

## **Know Your Client (KYC) /Anti Money Laundering (AML) & Surveillance Policy**

### **1. PREFACE**

This Know Your Client (KYC) and Anti-Money Laundering (AML) Policy (the Policy) has been prepared in accordance Prevention of Money Laundering Act, 2002 (PMLA Act). This Policy also takes into account the provisions of the PMLA Act and other Rules and Regulations laid down by SEBI, FMC, FIU or any other regulator.

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, 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 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 place within one calendar month and the monthly aggregate exceeds an amount of rupees 10 lakhs or its equivalent in foreign currency

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 the ACMPL operates, ACMPL shall be required to adopt the more stringent requirements of the two.

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.

## **2. KYC/AML philosophy of ACMPL**

- 2.1 The KYC / AML philosophy of ACMPL is to prevent ACMPL 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 ACMPL to know / understand its Clients and their financial dealings better which in turn will help ACMPL to manage its risks prudently.
- 2.2 It is important that ACMPL’s management views “money-laundering prevention” and “knowing your Client” 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 Client Due Diligence (CDD) process before registering clients.
2. To take adequate and appropriate measures to follow the spirit of the PMLA.

### **3. What is Money Laundering?**

- 3.1 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”.

### **3.2. Why “Know Your Client”?**

- 3.2.1 One of the best methods of preventing and deterring money laundering is a sound knowledge of a Client’s business, background and pattern of financial transactions. The adoption of procedures by which financial institutions “know their Client” is not only a principle of good business but is also an essential tool to avoid involvement in money laundering.

3.2.2 ACMPL shall adopt appropriate KYC procedures and internal controls measures to:

- (i) Determine and document the true identity of the Clients who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on Clients;
- (ii) Assess the money laundering risk posed by Clients' expected use of ACMPL's products and services;
- (iii) Protect ACMPL from the risks of doing business with any individual or entity whose identity cannot be determined or whose ultimate beneficial owner cannot be determined or who refuses to provide information, or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

#### **4. Client Acceptance Policy**

4.1 No account shall be opened in anonymous or fictitious / benami name(s). PAN shall be mandatory for each account.

4.2 While the profile of the Client is captured in the account opening form. In person verification is to be carried out as per the requirements of the regulators.

- **Ongoing due diligence and scrutiny** – We shall to conduct periodic due diligence and scrutiny of client's transaction and accounts to ensure that transactions are being conducted in knowledge, to find out the risk profile, source of funds, etc. At regular interval, ongoing due diligence and scrutiny needs to be conducted i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Organization's knowledge of the client, its business and risk profile, taking into account, where necessary, the Client's source of funds.

- 4.3 Necessary checks shall be conducted before opening a new account so as to ensure that the identity of the Client 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 ACMPL shall check the lists provided by SEBI/FMC/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.shtml> and <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 ACMPL.

## 5. Client Identification Procedure

- 5.1 Client identification procedure means verifying the identity of the Client by using reliable, independent source documents, data or information. ACMPL needs to obtain sufficient information necessary to establish, to its satisfaction, the identity of each new Client, and the purpose of the intended nature of relationship. ACMPL must also be able to satisfy the regulators that due diligence was observed based on the risk profile of the Client in compliance with the extant guidelines in place.
- 5.2 ACMPL shall have in place a comprehensive Client Identification Procedure which details the various documents that ACMPL can take as Identity, Address proof for various types of Clients (refer **Annexure 2**).

However, merely obtaining identification documents for identity, address and signature proof from the Client does not mean that the KYC is complete. KYC means actually knowing the Client, nature of his business and the purposes for which ACMPL account will be used. ACMPL may ask for periodical updation of Client identification and other data

**6. Reporting to Financial Intelligence Unit-India**

In terms of the Rules, ACMPL shall report information relating to Client, if any circumstances arise and as per the demand by the regulatory authority, 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, Hotel Samrat,  
Chanakyapuri,  
New Delhi-110021.

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

The decision of the Principal Officer to report a transaction to FIU-India shall be final and binding.

A whole time director shall be appointed as the designated Director of the Company and details thereof be intimated to FIU consequent to SEBI Circular CIR/MIRSD/112014 dated March 12, 2014.

**ANNEXURE 2**

**CLIENT IDENTIFICATION PROCEDURE FOR ACCOUNT OPENING**

Client identification means identifying the Client and verifying his/ her identity by using reliable, independent source documents, data or information.

## **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. 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.)

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook -- Not more than 3 months old.



**In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:**

Types of Entity	Documentary Requirements
Corporate	<ul style="list-style-type: none"> <li>• Copies of Memorandum and Articles of Association and Certificate of Incorporation.</li> <li>• Copy of the Board Resolution for investment in securities market.</li> <li>• Authorised Signatories list with specimen signatures.</li> </ul>
Partnership Form	<ul style="list-style-type: none"> <li>• Certificate of Registration</li> <li>• Copy of Partnership Deed</li> <li>• Partnership Firm Resolution and Copy of authorized signatories with specimen signatures</li> <li>• Photograph, POI, POA, PAN of Partners</li> </ul>