

SAMURAI®

SAMURAI SECURITIES PRIVATE LIMITED

POLICY ON ANTI MONEY LAUNDERING

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**SUGGESTED MEASURES TO PREVENT, DETECT AND REPORT
MONEY LAUNDERING TRANSACTIONS**

*From the desk of Principal Officer appointed under PMLA, 2002 by
Samurai Securities Pvt. Ltd. (SSPL)*

POLICY ON ANTI MONEY LAUNDERING

1. INTRODUCTION :

Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.

This is done in three phases – Placement Phase, Layering Phase & Integration Phase.

In response to the international community's growing concern about this problem, most global organizations and national governments, who are the members of the United Nations General Assembly, have been actively pursuing programs to deter Money Laundering.

Basic purpose of these guidelines is to prevent money laundering in any form viz. terrorist financing or drug trafficking etc., through any of our clients. This circular is applicable to the Company, as a Financial Intermediary, for both Stock Broking & DP Services.

1.1 Definition of Money Laundering (ML)

ML is the process by which criminals attempt to disguise the true origin of the proceeds of their criminal activities, by the use of the financial system, so that after a series of transactions, the money, its ownership and the income earned from it appear to be legitimate. According to FATF, ML is the processing of criminal proceeds in order to disguise their illegal origin. This process is often achieved by converting the illegally obtained proceeds from their original form, usually cash, into other forms, such as deposit or securities, and by transferring them from one financial institution to another, using the account of apparently different persons of different entities.

1.2 Financial Intelligence Unit-(India)

The Government of India set up Financial Intelligence Unit-India (FIU-IND), on November 18, 2004, as an independent body to report, directly, to the Economic Intelligence Council (EIC), headed by the Finance Minister. FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and stretching efforts of national and international, intelligence and enforcement agencies, in pursuing the global efforts against money laundering and related crime.

1.3 PMLA Act, 2002

Prevention of Money Laundering Act, 2002 (PMLA 2002), forms the core of the legal framework put in place, by India, to combat money laundering. The rules notified under PMLA 2002, came into force with effect from July 1, 2005. The rules notified under PMLA 2002 impose an obligation on intermediaries (including stock brokers and depositories) to verify identity of every client. Also the same rules require one to maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA.

2. OBJECTIVES OF AML POLICIES & PROCEDURES TO COMBAT MONEY LAUNDERING & TERRORIST FINANCING:

Our Company is a private sector intermediary in the securities market, in India, has a culture of maintaining highest standards in regulatory compliance. SSPL has a system to comply with established laws and regulations, in order to protect the good name and reputation, reduce the likelihood of becoming a victim of fraud or illegal activity and ensure safe and sound business practices for our customers.

In keeping with our Mission, Values and Policy, we strictly observe laws of the land and refuse to aid those who attempt to evade them.

In the recent times, Money Laundering and Terrorist Financing are serious threats to the financial systems of all the countries and it leads to destruction of the country's sovereignty and character. This has been widely recognized at the international level.

The Company has undertaken a comprehensive AML Policy for preventing Money Laundering and Terrorist Financing. The key objectives of the Policy are:

- To prevent our business channels/services from being used as a channel for ML and TF.
- To establish a framework for adopting appropriate AML procedures and controls in the operations/business process of the Company.
- To ensure compliance with the laws and regulations in force, at all points of time.
- To protect the Company's reputation and goodwill.
- To assist law enforcement agencies in their effort to investigate and track money launderers.
- To lay down AML compliance norms for the employees of the Company.

3. SAMURAI SECURITIES PVT LTD'S STEPS IN REGARDS TO MONEY LAUNDERING:

As per Prevention of Money Laundering Act, 2002 (hereinafter referred to as PMLA Act) our Company Samurai Securities Pvt. Ltd. (SSPL), has to adopt written procedures to implement anti money laundering provisions.

SSPL has resolved that it would, as an internal policy, take adequate measures to prevent money laundering. SSPL shall also create a frame-work, to report cash and suspicious transactions, to FIU, as per the guidelines of PMLA Act.

As per the provision of the PMLA Act, SSPL shall have to adhere to client account opening procedures and to maintain a record of all transactions, the nature & value of which has been prescribed in the rules notified under the PMLA Act.

Such transactions include:

- i) All cash transactions of more than rupees ten lakhs or its equivalent in foreign currency.
- ii) All series of cash 'transactions integrally connected' or 'transactions remotely connected or related' to each other which have been valued below rupees ten lakhs 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.

- iii) All cash transactions, where forged or counterfeit currency notes or bank notes, have been used as genuine and where any forgery, of a valuable security, has taken place facilitating the transactions.
- iv) All suspicious transactions whether or not made in cash and including, inter alia, credits or debts into or from any non-monetary account, such as demat account or security account, maintained by SSPL.

This policy is being circulated (along with relevant SEBI circular) to all Departmental Heads, so that they can understand these policies and can also clearly explain the content of the policy to all staff members, business associates and all the stakeholders, down the line for effective implementation.

4. ANTI MONEY LAUNDERING STANDARDS:

To implement the anti money laundering provisions Samurai Securities Pvt. Ltd. shall consider following three parameters to the overall '**Client Due Diligence**':

- A) Policy For Acceptance Of Clients**
- B) Procedure For Identifying The Clients**
- C) Transactions Monitoring And Reporting Especially Suspicious Transactions Report (STR).**

The **Client Due Diligence** 'measures comprise the following:

- a. SSPL shall obtain sufficient information in order to identify persons, who beneficially own or control the 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 shall be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
- b. SSPL shall verify the client's identity using reliable, independent source documents, data or information
- c. SSPL shall identify 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 -
 - 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, SSPL 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.

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, SSPL 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.
 - iv. **Applicability for foreign investors:** SSPL dealing with foreign investors' may be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.
- d SSPL shall 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. SSPL shall understand the ownership and control structure of the client. .
 - f. SSPL shall 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 SSPL's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
 - g. SSPL shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

A) Policy For Acceptance Of Clients

1) Introduction of Clients to SSPL:

This is a general policy of Samurai Securities Pvt. Ltd., that all the client accounts are opened on the basis of reference only; we do not accept walk in clients.

Generally clients are introduced by following categories:

- 1) **Clients introduced by the existing clients:** The introduction details are filled and signed by existing Clients. Proof of identity and address is also collected for, existing clients along with the new client.
- 2) **Clients introduced by employees of the company:** The introduction details are filled and signed by employee who has referred the new client.
- 3) **Client Account on the basis of reference of directors:** We take a signature of Director at the place provided in account opening form in introducer details column.

However, SSPL shall ensure that no account is being opened in a fictitious/benami name or on an anonymous basis, by calling the client on the given phone number, by verifying the address given in KYC and other details.

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

SSPL would exercise due care before admitting a new client, so as, to ensure that the identity of the client does not match with any person with known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide .

SSPL would keep the customer profile confidential.

II) Risk Based Approach:

SSPL shall recognize client's category depending on the circumstances such as the clients' background, clients' location (registered office address, correspondence addresses and other addresses if applicable) type of business relationship or transactions etc., at the time of account opening. SSPL classifies client categories into the following three categories:

- a) High
- b) Medium
- c) Low

a) **High Risk Clients:**

- 1) Clients against whom any action has been taken by SEBI/Exchanges /CDSL or any other regulatory authority.
- 2) Clients in high risk countries (where existence / effectiveness of money laundering controls are suspected or which do not or insufficiently apply FATF Standards.

b) **Medium Risk Clients:** Client who fall under the Special Category Client.

c) **Low Risk Clients:** All clients not meeting the above criteria are low risk clients.

However, based on the trading pattern and manner of making payment for transactions undertaken by the clients the RMS team will monitor the risk aspect of the clients. The RMS team can move individuals and entities, whose source of wealth can be easily identified and transaction in whose account largely confirms to the known profile, these clients can be moved from higher risk categories to lower risk categories. The RMS team will also monitor the pay-in obligations after a transaction occurs, based on which the client's category can also be modified. The RMS team will also monitor the average exposure a client takes for intraday positions or futures & options positions, as against their demat holding with SSPL and margin available with us.

Further to simplifying the process of categorizing the clients, the basic guidelines for trading, payments and daily exposure are mentioned below. If two out of the three conditions are met, then we categorize those clients in that particular category.

- a) **High:**
 - Trading-** Average daily F&O volumes of INR 8 crores or more or average daily intraday turnover in Capital Market segment of more than INR 4 crores.
 - Payment** - If client frequently makes payment after T+1 or their cheque returns frequently.
 - Exposure-** If client asks/wants to trade in Capital Market segment for more than 4 times of margin given.
- b) **Medium:**
 - Trading-** Average daily F&O volumes between INR 3-8 crores or average daily intraday turnover in Capital Market segment between INR 1-4 crores.
 - Payment** - If client makes payment after T+1 but before T+5 on regular basis.
 - Exposure** - If client asks/wants to trade in Capital Market segment for more than 4 times of margin given.
- c) **Low:**
 - Trading-** Average daily F&O volumes up to INR 3 crores or average daily intraday turnover in Capital Market segment up to INR 1 crore.
 - Payment-** If client makes payment timely on trading day or up to T+1 basis.
 - Exposure** - If clients ask/want to trade in Capital Market segment upto 4 times margin given.

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.

iii) Special Category Client:

The illustrative list of 'Clients of Special Category' (CSC) shall be read as under:

a) Non-resident clients,

While opening NRI account utmost care is being exercised. While opening an NRI Repatriable or NRI Non Repatriable we collect the following documents from the clients:

1. Pan Card Copy
2. Passport Copy
3. Indian Address Proof
4. Cancelled Cheque copy of NRE A/c
5. PIS Permission issued from RBI.
6. NRI Address Proof
7. Bank Statement Copy
8. FATCA and CRS declaration
9. Declaration to comply with provisions of FEMA

b) High net-worth clients,

High net worth clients could be classified if at the account opening stage or during the course of the relationship, it is realized that the client's investments or the appetite for investment is high. The High net worth clients are basically categorized as the clients having Net worth of Rs.10 Crores or more.

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

Both public as well private, registered as well non- registered trust will have to be classified in the special category. Any Charitable or Non-governmental organization or a Non Profit Organization will be also classified herein.

d) Companies having close family shareholdings or beneficial ownership,

In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which have been opened at different times, are same, if yes, then both need to be marked under this special category.

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 2.5.5 of Master Circulars shall also be applied to the accounts of the family members or close relatives of PEPs

PEPs may be identified in below mentioned manner:

- The client himself provides the details of being PEP
- Through publicly available information
- According to the database available in website of government of India/ website of political parties/ website of ministry external affairs

In case of PEPs an extra care is taken while opening the account. We open such accounts only after informing senior management.

We identify the beneficial owner in a PEP client and take supporting document to ascertain the identity of such beneficial owner.

We take reasonable measures to verify the source of funds, as well as the wealth of clients identified as PEP. For this purpose we take the details of client's profession or in case the PEP is a salaried person we take proof of salary slip or Form 16 so as to ascertain intended nature of relationship & also monitor the portfolio valuation vis-a-vis income details of such clients.

If the client is subsequently found to be or subsequently becomes PEP we obtain a Senior Management approval to continue the business relationship.

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, SSPL apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.

h) Non face to face clients,

In person verification is done for all clients. But there may be clients who may register a Third party Power of Attorney for somebody else in their account and in that scenario as the account would be controlled not by the account holder but by some other individual we would treat client as a non face to face client.

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

We identify clients with dubious reputation through information available in public through certain websites. The definition of 'client with dubious reputation' majorly involves such entities whose name has come in the past SEBI orders or in media related to unscrupulous activities. The monitoring of such clients is similar to a 'high risk client'.

SSPL would not establish business relationship and close an existing business relationship where it is unable to apply appropriate customer due diligence measures i.e. unable to verify the identity and/or obtain documents required as per SEBI/regularity authorities' circular/guidelines.

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

B. Procedure For Identifying The Clients

1) Standard Account opening procedure:

SSPL has a detailed Client Identification Procedure in place and obtains the documents depending upon the status of the customer. Each original document shall be seen prior to acceptance of a photocopy. Irrespective of the amount of investment made by client no minimum threshold or exemption is available from obtaining the minimum information/documents from clients. Operating staff should exercise due diligence and care while opening an account in terms of SEBI guidelines/regulations and legal compliance in force.

We have a standard account opening procedure in place.

Due diligence will involve correctly profiling the customer in the account opening forms covering the following:

- a. Occupation
- b. Educational Qualification
- c. Introduction Details

- d. PAN Card
- e. Aadhaar Card
- f. Correspondence & Permanent address
- g. Bank a/c
- h. Demat a/c
- i. Income details etc

At the time of opening the account, we should obtain the different types of verifications/documents:

a) Identity Proof: For obtaining the PAN as identity proof we must follow the below mentioned procedures:

- Check the availability of the PAN from the authorized site of Income Tax Department of India.
- Verify the PAN with original and put “In person verification” stamp with employee name, designation and signature, as proof of identification.
- Take the self-certified photocopy of the PAN (with stamp in case of non-individual clients).
- In case of non-individual client, the PAN copy, the identity of the authorized person(s) should also be collected. In addition to this an authorization approval should also be collected from the relevant authority. The verification procedures of the PAN should be same as in case of individuals.

b) Address Proof: While taking the address proof, for the purpose of opening account, we must follow the SEBI guidelines. We should only obtain the SEBI listed address proof, which should also be verified by our employee with signature, name and designation. This should be self- certified by client (with stamp in case of non- individual clients).

For the purpose of verifying the availability of the client at the address mentioned in KYC, we send a welcome letter to the correspondence address, through regular postal service.

c) Photograph: The photograph affixed in the form should be identical to the person while conducting in person verification.

d) Email & Mobile: In case mobile number is provided by the client, we must check validity of the mobile number by calling the client directly. In case an email bounces back from the clients’ registered email id we call the client and ask for a valid email id.

e) Income & Occupation: We should obtain the clients’ income information, occupation (viz. salaried, businessman etc.) with the relevant proof (where applicable).

f) Clients Under NRI Category: In case of NRI client, apart from the above, we must also collect a copy of their passport, along with a copy of their PAN card. Moreover the NRI account can be opened only when the client is present in India.

g) For Non-Individual Clients: For corporate client, apart from Company’s Memorandum, Board Resolution, Annual Report and Shareholding pattern, we should also obtain an ID proof and address proof of directors/authorized signatories in case of Companies, Partners in case of Partnership firms and Karta in case of HUF.

h) For Politically Exposed Person (PEP): PEPs may be identified in below mentioned manner:

- The client himself provides the details of being PEP
- Through publicly available information
- According to the database available in website of Government of India/ website of Political Parties/ website of Ministry External Affairs

In case of PEPs an extra care is taken while opening the account. We open such accounts only after informing senior management. We identify the beneficial owner in a PEP client and take supporting document to ascertain the identity of such beneficial owner.

We take reasonable measures to verify the source of funds, as well as the wealth of clients identified as PEP. For this purpose we take the details of client's profession or in case the PEP is a salaried person we take proof of salary slip or Form 16 so as to ascertain intended nature of relationship & also monitor the portfolio valuation vis-a-vis income details of such clients.

If the client is subsequently found to be or subsequently becomes PEP we obtain a Senior Management approval to continue the business relationship.

i) Other Precautions: While opening the account we must do some general checking like, whether the client has any criminal back grounds, client has any connection with broking business, third party monetary or non-monetary asset have involvement in the client's assets detail etc.

II) Role of Central Processing Cell (CPC) (For Trading & Demat Accounts Registration)

- In-person verification – each client should be met in person. Either the client should visit the office/branch or concerned official may visit the client at his/her residence /office to get the necessary documents filled out and signed.
 - Obtain complete information from the client. It should be ensured that the initial forms taken by the clients are filled in completely. All photocopies submitted by the client are checked against original documents without any exception. Ensure that the 'Know Your Client' policy is followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.
 - Scrutinize the forms and details submitted by the client thoroughly and cross check the details with various documents obtained like identity of the client, source of income. If required, ask for any additional details like income tax returns, salary slips, etc.
 - As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. [Please put "verified with original" stamp as proof of verification].
 - To collect a copy of the Aadhar card, issued by the Unique Identification Authority of India.
 - Ensure that no account is being opened in a fictitious/benami name or on an anonymous basis by calling the client on their phones, verifying address given in KYC and other details.
 - Check whether the client's identify matches with any person having known criminal background or is banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency.
 - Accounts should be opened only on receipt of mandatory information along with authentic supporting documents as per the guidelines. Any reluctance by the client to provide information should be a sufficient reason to reject the client.
 - Scrutinize minutely the records / documents pertaining to clients of special category i.e. Non-Individuals.
 - For scrutiny/background check of the clients / HNI, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on www.sebi.gov.in
 - Keep watch on the welcome kits or other documents / letters received back undelivered at the address given by the client. Accordingly, client is contacted and asked for reason for courier undelivered.
 - CPC not to open account if unable to verify the identity of the clients based on the documents provided. Such cases are to be reported immediately to the Principal Officer.
 - Review the above details on an going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds
 - An updated list of individuals & entities which are subject to various sanction measures such as freezing of assets/ accounts, denial of financial services etc; UNSCRs can be accessed in the United Nations websites at <http://www.un.org/sc/committees/1267/consolist.shtml> <http://www.un.org/sc/committees/1988/list.shtml>
- Samurai Securities Pvt. Ltd. should check and ensure that the name/s of the proposed customer does not appear in these lists before opening any new account.

Further, Samurai Securities Pvt. Ltd. should continuously scan all existing accounts to ensure that no accounts 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 will be immediately intimated to SEBI & FIU-IND.

SSPL may rely on a third party for the purpose of

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

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.

B) Transactions Monitoring And Reporting Especially Suspicious Transactions Report (STR):

I) Transactions Monitoring

- a) To ensure effectiveness of AML Procedures, SSPL shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose
- b) SSPL have specified internal **threshold limits** for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing.

Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIUIND/ other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and intermediary.

- c) SSPL shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities within SSPL.

II) Identification Of Especially Suspicious Transactions Report (STR)

Suspicious transaction means a transaction whether or not made in cash which to a person acting in good faith-(a) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime;(b) appears to be made in circumstances of unusual or unjustified complexity, or (c) appears to have no economic rationale of bonafide purpose.

III) Suspicious Transaction Monitoring and Reporting

- a) At the time of identifying the suspicious transaction RMS team-can consider the following transactions to be suspicious in nature:
 - Clients whose identity verification seems difficult or clients that appear not to cooperate
 - Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;
 - Clients based in high risk jurisdictions;
 - Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
 - Attempted transfer of investment proceeds to apparently unrelated third parties;
 - 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.

- We check trade log for indication of negotiated trades (if any).
 - We check previous trading pattern of the client in that particular script.
 - We select randomly a few clients, pick up some of their high value transactions and scrutinize to check whether they are of suspicious nature or not.
 - Huge transactions that do not match with client's income & assets (like Demat holdings).
 - Continuous payment made by demand drafts/pay order/banker's cheque etc. or bouncing of cheques.
 - Huge or continuous off market transactions.
 - Unusual rise in transaction without any justified economic reason.
 - Unusual huge transactions of dormant accounts.
 - We also check alerts generated by our back office software (Tradeplus by Acer E-solutions), and alerts sent by BSE through E-BOSS, by NSE and by CDSL.
- b) RMS team shall immediately notify any suspicious transaction to the Principal Officer or any other designated officer. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall 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 action taken. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance and risk management team shall have timely access to client identification data and CDD information, transaction records and other relevant information.
- c) SSPL shall report in STRs, all cases where transactions are abandoned or aborted by the clients on being asked to give some details or to provide documents. SSPL shall report all such attempted transactions, even if not completed by the clients, irrespective of the amount of the transaction.
- d) 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, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC', countries reputed to be any of the following – Havens/ sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. SSPL apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information. SSPL shall 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.
- e) Reporting Of Suspicious Transactions To FIU-IND
- In view of the same, Branches/Departments are requested to report the Cash transactions, on monthly basis, by the 5th day of the following month and suspicious transactions to the Principal Officer, within 3 working days of establishing such a transaction, to enable the Principal Officer to report the same to the Director, Financial Intelligence Unit-India (FIU-IND) within the stipulated time.

All Branch Heads/ Department Heads are required to report suspicious transactions to the Principal Officer.

- The inspection department to compile all suspicious transactions.
- The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND.
- 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.

WHAT TO REPORT

- The nature of the transaction
- The amount of the transaction and the currency in which it was denominated
- The date on which the transaction was conducted
- The parties to the transaction.
- The reason of suspicion.

WHEN TO REPORT

In terms of the PMLA rules, SSPL are required to report information relating to cash and suspicious transactions to FIU using its dedicated log in on <https://finnet.gov.in/> or the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakyapuri, New Delhi-110021 as per the schedule given below:

SSPL shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents While detailed instructions for filing all types of reports are given in the instructions part of the related formats, SSPL shall adhere to the following:

Report	Description	Due Date
CTR	All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign Currency All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its Equivalent in foreign currency where such series of transactions have taken place within a month	15th day of the succeeding Month
CCR	All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions*	Not later than seven working days from the date of occurrence of such transaction*
STR	All suspicious transactions whether or not made in cash	Not later than seven working days on being satisfied that the transaction is suspicious*
NTR	The Non Profit Organization Transaction Reports	For each month shall be submitted to FIU-IND by 15th of the succeeding month.

SSPL are required to separately intimate to FIU-IND very important and urgent STRs which based on our understanding may urgent and prompt law enforcement action from agency concerned. SSPL Shall intimate filing of important and urgent STRson the designated email Ids viz addl-director1@fiuindia.gov.in and dydirector7@fiuindia.gov.in.

SSPL shall not put any restrictions on operations in the accounts where an STR has been made. SSPL and its directors, officers and employees (permanent and temporary) shall be prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level. It is clarified that the SSPL, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

5. RISK ASSESSMENT & MANAGEMENT:

l) Risk Assessment

We carry out risk assessment to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk, with respect to all our clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc.

All clients will be subject to the KYC requirements:

a) Countries or geographical areas:

EDD shall be carried out when any client from FATF jurisdiction on boarded.

b) Nature and volume of transactions:

Whenever a client is seen trading in illiquid securities or trading beyond know sources of income/ net worth, such trades will be marked for review to the Principal Officer.

c) Payment methods used by clients:

Whenever any client offers to pay by cash, or third party cheques or bankers’ cheques/ pay-orders/ demand draft, such modes of payments will not be accepted and alerts would be flagged to the Principal Officer. However, in rare cases the Principal Officer can permit the client to provide pre funded instrument of the aggregate value of Rs. 50,000 or more per day, only if the same are accompanied by the name of the bank account holder and number of the bank account debited for the purpose, duly certified by the issuing bank.

The mode of certification may include the following:

- i. Certificate from the issuing bank on its letterhead or on a plain paper with the seal of the issuing bank.
- ii. Certified copy of the requisition slip (portion which is retained by the bank) to issue the instrument.
- iii. Certified copy of the passbook/bank statement for the account debited to issue the Instrument.
- iv. Authentication of the bank account-number debited and name of the account holder by the issuing bank on the reverse of the instrument.

We also maintain an audit trail of the funds received through electronic fund transfer, to ensure that the funds are received from our clients only.

d) UN list:

The clients on-boarded shall be tallied against the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions which can be accessed at

https://www.un.org/securitycouncil/sanctions/1267/aq_sanctions_list
<http://www.un.org/sc/committees/1988/list.shtml>)

e) Other:

We will duly check the client's identity and reputation with criminal background & banned entities. When any country specific information is circulated by the Government of India and SEBI from time to time, the same shall be used by the Principal Officer, for the purpose of risk assessment.

Further, the existing client database shall be scrubbed against the UN list on a half yearly basis to identify such clients.

II) Risk Management

Samurai Securities Private Limited (SSPL) is exposed to variety of risks including market, credit, liquidity, operational and other risk that are material and require comprehensive controls and ongoing oversight.

1) Refusal of orders for penny/illiquid stocks

SSPL will not accept order for sale/purchase of securities which are not in our permitted list/exchange(s) / SEBI. Order should be accepted keeping in view various factors including market liquidity, value of securities. Based on the relationship with the client, Risk Management Department may insist on Compulsory settlement / advance payment of expected settlement value delivery of securities for settlement prior to acceptance / placement of order(s).

2) Setting up Exposure limits

SSPL shall be entitled to sanction trading limits to the Client based on the margin lying to the credit of the Client in the form of funds / securities / bank guarantees / fixed deposit receipts. Head-Risk Management at its sole discretion may refuse to accept any security as collateral/margin. SSPL shall from time to time, publish a list of securities which would be acceptable as collateral/margin. In setting exposure limits for the Client, SSPL shall be entitled to consider such factors as it may deem fit, including without limitation, the client's risk profile, risk appetite, loss bearing capacity, payment history, market volatility, and such other factors or conditions which the Head- Risk Management may consider relevant for the purpose. Head- Risk Management will be at liberty to vary the trading/exposure limits of the Client depending upon its risk assessment from time to time having regard to the changes in any of the factors or market conditions bearing on the risk profile of the Client.

3) Trades

Cash Market trades:

In the case of all clients, clients can maintain margins in the form of cash and securities. Appropriate haircuts are applied to the securities accepted as collateral and exposure is given, as deemed fit by Head-Risk management. For clients, who maintain their depository accounts with SSPL DP, and have granted a limited power of attorney to the company to operate the depository account for the purpose of facilitating settlement of transactions, exposure is also given on the shares lying in the DP, after applying the necessary haircut.

For those clients who have not granted a limited power of attorney to the company, SSPL receives delivery of eligible securities in the Constituent's depository account and exposure is given accordingly.

Futures & Options

As per SEBI and Exchange rules and regulations, margins are collected upfront from the clients. Clients can maintain margins in the form of cash and Exchange approved securities. Appropriate haircuts are applied to the securities accepted as collateral. MTM, premium and assignment amount is collected in the form of cheque/RTGS. For those clients who have not granted a limited power of attorney to the company, margin is collected by way of cash and / or security deposited in SSPL's constituent account.

4) Selling of Client's Securities

Head-Risk Management shall be entitled, at his option and liberty, to liquidate/close out all outstanding market positions or any part thereof, such that the outstanding market positions are either zeroed out or reduced to an extent where available margin covers the market positions remaining after such square off. He can order sell off all or any securities of the Client lying with SSPL as collateral or otherwise, for any amounts due by the Client and adjust the proceeds of such liquidation/close out against the client's liabilities/obligations to SSPL.

5) Restrict the Client from taking further position

SSPL is entitled in its sole discretion to:

- a) Restrict or refuse execution of any orders for transaction in any script if transaction in such script is not in accordance with its internal due diligence policy and/or the directives and guidelines of the Exchanges and/or the Regulator issued from time to time.
- b) Impose trade restrictions on any script based on any one or more of the following factors viz.
 - i) Market volatility,
 - ii) Price sensitive announcements relating to any script,
 - iii) Restrictions on trade volume imposed by the Exchange concerned,
 - iv) Political instability in the country,
 - v) External aggression or internal rebellion,
 - vi) Default by the Client to maintain applicable collateral/margin or to make payment of dues or such other factors influencing the securities market.
- c) Refuse to accept or act upon any request/order which in SSPL's sole opinion, amounts to manipulating trades or price manipulation or artificial trade(s) and/or fraudulent trade(s) or otherwise in breach of applicable laws and/or SSPL's internal policies, without obligation to give the Client its reasons for doing so;
- d) Close out any transaction which may have been executed but which SSPL was entitled to refuse to execute being contrary to its internal due diligence policies or by reason of any other factors including but not limited to trades being manipulative in nature;
- e) Payment history of the Client like Cheque bouncing etc.

6. 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>. SSPL staffs are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. SSPL 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.

7. PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES:

The Company shall ensure the effective and expeditious implementation of Order issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, has been duly implemented. Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA.

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

Samurai Securities Private Limited 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 for the following purposes:
 - i. To maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred

- to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with them.
- ii. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, SSPL 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. SSPL 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 the particulars of designated individuals/entities beyond doubt, SSPL 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. SSPL shall also file a Suspicious Transaction report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph 2.9.2 (a) (ii) above carried through or attempted, as per the prescribed format.
- b) On receipt of the particulars as mentioned in paragraph 2.9.3 (a) (ii) above, IS-I Division of MHA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by SSPL are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by SSPL are held by the designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.
- c) In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued within 24 hours of such verification and conveyed electronically to the concerned depository under intimation to SEBI and FIU-IND. The order shall take place without prior notice to the designated individuals/entities.
- d) Implementation of requests received from foreign countries under U.N. Securities Council Resolution 1373 of 2001.
1. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.
 2. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
 3. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
 4. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the list would be forwarded to us and the procedure as enumerated at paragraphs 2.9.2 (a) and (b) shall be followed.

5. The freezing orders shall take place without prior notice to the designated persons involved.

- e) Procedure for unfreezing of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person 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 registered intermediaries. However, if it is not possible for any reason to pass an order unfreezing the assets within fifteen working days, the nodal officer of IS-I Division shall inform the applicant.
- f) Communication of Orders under section 51A of Unlawful Activities (Prevention) Act. All Orders under section 51A of the UAPA relating to funds, financial assets or economic resources or related services, would be communicated to stock exchanges, depositories and intermediaries through SEBI.

8. DORMANT ACCOUNT POLICY:

- **Flag as Account as dormant** In Any trading account(s) in which no transactions has taken place during the period of 12 months from the date of last transactions, the same shall be considered as dormant/ In active. Such transaction date may relate to any of the following date, whichever is later.
- a) Entry related to contract or bill generation for buy/sell transaction or
- b) Entry related to payment of funds or securities by client.

To designate the client's trading account as Dormant/In-active account, the period of 12 months shall be counted from the last day of respective month in which any of the aforesaid last transaction took place.

➤ **Reactivation of Inactive Trading Accounts:**

SSPL shall be required to undertake reactivation letter, the fresh documentation, due diligence and IPV where a client is coming for reactivation after a period of 1 year of being flagged as inactive. However, in case a client has undertaken transaction through SSPL, with respect to IPO/Mutual Fund subscription and DP operations during this period, the same can be considered and the requirement for fresh documentation, due diligence, and IPV may not be required, merely client needs to submit reactivation letter to SSPL at registered office address or email can be sent on gthanvi@samuraisec.co.in from its registered email with us.

Notwithstanding anything contained above, in case a client seeks re-activation before a period of 1 year of being flagged as inactive, SSPL shall, while reactivating the client, ensure that the basic details of such client like Address, Mobile number, Email ID, Bank/DP account are updated in its records as well in the UCC records of the Exchange. In case of any changes, necessary documents shall be collected. SSPL shall also ensure that appropriate due diligence of the client is conducted on an ongoing basis in compliance with the provisions of the PMLA guidelines issued from time to time and in accordance with their respective KYC policies

9. OTHER POLICIES REGARDING PMLA:

i) Record Keeping

SSPL shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of

criminal behaviour. To enable this reconstruction, SSPL shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

- a) the beneficial owner of the account;
- b) the volume of the funds flowing through the account; and
- c) for selected transactions:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.

More specifically, SSPL shall put in place a system of maintaining proper record of transactions as mentioned below:

- a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- b) all series of cash transactions integrally connected to each other which have been individually valued below rupees ten 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 cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
- d) all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

ii) **Information to be maintained** SSPL are required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- a) the nature of the transactions;
- b) the amount of the transaction and the currency in which it is denominated;
- c) the date on which the transaction was conducted; and
- d) the parties to the transaction.

iii) **Retention of Records** Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

Thus the following document retention terms shall be observed:

- a) All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.
- b) SSPL shall maintain and preserve the records of documents evidencing the identity of its clients and beneficial owners (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

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

iv) **Appointment of Designated Principal Officer**

With effect from 1st July 2017; Mr. Kapil B. Sharma has been appointed as principal officer of Samurai Securities Pvt. Ltd.

v) **Appointment Of Designated Director**

Mr. Jugal Kishore Maheshwari has been appointed as Designated Director, who is also a whole-time director, of Samurai Securities Pvt. Ltd. Details regarding of appointment have been sent to FIU.

vi) Employees Screening

SSPL has a proper scrutinizing procedure of the people who apply for vacancies; interviews are held at various levels before hiring any person for vacancies of the company. There after all the required documents are kept with compliance officer, as record for the same.

vii) Employees Training

Internal Training by principal officer for staff is kept after particular intervals, to update the Staff, about the obligations and requirement AML and CFT procedures

viii) Investor Education

Investors are given information about PMLA requirement, at the time of Account opening. The reason for collecting relevant document and verification is explained to them. We give our PMLA write up to the investor for their knowledge.

10. DEPOSITORY OPERATIONS – SETTLEMENT TEAM:

Procedure followed for opening DP account is same as the one's used for opening a Trading Account with SSPL. Further for risk assessment we use same parameters followed by CDSL as per communiqué (CDSL/OPS/DP/POLICY/5156) dated 22nd April, 2017. As CDSL registered DP, we have majority of DP accounts of SSPL clients with SSPL DP. CDSL sends fortnightly alerts to the SSPL DP with the following parameter:

1. Details of debit and credit transactions due to off-market or inter-depository transfers or Corporate Actions or IPO having value of Rs. "y" and above, in an account in an ISIN, in a single transaction or series of transactions executed during the fortnight.
2. Details of debit and credit transactions due to Demat, Remat and pledge involving "x" shares or more in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
3. Details of debit and credit transactions involving "x" shares or more or having value of Rs."y" and above, whichever is smaller in an account, in an ISIN, which exceed "n" times the average size of the transaction calculated for the previous months' transactions.
4. Details of off-market transactions (within CDSL and Inter-depository) where there are more than "x" transactions in an account for the past fortnight.
5. Any debit transaction in a dormant account for more than "x" shares or more or Rs."Y", whichever is smaller, will be reported as an alert. An account having no "Debit Transaction" in the last "n" months will be considered as a "Dormant" account for this purpose.

Anything apart from market trade, we maintain the following details:

1. For each and every high value transaction the head of DP and the compliance officer verify the transaction for any suspicious activity and acknowledge the same with their signature.
2. Details of debits/credits for market, off-market or Inter Depository Transactions involving 100,000 or more shares in an ISIN, in a single transaction or series of transactions during the fortnight.
3. Details of transactions involving 100,000 or more shares in an account, in an ISIN in a single transaction or series of transactions during the fortnight relating to -
 - a) Confirmation of Demat requests.
 - b) Confirmation of Remat requests.
 - c) Credit arising out of corporate actions viz. IPOs, follow-on offers and Rights: and
 - d) Confirmation of pledge requests.

Head of Settlement Team at SSPL will be required to obtain such reports on fortnightly basis from SSPL DP an ascertain whether these are suspicious in nature.

11. POLICY REVIEW:

The policy shall be reviewed at least once in a year or whenever there is any amendment made by regulatory authority and shall ensure that the same is reviewed by a senior official other than the official who has prepared/ reviewed the earlier version of the policy.