective regulators.
Partnership Firm	Low / Medium / High Risk	Depending on the clarity of the shareholding structure and the nature of operations, such entities would be classified.
Trusts – Public Charitable Trust	High Risk	-
Hindu Undivided Family (HUF)	Medium Risk	These are unregistered bodies and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
Societies / Associations / Clubs	High Risk(except "Housing Societies" which will be categorized as "Low" risk).	These are not highly regulated entities and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
Trusts – Private Trust	High Risk	These may be unregistered trusts and the pattern of entries in the account may not be Correlated with known sources of income/ expenditure.
Co-operative Banks	High Risk	These are not highly regulated entities.
NGO, Organisations receiving donations	High Risk	These are not highly regulated entities and may receive cash donations

B & C. BASIS INDUSTRY AND COUNTRY OF DOMICILE

Risk Category	Industry	Country of Domicile
High	**The Risk categorization is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as below:** Arms Dealer Money Changer Exchange Houses Gems / Jewellery / Precious metals / Bullion dealers (including sub-dealers) Real Estate Agents Construction Offshore Corporation Art/antique dealers Restaurant/Bar/casino/night club Import/Export agents (traders; goods not used for own manufacturing/retailing) Share & Stock broker Finance Companies (NBFC) Transport Operators Auto dealers (used/ reconditioned vehicles/motorcycles) Scrap metal dealers Liquor distributorship Commodities middlemen Co-operative Banks Car/Boat/Plane dealerships/brokers Multi Level Marketing (MLM) Firms	
Medium	None	NA
Low	All other industries	NA

Notes:

1. Higher Risk Categorization derived from either A or B or C shall be the applicable risk categorization for the account.
2. Lowering of risk classification shall be carried out by the Compliance Officer. This shall be done only where adequate justifications can be provided and the same are mentioned along with the account opening form.
3. Such justifications shall be reviewed 3 months from the date of account opening / first transaction in order to ensure that the classification is proper.
4. Based on the above categorization the transaction review process will take place.
5. Additionally, in case an account is opened wherein a POA to operate the account is provided to another person. Such accounts shall be placed under the High Risk category.

ANNEXURE 2

CUSTOMER IDENTIFICATION PROCEDURE FOR ACCOUNT OPENING

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. Also, where the client purports to act on behalf of juridical person or individual or trust, ACML shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person. Based on risk perception, type / entity of customer, segment of customer following features shall be verified with supporting documents obtained from the customers –

INSTRUCTIONS/CHECK LIST FOR FILLING KYC FORM

A. IMPORTANT POINTS:

1. Self attested copy of PAN card or scan of the original PAN is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested or certified and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address or any other document is in a foreign or vernacular language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.
8. In case of Merchant Navy NRI‟s, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.
9. For opening an account with Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.
10. Politically Exposed Persons (PEP) are defined as 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.

B. PROOF OF IDENTITY (POI): - List of documents admissible as Proof of Identity:

1. PAN card with photograph.
2. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license (Additional).
3. Identity card/ document with applicant's Photo, issued by any of the following: 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; and Credit cards/Debit cards issued by Banks.

C. PROOF OF ADDRESS (POA): - List of documents admissible as Proof of Address:
(*Documents having an expiry date should be valid on the date of submission.)
Officially Valid Document (***OVD)*** - *Passport / Voters Identity Card / Aadhaar Card (Aadhaar Number to be masked by the client)/ Driving License /NREGA Job Card/National Population Register Letter.
If the above officially valid documents furnished by the client does not contain updated address, the following documents shall be deemed PoA. The client shall submit updated officially valid document with current address within a period of three months of submitting the below documents to us:

1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post- paid mobile phone, piped gas, water bill).

2. Property or Municipal Tax receipt
3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address.
4. Letter of allotment of accommodation from employer issued by State or Central Government departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies. Similarly, leave and license agreements with such employers allotting official accommodation.
   In case the officially valid document presented by a foreign national does not contain the details of address, in such case the documents issued by Government departments of foreign jurisdictions and letter issued by Foreign Embassy or Mission in India shall be accepted as proof of address.
5. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
6. Aadhaar Letter issued by UIDAI shall be admissible as Proof of address in addition to Proof of Identity.
7. e-KYC service launched by UIDAI shall also be accepted as a valid process for KYC verification. The information containing the relevant client details and photograph made available from UIDAI as a result of e-KYC process shall be treated as a valid proof of address.

D. <u>EXEMPTIONS/CLARIFICATIONS TO PAN</u>

(*Sufficient documentary evidence in support of such claims is to be collected.)

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds upto Rs 50, 000/- p.a.
5. In case of institutional clients, namely, FPI, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 2(72) of the Companies Act, 2013, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

E. <u>LIST OF PEOPLE AUTHORIZED TO ATTEST THE DOCUMENTS:</u>

1) Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Banks (Name, Designation & Seal should be affixed on the copy).

2) In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

F. <u>In case of non-individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:</u>

Types of entity	Documentary requirements
Corporate	• Copy of the balance sheet/Annual Report for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). • List of all Directors with details as Full name, Date & Place of birth • Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. • Photograph, POI, POA, PAN of Authorised Signatories • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and certificate of incorporation. • Copy of the Board Resolution for investment in securities market. • Declaration from UBO/SMO with details as Full name, Date & Place of birth, Citizenship, Country of Residence, Position in company. • Authorised signatories list with specimen signatures.
Partnership firm	• Copy of the balance sheet/Annual report for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered partnership firms only). • Copy of partnership deed. • Authorised signatories list with specimen signatures along with authorisation letter Photograph, POI, POA, PAN of all Partners • Partnership firm resolution and Authorised signatories list with specimen signatures. • Photograph, POI, POA, PAN of all Partners.
Trust	• Copy of the balance sheet/ Annual Report for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered trust only). • Copy of Trust deed. • List of trustees certified by managing trustees/CA. • Trust Resolution for opening and operating the account • Photograph, POI, POA, PAN of Trustees & Authorised Persons.

HUF	• Deed of declaration of HUF/ List of coparceners. • Bank pass-book/bank statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Unincorporated association or a body of individuals	• Proof of Existence/Constitution document. • Resolution of the managing body & Power of Attorney granted to transact business on its behalf. • Authorized signatories list with specimen signatures. • Declaration from SMO with details as Full name, Date & Place of birth, Citizenship, Country of Residence, Position in company. • Copy of balance sheets for the last 2 financial years (to be submitted every year)
Banks/Institutional Investors	• Copy of the constitution/registration or annual report/balance sheet/Annual Report for the last 2 financial years. • Authorized signatories list with specimen signatures. • Declaration from UBO / SMO with details as Full name, Date & Place of birth, Citizenship, Country of Residence, Position in company. • List of all Directors with details as Full name, Date & Place of birth
Foreign Portfolio Investors (FPI)	• Copy of SEBI registration certificate. • Authorized signatories list with specimen signatures. • Declaration from SMO with details as Full name, Date & Place of birth, Citizenship, Country of Residence, Position in company. • List of all Directors with details as Full name, Date & Place of birth
Army/ Government Bodies	• Self-certification on letterhead. • Authorized signatories list with specimen signatures.
Registered Society	• Copy of Registration Certificate under Societies Registration Act. • List of Managing Committee members. • Committee resolution for persons authorised to act as authorised signatories with specimen signatures. • True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.

G. ADDITIONAL DOCUMENTS TO BE TAKEN IN CASE CLIENTS WANT TO OPEN ACCOUNTS IN F&O / CURRENCY/COMMODITY SEGMENTS –

Obtaining financial information from client trading in derivatives segment:

1. ACML shall review and update periodically client information in the Client Registration Form and are also advised to ensure that client registration details including financial details of the clients are obtained and updated at regular intervals.
2. The member shall collect documentary evidence of financial details provided by the clients who opt to deal in the derivative segment at the time of registration and at the time of annual updation.

An illustrative list of documents which the members may collect from its clients (towards documentary evidence of financial details) is as below:

a. Copy of ITR Acknowledgement
b. Copy of Annual Accounts
c. Copy of Form 16 in case of salary income
d. Net worth certificate – CA Certified
e. Salary Slip
f. Bank account statement for last 6 months
g. Copy of demat account Holding statement along with valuation.
h. Any other relevant documents substantiating ownership of assets.

ANNEXURE 3

AN INDICATIVE LIST OF SUSPICIOUS ACTIVITIES & PROCEDURE FOR DISPOSAL OF ALERTS

Whether a particular transaction is suspicious or not will depend upon the background details of the client, details of the transactions and other facts and circumstances. Followings are the circumstance, which may be in the nature of suspicious transactions: -

a. Clients whose identity verification seems difficult or clients appears not to co-operate;
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 volume 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. Off market transactions in the DP account of the clients;
i. High trading activity in the relatively illiquid scrips;
j. Major trading activity in the Z and TtoT category scrips;
k. Options trading / trading in illiquid scrips wherein client has booked unusual profit or loss which does not commensurate with the changes in the prices of underlying security in the cash segment.
l. High exposures taken by client as compared to income levels informed by clients.
m. Unusual transactions by CSCs or "High risk status" and businesses undertaken by shell corporations offshore banks /financial services, businesses reported to be in the nature of export- import of small items.

NSE & BSE had issued circulars dated March 07, 2013 on **Surveillance Obligations for Trading Members**. Further, to an update to the above circulars, both NSE & BSE have issued circulars dated July 1, 2021. The circular lays down the guidelines to be followed to monitor surveillance related alerts provided by the NSE & BSE from time to time. In this regard process to be followed is provided below

1. All exchange alerts shall be reviewed by the surveillance team.
2. In case of any suspicious activity observed –
    a. Client would be required to provide explanation
    b. We may ask clients to provide KYC related information
    c. Further documentary evidence such as bank and depository account statements may be called for
    d. Post analyzing the documentation the results for the same would be recorded and in case of adverse remarks the same would be informed to the exchanges within 45 days from the alert date, unless suitable extension is taken from the exchange.
3. Various indicative themes provided to detect potentially suspicious trading transactions are:

* Client / group of clients dealing frequently in small quantities/minimum market lot in a scrip / contract

- Based on an announcement by a listed company, identify Client / group of clients, having possible direct / indirect connection with a listed company, who have undertaken any suspicious trading activity prior to price sensitive announcement by said listed company
- Disproportionate trading activity vs reported income / Net worth Frequent changes in KYC submitted by clients
- Client / group of clients having significant selling concentration, in the scrips, forming part of "For Information list" or 'Current Watch list"
- Consistency in profit / loss at client / group of clients levels, rationale for such trading activities

- Significant trading activity in scrips by client who has pledged the shares of same scrip
- In case of concerns of trading activity of a client or a group of clients in a scrip, monitoring whether the orders are being placed by respective clients or their authorized representatives and monitoring client's address as per KYC vis a vis the dealing office address.
- The indicative themes additionally applicable to Trading members who are Depository Participants - Significant trading activity in scrips where client has pledged shares or has significant holding or has frequent off-market transactions
- The indicative themes additionally applicable to Trading members who have facility of internet-based trading -Surveillance / monitoring of IP addresses of clients (including identification of multiple client codes trading from the same location)
- Significant increase in client activity
- Significantly increase in client activity
- Sudden trading activity in dormant account
- Clients/ Group of Client(s), deal in common scrips
- Client(s)/ Group of Client(s) is concentrated in a few illiquid scrips
- Client(s)/ Group of Client(s) dealing in scrip in minimum lot size.
- Client/ Group of Client(s) Concentration in a scrip
- Circular Trading
- Pump and Dump
- Reversal of Trades
- Front Running
- Concentrated position in the Open Interest/High Turnover concentration
- Order book spoofing i.e. large orders away from market

MCX had issued Circular no.: MCX/S&I/380/2016 dated November 03, 2016 & Circular no.: MCX/S&I/456/2018 dated October 31, 2018 on **Surveillance Obligations for Trading Members**. Further, to an update to the above circulars, MCX have issued Circular no.: MCX/S&I/796/2020 October 26, 2020. With a view to facilitate effective surveillance at the Member level, the Exchange has been providing transactional Alerts to the Members. the Exchange will be providing following alerts with the corresponding periodicity as mentioned below:

- Significant increase in client activity – Monthly.
- Sudden trading activity in dormant account – Monthly.
- Concentrated Open Interest position – Daily.
- High Turnover concentration – Weekly.
- Large Trade (Quantity) – Daily.
- Order Spoofing – Daily.

FIU-India has issued guidelines and supplemental guidelines for detecting suspicious transactions dated March 11,2016, January 02, 2018 and July 21, 2022. The applicable indicators which are applicable to Trading Members and Depository Participants for Transaction Monitoring are as under.

- Artificial Volume Creation
- High value Deals
- Synchronized, Cross and Self Trades
- Turnover vis-à-vis financial income submitted by the client
- High value transactions in a new account
- High value transactions in a dormant account
- Frequent Small quantity transactions in an account
- Structuring of purchases
- Trading in Illiquid scrips
- Fund Received from Non-Clients
- Margin Trading
- Off-Market transfer to unrelated accounts
- Suspicious Off-Market Credit and Debit

- Off-Market Delivery in Unlisted Scrip
- Gift, Donation related Off-Market transfer
- Off-Market transfer at variance with market value
- Off-Market transfer in Suspicious scrip
- Suspicious Closure of Account

NSDL & CDSL has issued circulars dated July 15, 2021 on **Surveillance Obligations of Depository Participants**. These circulars seek to strengthen the framework laid down by Stock Exchanges by requiring Depository Participants also to put in place a Surveillance Framework. Accordingly, the various indicative themes provided to detect potentially suspicious transactions are:

- Alert for multiple demat accounts opened with same demographic details: Alert for accounts opened with same PAN /mobile number / email id/ bank account no. / address considering the existing demat accounts held with the Participant.
- Alert for communication (emails/letter) sent on registered Email id/address of clients are getting bounced
- Frequent changes in details of demat account such as, address, email id, mobile number, Authorized Signatory, POA holder etc.
- Frequent Off-Market transfers by a client in a specified period
- Off-market transfers (High Value) immediately after modification of details in demat account
- Review of reasons of off-market transfers provided by client for off-market transfers vis-à-vis profile of the client e.g. transfers with reason code Gifts with consideration, frequent transfers with reason code Gifts/Donation to unrelated parties, frequent transfers with reason code off-market sales.
- Alert for newly opened accounts wherein sudden Increase in transactions activities in short span of time and suddenly holding in demat account becomes zero or account becomes dormant after some time.
- Off-market transfers and pledge transactions not commensurate with the income/Networth of the client.
- Any other alerts and mechanism in order to prevent and detect any type of market manipulation activity carried out by their clients

For alerts received from Depositories, process to be followed is provided below –

1. All depository alerts shall be reviewed by the AML & Surveillance Transaction Monitoring team.
2. In case of any suspicious activity observed –
    - Client would be required to provide explanation
    - We may ask clients to provide KYC related updates
    - Further documentary evidence such as bank and depository account statements may be called for
    - Post analyzing the documentation received, if any, the results of analysis of the alert would be recorded and in case of adverse remarks or detection of abnormal activity, the same would be informed to the concerned depository within 30 days from the alert generation.

This policy may be amended from time to time and all the staff members shall comply with the same.