Navjeevan Equity Broking Pvt. Ltd.

Anti-Money Laundering Policy

July 2022

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1. Background

Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide letter No.ISD/CIR/RR/AML/2/06 dated 20th March 2006 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI. Further, updated with recent master circular reference **SEBI/ HO/ MIRSD/ DOS3/ CIR/ P/ 2018/ 104 July 04, 2018**

2. What is Money Laundering?

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.

3. Prevention of Money Laundering 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. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.

The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA

4. Financial Intelligence Unit (FIU) – 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 crimes.

5. Policy of Navjeevan Equity Broking Pvt. Ltd.

5.1 Navjeevan Equity Broking Pvt. Ltd. has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002. This policy is applicable to Navjeevan Equity Broking Pvt. Ltd. Employees, Sub-Brokers and Authorized Person (AP).

6. Objective of these Guidelines

The purpose of this document is to guide all the employees of Navjeevan Equity Broking Pvt. Ltd. and employees of its associates on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the "Prevention of Money Laundering Act, 2002".

Some of these suggested measures may not be applicable to every circumstance or to each department, Branch / Sub-broker. However, each entity should consider carefully the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

7. Implementation of this Policy

Mrs. Shobha Dangayach Director will be the Principal Officer who will be responsible for

- Compliance of the provisions of the PMLA and AML Guidelines
- Act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions
- Ensure that Navjeevan Equity Broking Pvt. Ltd. discharges its legal obligation to report suspicious transactions to the concerned authorities.

The main aspect of this policy is the Customer Due Diligence Process which means:

- Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted.
- This is applicable in all segments and all exchanges.
- The records such as excessive delivery taken during every week beyond the declared means of income by the client. Excessive turnover (intraday) carried out by the client in excess of his declared income. DP holding over Rs. Fifty Lakhs for which the new networth certificate may please be asked.
- It would be necessary for the member to compare the declared income while giving the trading limits alongwith the credit including funds and collateral lying with member.
- Verify the customer's identity using reliable, independent source document, data or information.
- Conduct on -going due diligence and scrutiny of the account/client on annual

basis to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters :

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting

8. Customer Acceptance Policy

8.1.

- **Each client should be met in person:** Accept client whom we are able to meet personally. Either the client should visit the office/branch or concerned official may visit the client at his residence / office address to get the necessary documents filled in and signed. Preferably accept clients who live within the jurisdiction of the branch. As far as possible, ensure that the new client is introduced by an existing client.

- **Accepts clients on whom we are able to apply appropriate KYC Procedures:** *Obtain* completes 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' guidelines are followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.

- **Do not accept clients with identity matching persons known to have criminal background:** Check whether the client's identify matches with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency worldwide.

- **Be careful while accepting Clients of Special category**: We should be careful while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share holding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, clients with dubious background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high- risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma etc). Scrutinize minutely the records / documents pertaining to clients belonging to aforesaid category

- **Guidelines on Identification of Beneficial Ownership:** For non- individual customers as part of the due diligence measures sufficient information must be obtained in order to identify persons who beneficially own or control securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified and verified using client identification and verification procedures as early as possible. 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(s) is/are being conducted. It includes persons who exercise ultimate effective control over a legal person or

arrangement.

- **Do not accept client registration forms which are suspected to be fictitious:** Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis.

- **Do not compromise on submission of mandatory information/ documents:** Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not open the accounts where the client refuses to provide information/documents and we should have sufficient reason to reject the client towards this reluctance.

Customer Identification Procedure (FOR NEW CLIENTS)

Objective: To have a mechanism in place to establish identity of the client along with firm proof of address to prevent opening of any account which is fictitious / benami / anonymous in nature.

Documents which can be relied upon:

- *PAN CARD*: PAN card is mandatory and is most reliable document as only one card is issued to an individual and we can independently check its genuineness through IT website.

- *IDENTITY Proof*: PAN Card itself can serve as proof of identity. However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card.

- *ADDRESS Proof*: For valid address proof we can rely on Voter's Identity Card, Passport, Bank Statement, Aadhaar Letter, Ration card and latest Electricity/ telephone bill in the name of the client.

Documents to be obtained as part of customer identification procedure for new clients:

a. *In case of individuals, one copy of the following documents have to be obtained :*

- As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. We put "verified with original" stamp as proof of verification.

- Other proofs for identity are Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card or any other document prescribed by the regulatory authorities.

- Address proof in the form of Voter's Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.

b. *In case of corporates, one certified copy of the following documents must be obtained:*
   - Copy of the Registration/Incorporation Certificate
   - Copy of the Memorandum & Articles of the Association
   - Copy of the PAN card and the Director Index No. (DIN)
   - Copy of the latest audited Annual Statements of the corporate client

- Latest Net worth Certificate
- Latest Income Tax return filed.
- Board Resolution for appointment of the Authorized Person who will operate the account.
- Proof of address and identity of Authorized Person

c. *In case of partnership firm one certified copy of the following must be obtained:*

- Registration certificate
- Partnership Deed
- PAN card of partners
- Authorization letter for the person authorized to open and operate the account
- Proof of identity and address of the authorized person.
- Annual statement/returns of the partnership firm

d. *In case of a Trust, one certified copy of the following must be obtained:*

- Registration certificate
- Trust Deed
- PAN card
- Authorization letter for the entity authorized to act on their behalf
- Officially valid documents like PAN card, voters ID, passport, etc of person(s) authorized to transact on behalf of the Trust.

e. *In case of unincorporated association or a body of individuals, one certified copy of the following must be obtained:*

- Resolution of the managing body of such association or body of individuals
- PoA in favour of person authorized to transact
- Officially valid documents like PAN card, voters ID, passport, etc of the person(s) authorized to transact
- Any document required by Navjeevan Equity Broking Pvt. Ltd. to establish the legal existence of such an association or body of individuals.

f. *In case of an NRI account - Repatriable/non-repatriable, the following documents are required:*

- Copy of the PIS permission issued by the bank
- Copy of the passport
- Copy of PAN card
- Proof of overseas address and Indian address
- Copy of the bank statement
- Copy of the demat statement
- If the account is handled through a mandate holder, copy of the valid PoA/mandate
- Due diligence of the client shall not be outsource as per policy of company and complete due diligence will be carried out in house and record thereof will be kept.

General Guidelines

- Always check original documents before accepting the copies
- Obtain the latest photograph of account holder/ authorized person(s)
- Check for latest IT return of the client/ Net worth Certificate for ascertaining the financial status of the client to know the client suitability of the product being sold to the client

- Review the above details on-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.
- Scrutinize the forms submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.
- For scrutiny / background check of the clients, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on can be checked.
- Keep watch on the welcome kits returned with reason - undelivered. Business Head should be alerted, client be contacted immediately on telephone and the trading, if suspected, should be suspended
- Employee of Navjeevan Equity Broking Pvt. Ltd. Group should not preferably sign as witness on the CRF
- If Employee of Navjeevan Equity Broking Pvt. Ltd. Group introduces the client, exact relation of the client with such employee should be documented.

For all Existing clients

On an on-going basis, the branches should ensure that the details given in the KYC, by the client, matches with the current details of the client. If required, we can seek additional documents/information from the client to verify the financial/general status of the client.

In cases where:

- There is any material negative change in the financial details of the client from what is given in the KYC.
- If the client is not contactable/traceable or contracts notes/ communications sent are received back undelivered.
- In case the client is prohibited by any regulatory authority.
- The client refuses to provide additional information/document asked for.
- There is a material change in the mandate holder profile/details

Branches should immediately bring the same to the notice of the Business Head. The Business Head will, in turn, discuss the same with the Principal Officer to decide on the necessary course of action, including reporting to FIU, New Delhi.

9. Risk Profiling of the Client

We should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify the clients as Low risk, medium risk and high risk clients. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high risk client we have to apply higher degree of due diligence. The factors of risk perception depend on client's location, nature of business activity, turnover, nature of transaction, manner of payment etc.

In order to achieve this objective, all clients of the branch should be classified in the following category :

- Category A – Low Risk

- Category B – Medium Risk
- Category C – High risk
- Category D – Very High Risk

Factors of risk perception of the client:-

Particulars	Factor of Bifurcation	Risk Category
Client of Special Categories as defined under Para A (a) of these Guidelines	Special Categories	Very High Risk
Payment through Banker`s Cheque / Demand Draft / Cash / Chq of other bank (own) not mapped	Manner of Making Payment	High Risk
HNI Clients (average daily turnover > Rs 10 Cr or net settlement obligation > Rs 50 Lakhs)	Nature of Business Activity, Turnover etc	High Risk
Client Introduced by other Existing Clients	Client`s Location	Medium Risk
Direct Clients of Jaipur Region	Client`s Location	Low Risk
Payment through A/c payee cheque from the Bank A/c other than one already mapped with us	Manner of Making Payment	Low Risk
Professional persons like Doctors, Lawyers, CA/CS/ICWAI/Engineers Etc	Nature of Business Activity, Turnover etc	Low Risk
Retail clients (average daily turnover < Rs 25 Lakhs or net settlement obligation < Rs 5 Lakhs)	Nature of Business Activity, Turnover etc	Low Risk
Face to Face persons of Jaipur Region	Client`s Location	Low Risk
Face to Face clients of other than Jaipur Region / Govt. /Defence Sector Employees	Client`s Location	Low Risk
Client Introduced by existing known working Clients	Client`s Location	Low Risk
Regular payment through A/c payee cheque from the Bank A/c already mapped with us	Manner of Making Payment	Low Risk
Retail clients (average daily turnover < Rs 10 Lakhs or net settlement obligation < Rs 2 Lakhs)	Nature of Business Activity, Turnover etc	Low Risk

Apart from this we need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.

Any change in the risk profile of the client/mandate holder, has to be ascertained by the concerned branch officials, and reported to the Business Head immediately.

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

Mandate Holder Policy

The primary objective of this policy is to ensure that we are aware as to who is the ultimate beneficiary of the transaction and that the transactions executed, through the mandate holder are bonafide.

It is possible that some of the individual clients might appoint a mandate holder. Normally the trading account is opened in the name of various family members and one the family member will hold the mandate. Also, in case of some NRI clients who are based abroad, there may be on a PoA/Mandate in favour of a person residing in India

Whenever any account is operated by a mandate holder, find out the relationship of the mandate holder with the client, followed by establishing the identity of the mandate holders by obtaining proof of identity and address.

Do not accept any payment from the account of mandate holder in favour of the client. All the payments have to be received from the client's bank account only for which the PoA holder may or may not have the mandate to operate the bank account. Similarly pay-out cheques should be issued only in the name of the client and not in the name of the mandate holder.

In case there is suspicion on the relationship between the mandate holder and the actual client or in case behavior of the mandate holder is suspicious, do take necessary advice from the Business Head.

10. Roles

10.1 Relationship Manager/Dealer/Branch Manager/Branch Coordinator/ Business Head

- The RM/ Dealer/ BM/ Coordinator should meet the client in person at least once before opening the account at the address given by the client. In the process he may reasonably verify the living standards, source of income, financial status, etc. of the client and ensure that the details mentioned in the CRF (Client Registration Form) matches with the actual status.
- If the client is a 'walk-in client', then the concerned branch official should make independent verification about the background, identity and financial worthiness of the client.
- All mandatory proofs of identity, address and financial status of the client must be collected as prescribed by the regulatory authorities, from time to time. The proofs so collected should be verified with the originals. If the prospective client is refusing to provide any information do not forward his/ her account opening form to HO.
- IN PERSON VERIFICATION can do by SUB BROKER for SUB BROKER Clients.
- The Business Head has to be completely satisfied about the background, genuineness and financial status of the client before recommending for opening the account. If required, the Business Head may seek additional information/documents from the client.

- If the account is to be handled by a PoA /mandate holder, then find out what is the relationship between the client and the PoA/Mandate holder, establish the identity and background of the client and the PoA/Mandate holder (by obtaining the required documents) and ensure that the PoA/Mandate Holder has the proper authorization.
- In case of a corporate account, the branch officials should ensure that the authorized person has got the required mandate by way of Board Resolution. Also, the identity and background of the authorized person has to be established by obtaining the required documents.
- Foreign clients can deal in Indian market only to sell the shares allotted through ESOP or buy/sell as a 'foreign direct investment'. We cannot deal for foreign clients under any other circumstances.
- Please consult the Zonal/ Country Business Head before dealing with any NRE, NRO, PIO or foreign clients.

10.2 Risk Management Team

Risk Management Team (RMT) gives exposure to clients based on margin available in the system and clean exposure to selected clients based on recommendations of the Business Managers. It is also the duty of RMT to validate such exposures with the financial details provided by the client in KYC forms. Where there is a trading activity of the client, which is not commensurate with the financial details declared by the client, it should be analyzed and referred to the Principal Officer with reasons of suspicion.

The risk management team shall carry out risk assessment to identify and access the risk shall ensure that the effective steps are taken to mitigate such risk.

It will also look at geographical location of office client, nature and volume of transaction and mode of payment the client and will keep into account the sanctions of United Nations Security Council. Resolution such assessment shall be in writing and documented and made available to competent authority and exchanges

Monitoring Of Transactions

- Scrutinize unusually large transactions like, clients having traded in scrip/shares of a company for a quantity of 20,000 or more in a single day and volume in that scrip of that client is 25% or more of the total volume in that scrip of the Exchange.
- Check trade log for indication of negotiated trades (if any)
- Check for any relation of the client with the company / directors / promoters.
- Check previous trading pattern of the clients in that particular scrip.
- Scrutinize bulk deal transactions by sample check. A 'bulk' deal constitutes transaction in a scrip (on each Exchange) where total quantity of shares bought/sold is more than 0.5% of the number of equity shares of the company listed on the Exchange
- Select randomly few clients and pick their few transactions and scrutinize to check whether they are of suspicious nature or not.
- If substantial increase in turnover in a dormant account is found, should be brought into the notice of the senior management. Review balances and trading in the dormant accounts. Be vigilant on the movement of credit balances of the dormant account.
- Analysis is carried out by RMT to identify clients with huge and regular losses and are still placing trades/orders. Identify the Sources of funds in such cases.
- Analysis be also carried out in respect of disproportionate profit/ loss booked by a

client trading in "F&O" segment vis-à-vis the value of the contract in illiquid scrips/ derivatives

- Suspicious transactions to include 'transactions integrally connected' as well as 'transactions remotely connected or related'

Parameters for analyzing the transactions:

- Analysis of top clients in terms of turnover

On a periodic basis identify top 200 clients on descending order of turnover and ascertain whether the same matches with the financial status of the client. Moreover, analyze whether there is commensurate fund movement, whether the payments are being made, in cheque and from the bank account(s) of the clients registered with Navjeevan Equity Broking Pvt. Ltd. etc. To the extent possible, obtain the latest Income Tax return of the client to ascertain the financial capacity of the client.

- Analysis of top client in terms of increase in turnover

On a periodic basis identify the top 100 clients, on descending order of increase in turnover over a threshold amount of Rupees One Crore. Then analyze whether the same matches with the financial status of the client, whether there are commensurate funds movement, whether the payments are being made through cheque from the bank account(s) of the client, etc. To the extent possible, we need to obtain the latest Income Tax return of the client to ascertain the level of income of the client.

- Matched trades (where the buy and sell clients are with the same broker)

On a daily basis identify the matched trades (where the buy and sell orders are from same/different branches of Navjeevan Equity Broking Pvt. Ltd. in B1, B2 & group and penny stocks). Further analyze whether the client are indulging in any sort of manipulation like shifting of profits from one account to another, creating artificial volumes, circular trading, indulging in price manipulation, shifting the beneficial ownership of shares, etc.

- Analysis of trades in stocks less than Rs.10/- and beyond a specific quantity

On a daily basis analyze the trades done in penny stocks (stocks less than Rs.10/-). This will help us in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc.

- Client concentration in particular scrip or select scrips

On a periodic basis, ascertain whether any client is concentrating on any particular scrip, especially illiquid and penny stocks. This will help in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc. or is having insider information.

- Analysis of trades in illiquid counter (illiquidity can be with reference to the average volume in the scrip over the last 3 months below a particular level)

A daily analysis of the client's volume with respect to the total traded volume at the exchange has to be done. (TTQ analysis). This will help in identifying whether the client is indulging in any sort of manipulation like creation of artificial volume, artificial price movement, circular trading, etc.

- Trades shifted from one client to another within the same broker

On a daily basis, analyze the details of trade shifted from one client to another, either during the market hours or after the market hours. This will help us in identifying whether the client is trying to hide his identity, indulging in profit/loss transfer, availing exposure while in debit balance, etc.

- Analysis of NRI/Foreign clients/institutional trades especially w.r.t. payment patterns

Undertake a periodic analysis of the trades executed by NRI/Foreign clients/institutional clients. It should be supplemented by analysis of the payment patterns, trading patterns, etc.

With respect to the institutions, analyze all the cancelled trades and DVP trades to see whether the institutional code is being misused. In such cases, also ascertain who the ultimate beneficiary of the trades.

- Analysis of client payments in DD, Pay order, cash etc.

Undertake a periodic analysis of all the payments received from client by way of DD/Pay order. This will help in ascertaining whether any client's DD/ Pay Orders have been purchased against "Cash" or might whether any client is making third party payments. The third party payments can relate to employees also.

- Pro trade analysis

Currently, Navjeevan Equity Broking Pvt. Ltd. do undertake in pro-trade. A monthly audit of the trades reflected in the pro account has to be done to ascertain the nature of such trade.

- Employees/Sub broker account trades

Need to analyze the trades undertaken in the employees or sub broker's own trading account. It is possible that the employees/sub brokers might be accepting cash from the clients and execute the trades in their account. Similarly, it is possible that the profit on trades of the clients being shifted to the employees/sub broker's accounts.

- Frequent change in client details like bank account, demat account, address, etc

A monthly analysis of changes in the client details has to be undertaken to identify the clients who are making frequent changes whether the client trying to hide or confuse his identity.

10.3 Role of Channel Partner Team

Monitoring Of Proprietary Transactions of Channel Partner:

- For scrutiny / back ground check of the Franchisee, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on www.mca.gov.in
- Check for high volume in proprietary account of channel partner / Sub-broker and his/her relations.
- Scrutinize Demat account of channel partner / Sub Broker (if DP account is with Navjeevan Equity Broking Pvt. Ltd. DP)
- List all off market transfers and if in doubt seek explanation from concerned Channel partner separately
- Check for third party funds (cheques received from bank accounts other than mapped bank accounts and demand drafts / pay orders)

10.4 Role of Human Resource Department

- The Human Resource Department and other Department Heads involved in hiring new employees should have adequate screening procedure in place to ensure high standards in hiring new employees.
- Bona fides of employees are checked to ensure that the employees do not have any link with terrorist or other anti-social organizations.
- Not only Know Your Customer (KYC) policy but also "Know Your Employee" procedures should be in place.

10.5 Role of Regional Business Heads/Zonal Business Head /Branch Co- ordinator

- Being in the field, they have market intelligence about potential mischief makers which should be brought to the notice of CRD, Legal and RMT.

10.6 Role of Legal Cell

KYC forms and other documents drafted should invariably have undertaking from the client that he is not indulging in or has not been associated with any money-laundering activity or terrorist activity and that he has not been convicted of any fraud/offence/ crime by any regulatory authority existing in the country.

All disclosure documents should have notice to the client informing about company's right to obtain and disclose any information about the client to the competent authority as may be required.

10.7 Role of Training Division

- Briefings to new employees at induction programs and rounds of small meetings and presentations at branch locations.
- Adequate training should be given to all the concerned employees to (a) ensure that the contents of the guidelines are understood and (b) develop awareness and vigilance to guard against money laundering and terrorist financing.
- Adequate training should be given to all the concerned clients including investors to (a) ensure that the contents of the guidelines are understood and (b) develop awareness and vigilance to guard against money laundering and terrorist financing.

As of now, Navjeevan Equity Broking Pvt. Ltd. AML policy will be covered during the induction training given to given to all new recruits and also during the on-going compliance sessions at the regions.

10.8 Role of Internal Audit

This Policy will be reviewed regularly by the Internal Audit Head for its effectiveness since the person reviewing the policy should be different from the person framing the policy.

11. Cash Transactions

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of securities or otherwise. All payments shall be received from the clients strictly by account payee crossed cheques drawn in favour of Navjeevan Equity Broking Pvt.

Ltd. The same is also required as per SEBI circular no. SMD/ED/IR/3/23321 dated November 18, 1993 and SEBI/MRD/SE/Cir- 33/2003/27/08 dated August 27, 2003.

In case account payee cheques have been received from a bank account other than that captured in records the same can be accepted after ascertaining that the client is the first holder of the account. Relevant copies of the supporting documents should be sent to HO and details of such accounts should be captured in records.

Only in exceptional cases, bank draft/pay-order may be accepted from the client provided identity of remitter/purchaser written on the draft/pay-order matches with that of client else obtain a certificate from the issuing bank to verify the same.

All cash transactions are required to be reported on monthly basis to SHOBHA DANGAYACH.

V., VP - SMD, by each branch/Sub-broker by 7th of the following month.

12. Suspicious Transactions

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

12.1 What is a Suspicious Transaction: Suspicious transaction means a transaction whether or not made in cash, which to a person acting in good faith -

- Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- Appears to be made in circumstance of unusual or unjustified complexity; or
- Appears to have no economic rationale or bona fide purpose

Reasons for Suspicious:

- Identity of client

  False identification documents
  Identification documents which could not be verified within reasonable time
  Non-face to face client
  Clients in high-risk jurisdiction
  Doubt over the real beneficiary of the account
  Accounts opened with names very close to other established business entities
  Receipt back of well -come kit undelivered at the address given by the client

- Suspicious Background

  Suspicious background or links with criminals

- Multiple Accounts

  Large number of accounts having a common parameters such as common partners / directors / promoters / address/ email address / telephone numbers introducer or authorized signatory

  Unexplained transfers between such multiple accounts.

- Activity In Accounts

  Unusual activity compared to past transactions
  Use of different accounts by client alternatively
  Sudden activity in dormant accounts

  Activity inconsistent with what would be expected from declared business s

  Account used for circular trading

- Nature Of Transactions

  Unusual or unjustified complexity.

  No economic rationale or bonafide purpose.

  Source of funds are doubtful
  Appears to be case of insider trading

  Purchases made on own account transferred to a third party through an off market transactions through DP account

  Transactions reflect likely market manipulations Suspicious off market transactions

- Value Of Transactions

  Value just under the reporting threshold amount in an apparent attempt to avoid reporting
  Large sums being transferred from overseas for making payments
  Inconsistent with the clients apparent financial standing Inconsistency in the payment pattern by client
  Block deal which is not at market price or prices appear to be artificially inflated/deflated

12.2 What to Report

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

12.3 When to Report

In terms of the PMLA rules, brokers and sub-brokers are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakyapuri, New Delhi - 110021 as per the schedule given below:

Report	Description	Due Date
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency	15th day of the succeeding month
	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 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	Non Profit Organization Transaction Report	Not later than seven working days on being satisfied that the transaction is suspicious*

* Master Circular DBOD.AML.BC.No.2/ 14.01.001 / 2010 – 11 dated July 01, 2010

* Notification No. 14/2010

In view of the same, Zonal Heads are required to collect information from the Branches/Departments/Sub-brokers under their control/ jurisdiction and submit report on Cash transactions on monthly basis, to Mrs. Shobha Dangayach, by the 10th day of the following month and suspicious transactions to the Principle Officer within three working days of establishment of such transaction to enable the Principal Officer to report the same to the Director, Financial Intelligence Unit-India (FIU-IND) within the stipulated time.

Other Important Points

- Reasons for treating any transaction or a series of transactions as suspicious should be recorded. It should be ensured that there is no undue delay in arriving at such a conclusion.
- Utmost confidentiality should be maintained in submitting the information.
- The reports may be transmitted by email/speed/registered post/fax at the Head Office addressed to the Principal Officer.
- No restriction may be put on operations in the accounts where a Suspicious Transaction Report has been made.
- It should be ensured that there is no tipping off to the client at any level.

13. Formulate/Review/Training On The Internal Policy And Procedure To All Staff / Sub-Brokers

- This internal policy and procedure on "The Prevention of Money Laundering Act, 2002" should be brought to the notice of all employees by HRD through the Company's intranet.
- All sub-brokers/ channel partners shall be intimated by the Fortune Service Team and update on the applicable provisions of The Prevention of Money Laundering Act, 2002 and the reporting mechanism by way of a circular.
- Staff training and implementing specific procedures for customer identification and retaining internal records of transactions.
- The Internal Policy should be placed before the Head and if any changes in the policy are warranted, the revised policy should be placed before the Head for review and approval

14. RELIANCE ON THIRD PARTY TO CARRY OUT CLIENT DUE DELIGENCE:

- We rely on third party for determining that whether client is acting on behalf of beneficial owner, such third party shall be monitored and measured for compliance with Client Due Diligence and record keeping requirement for 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.

15. HIGHER MANAGEMENT APROVAL WITH RESPECT TO PEP

- There is a system in which prior approval of Senior Management is taken in case establishing business relationship with PEP & also reasonable measures has been taken to verify source of funds and wealth of the PEP.

16. PERIOD FOR COLLECTION OF INSTRUCTIONS DOCUMETNS

- We have proper internal mechanism for proper maintenance and preservation of such records and information and also we shall collect additional documents related to financial soundness (Income Proof) and others

17. INVESTOR EDUCATION

- We have prepare specific literature/ pamphlets to make sure that clients are aware about the PML and will give us personnel documents easily as an when required s per PML.

18. Information to be maintained

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.

19. Retention of Records

Intermediaries shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of eight years from the date of transactions between the client and intermediary.

20. 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. Registered intermediaries are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries 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 FIUIND.

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

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

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

- The stock exchanges, depositories and registered intermediaries shall ensure

- effective and expeditious implementation of the procedure laid down in the UAPA Order dated August 27, 2009 as listed below)
- On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities)fromthe Ministry of External Affairs (MHA)'; SEBI will forward the same to stock exchanges, depositories and registered intermediaries for the following purposes:
- 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.
- In the event, particulars of any of customer/s match the particulars of designated individuals/entities, stock exchanges, depositories and intermediaries 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.
- Stock exchanges, depositories and registered intermediaries 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.
- Stock exchanges, depositories and registered intermediaries 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.

22. 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 21 working days. The Joint Secretary (IS-I), MHA, being the nodal officer for (ISI) 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.

23. 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.

Mrs. Anita Dangayach is designated Director for PMLA and the same is intimated to the FIU New Delhi

The records of the clients will be preserved for a period of five years from the last transactions.

In case any further information /clarification is required in this regard, the 'Principal Officer' may be contacted.

For **Navjeevan Equity Broking Pvt. Ltd.**

Mrs. Shobha Dangayach
Director

This policy shall be reviewed every year and approved by the board of company and shall be communicated to all concerned.