

POLICIES & PROCEDURES FOR PREVENTION OF MONEY LAUNDERING

(As per requirements of the PMLA Act 2002)

Dalal & Broacha Stock Broking Pvt. Ltd. PMLA Policy

Updated – Master Circular no. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022

dated February 3, 2023,

SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023 and

SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024

PREVENTION OF MONEY LAUNDERING POLICY

1. Objective:

The Prevention of Money Laundering Act, 2002 ("PMLA") and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 (Maintenance of Records Rules), as amended from time to time and notified by the Government of India, mandate Dalal & Broacha Stock Broking Pvt. Ltd. to adhere to client account opening procedures, maintain records and report such transactions as prescribed therein to the relevant authorities. The Maintenance of Records Rules specify the information required to be maintained and the procedure, manner and the form in which such information is to be maintained. It also mandates Dalal & Broacha Stock Broking Pvt. Ltd. to evolve an internal mechanism having regard to any guidelines issued by regulator for detecting the transactions specified in the Maintenance of Records Rules and for furnishing information thereof, in such form as may be directed by the regulator.

The main objective of the policy is to deal with prevention of Money Laundering by clients and to create awareness amongst the relevant staff and other stake holders by imparting relevant training.

To frame the guidelines for prevention of Money Laundering as mandated by following Circulars issued by SEBI and Stock Exchanges:

SEBI references:

Master Circular no. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 3, 2023,

SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023

SEBI Master Circular no. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated June 6, 2024

2. Scope of the Policy:

Money-laundering poses a serious threat to the financial systems. The Prevention of Money-Laundering Act, 2002 (PMLA) has been passed by the Central Government which declares money-laundering to be an extraditable criminal offence and provides for setting up of agencies, confiscation etc.

Dalal & Broacha Stock Broking Pvt. Ltd. is required to establish procedures of internal control aimed at preventing and impeding money laundering and terrorist financing.

In case there is a variance in Client Due Diligence (CDD)/ Anti Money Laundering (AML) standards specified by SEBI and the regulators of the host country, branches/overseas subsidiaries of Dalal & Broacha Stock Broking Pvt. Ltd. are required to adopt the more stringent requirements of the two.

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

Obligation to establish policies and procedures

Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all Dalal & Broacha Stock Broking Pvt. Ltd. ensure the fulfilment of the aforementioned obligations.

The term "group" shall have the same meaning assigned to it in clause (cba) of sub-rule (1) of Rule 2 of the PML Rules as amended from time to time. Groups shall implement group-wide policies for the purpose of discharging obligations under Chapter IV of the PMLA.

Financial groups shall be required to implement group wide programmes for dealing with ML/TF, which shall be applicable, and appropriate to, all branches and majority owned subsidiaries of the financial group as under:

- a. policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;
- b. the provision, at group level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This shall include information and analysis of transactions or activities which appear unusual (if such analysis was done); similar provisions for receipt of such information by branches and subsidiaries from these group level functions when relevant and appropriate to risk management; and

c. adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off

To be in compliance with these obligations, the senior management of a registered intermediary shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Dalal & Broacha Stock Broking Pvt. Ltd. shall:

- i. issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;
- ii. ensure that the content of these Directives are understood by all staff members;
- iii. regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures;
- iv. adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- v. undertake CDD measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction;
- vi. have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- vii. develop staff members' awareness and vigilance to guard against ML and TF.

Policies and procedures to combat ML and TF shall cover:

- i. Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- ii. Client acceptance policy and client due diligence measures, including requirements for proper identification;
- iii. Maintenance of records;
- iv. Compliance with relevant statutory and regulatory requirements;
- v. Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- vi. Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard; and,

- vii. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors.

3. General guidelines for prevention of Money Laundering (Compliance and reporting):

Point No.	Particulars	Compliance Requirements
A.	Client Due Diligence (CDD)	The CDD measures comprise the following: i) Obtaining 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. ii) Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, Dalal & Broacha Stock Broking Pvt. Ltd. shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person; Provided that in case of a Trust, the reporting entity shall ensure that trustees disclose their status at the time of commencement of an account based relationship. iii) 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 : a) where the client is a company the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means Explanation :- For the purpose of this sub-clause:- i. "Controlling ownership interest" means ownership of or entitlement to more than ten per cent of shares or capital or

		profits of the company; ii. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements; b) where the client is a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of/ entitlement to more than ten percent of capital or profits of the partnership or who exercises control through other means. Explanation:- For the purpose of this clause:- "Control" shall include the right to control the management or policy decision; c) where the client is an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen per cent. Page 4 of 6 of the property or capital or profits of such association or body of individuals; d) where no natural person is identified under (a) or (b) or (c) above, the beneficial owner is the relevant natural person who holds the position of senior managing official; e) Where the client is a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with ten per cent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership; and f) where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities. g) Applicability for foreign investors: Dalal & Broacha Stock Broking Pvt. Ltd. dealing with foreign investors' may be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19,2022 and amendments thereto, if any, for the purpose of identification of beneficial ownership of the client; h) The Stock Exchanges and Depositories shall monitor the compliance of the aforementioned provision on identification of beneficial ownership through half yearly internal audits. In case of mutual funds, compliance of the same shall be monitored by the Boards of
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		the Asset Management Companies and the Trustees and in case of other registered intermediaries, by their Board of Directors. iv. 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 (iii) v. Understand the ownership and control structure of the client; vi. 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 our knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds. vii. Dalal & Broacha Stock Broking Pvt. Ltd. shall review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be, when there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained client identification data; and viii. Dalal & Broacha Stock Broking Pvt. Ltd. shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high risk clients. ix. Dalal & Broacha Stock Broking Pvt. Ltd. shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later. x. Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013). Reliance on third party for carrying out Client Due Diligence (CDD):
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		Dalal & Broacha Stock Broking Pvt. Ltd. may rely on a third party for the purpose of : i. identification and verification of the identity of a client and ii. 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. General: Dalal & Broacha Stock Broking Pvt. Ltd. shall frame own internal directives based on experience in dealing with their clients and legal requirements as per the established practices. Dalal & Broacha Stock Broking Pvt. Ltd. shall conduct ongoing due diligence where it notices inconsistencies in the information provided. There shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures. No transaction or account-based relationship shall be undertaken without following the CDD procedure.” In case of transactions being suspicious in nature and relate to money laundering or terrorist financing, and Dalal & Broacha Stock Broking Pvt. Ltd. believes that performing the CDD process will tip-off the client, Dalal & Broacha Stock Broking Pvt. Ltd. shall not pursue the CDD process, and shall instead file a STR with FIU-IND.
B.	Acceptance of clients	Dalal & Broacha Stock Broking Pvt. Ltd. shall develop client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF. By establishing such policies and procedures, we will be in a better position to apply client due diligence on a risk sensitive basis depending on the type of client business relationship or transaction. In a nutshell, the following

		safeguards be followed while accepting the clients: i. Dalal & Broacha Stock Broking Pvt. Ltd. shall allow the opening of or keep any anonymous account or account in fictitious names or account on behalf of other persons whose identity has not been disclosed or cannot be verified. ii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher; Such clients require higher degree of due diligence and regular update of Know Your Client (KYC) profile. iii. Dalal & Broacha Stock Broking Pvt. Ltd. shall undertake enhanced due diligence measures as applicable for Clients of Special Category (CSC). CSC shall include the following: a) Non - resident clients; b) High net-worth clients; c) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations; d) Companies having close family shareholdings or beneficial ownership; e) Politically Exposed Persons (PEP). Politically Exposed Persons" (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in the subsequent paragraph 14 of the master circular shall also be applied to the accounts of the family members or close relatives / associates of PEPs; f) Clients in high risk countries. While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, apart from being guided by the FATF statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org) from time to time, we will also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not
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		preclude from entering into legitimate transactions with clients from or situate in such high risk countries and geographic areas or delivery of services through such high risk countries or geographic areas. The intermediary shall specifically apply EDD measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) from countries for which this is called for by the FATF. g) Non face to face clients. Non face to face clients means clients who open accounts without visiting the branch/offices of the Dalal & Broacha Stock Broking Pvt. Ltd. or meeting the officials of Dalal & Broacha Stock Broking Pvt. Ltd. Video based customer identification process is treated as face-to-face onboarding of clients. h) Clients with dubious reputation as per public information available. In addition to above list, we shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not. iv. Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time. v. An account is not opened where we are unable to apply appropriate CDD measures. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to us is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. Dalal & Broacha Stock Broking Pvt. Ltd. shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. Dalal & Broacha Stock Broking Pvt. Ltd. shall be cautious to ensure that it does not return securities or money that may be from suspicious trades. However, Dalal & Broacha Stock Broking Pvt. Ltd. shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading. vi. 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 Axis Capital Limited, as well as the person on whose behalf the agent is
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		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. vii. Necessary checks and balance will be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide. viii. The CDD process shall necessarily be revisited when there are suspicions of ML/TF.
C.	Client identification procedure	The KYC policy shall clearly spell out the client identification procedure (CIP) to be carried out at different stages i.e. while establishing Dalal & Broacha Stock Broking Pvt. Ltd.– client relationship, while carrying out transactions for the client or when the Dalal & Broacha Stock Broking Pvt. Ltd. has doubts regarding the veracity or the adequacy of previously obtained client identification data. i. Dalal & Broacha Stock Broking Pvt. Ltd. shall put in place appropriate risk management systems to determine whether a client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs. ii. Senior management approval will be taken for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, Dalal & Broacha Stock Broking Pvt. Ltd. shall obtain senior management approval to continue the business relationship. iii. Dalal & Broacha Stock Broking Pvt. Ltd. shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP. iv. The client shall be identified by using reliable sources including documents / information. Dalal & Broacha Stock Broking Pvt. Ltd. shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship. v. The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed in compliance with the directives. Each original

		document shall be seen prior to acceptance of a copy. vi. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority by Dalal & Broacha Stock Broking Pvt. Ltd.
D.	Risk Management	Dalal & Broacha Stock Broking Pvt. Ltd. has applied a Risk Based Approach (RBA) for mitigation and management of the identified risk and have policies approved by senior management, controls and procedures in this regard. Further, Dalal & Broacha Stock Broking Pvt. Ltd. shall monitor the implementation of the controls and enhance them if necessary. 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. Dalal & Broacha Stock Broking Pvt. Ltd. shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is to 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 Dalal & Broacha Stock Broking Pvt. Ltd. shall obtain necessarily depend on the risk category of a particular client. 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.
E.	Risk Assessment	Dalal & Broacha Stock Broking Pvt. Ltd. will carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required. Dalal & Broacha Stock Broking Pvt. Ltd. shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products. Dalal &

		Broacha Stock Broking Pvt. Ltd. shall ensure: - To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and - Adoption of a risk based approach to manage and mitigate the risks. The risk assessment shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements. The risk assessment will also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions.
F.	Monitoring of Transactions	- Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures. We shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. The RMS team shall specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. RMS team under online and compliance under offline surveillance keep track of the transactions. - As a policy, Dalal & Broacha Stock Broking Pvt. Ltd. shall not accept cash from any clients. - Record of all transactions and KYC documents collected from the Clients shall be maintained at least for such period as prescribed under the relevant Regulations. Attempt shall be made to maintain electronic scanned copies of client documentation. - Any transactions needing special attention such as complex transactions, unusually large `transactions / patterns which appear to have no economic rationale etc. shall be brought to the notice of the Principal Officer. 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/FIU-IND/ other relevant Authorities, during audit, inspection or as and when required. - Client due diligence measures will be also be applied to existing clients on the basis of materiality and risk, and conduct due diligence on such existing

		relationships appropriately. The extent of monitoring shall be aligned with the risk category of the client. d. We shall ensure compliance with the record of the transactions 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 the intermediary. e. The compliance team of the intermediary will randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.
G.	Suspicious Transaction Monitoring and Reporting	a. Transactions in the nature as below are few examples of suspicious transactions and any such suspicious transaction should be reported immediately to the Principal Officer mentioned hereunder and his advice taken: i. Clients whose identity/ verification seems difficult or client appears not to cooperate. ii. Substantial increase in business without apparent cause. iii. Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity; iv. Clients based in high risk jurisdictions; v. Clients transferring large sums of money to or from overseas locations with instructions for payment incash; vi. Attempted transfer of investment proceeds to apparently unrelated third parties; vii. Requests for transfer of investment proceeds to apparently unrelated third parties, unusual transactions by CSCs and business undertaken by shell corporations, offshore banks / financial services, business reported in the nature of export-import of small items, etc. b. Any suspicious transaction shall be immediately notified 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 and other appropriate compliance, risk management and related staff members will have timely access to client identification data and CDD information, transaction records and other relevant information. c. It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. Dalal & Broacha Stock Broking Pvt. Ltd. will report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction. d. In case of clients of high risk countries including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, shall also be subject to appropriate counter measures like 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.
H.	Record Management	The following information in respect of transactions referred to in Rule 3 of PML Rules will be maintained and preserved: i. the nature of the transactions; ii. the amount of the transaction and the currency in which it is denominated; iii. the date on which the transaction was conducted; and iv. the parties to the transaction <u>Record Keeping:</u> a. It will be ensured to comply with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars. b. We 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. c. In case of any suspected laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, Dalal & Broacha Stock Broking Pvt. Ltd. shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail: i. the beneficial owner of the account; ii. the volume of the funds flowing through the account; and iii. for selected transactions: a. the origin of the funds b. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc. c. the identity of the person undertaking the transaction; d. the destination of the funds; e. the form of instruction and authority. d. We shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations. e. Dalal & Broacha Stock Broking Pvt. Ltd. shall have to maintain a record of all the transactions; the nature & value of which has been prescribed under Rule 3 of PML Rules. Such transactions shall include: i. all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency; ii. 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; It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected',
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		‘transactions remotely connected or related’ shall also be considered. iii. 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; iv. all suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into or from any non-monetary account such as demat account, security account maintained by the registered intermediary. A. Where the registered entity does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which the registered intermediary shall close the account of the clients after giving due notice to the client. Explanation: For this purpose, the expression “records of the identity of clients” shall include updated records of the identification date, account files and business correspondence and result of any analysis undertaken under Page 6 of 6 rules 3 and 9 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. <u>Retention of Records:</u> a. We 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. Records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of eight (for DP records) years from the date of transactions between the client and Dalal & Broacha Stock Broking Pvt. Ltd.. b. We will formulate and implement the client identification procedure containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. 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 five years after the business relationship between a client and Dalal & Broacha Stock Broking Pvt. Ltd. has ended or the account has been closed, whichever is later and for other regulatory the same shall be preserved for Eight Years.
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		c. 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. d. Dalal & Broacha Stock Broking Pvt. Ltd. will maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years from the date of the transaction between the client and Dalal & Broacha Stock Broking Pvt. Ltd..
I.	Procedure for freezing of funds, financial assets or economic resources or related services	a. Dalal & Broacha Stock Broking Pvt. Ltd. shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and amendments thereto, do not have any accounts in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC). b. In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Dalal & Broacha Stock Broking Pvt. Ltd. will refer to a procedure outlined by Government of India through an order dated February 02, 2021 and for amended guidelines vide Gazette Notification dated June 08, 2021 for strict compliance. /
J.	Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 – Directions to stock exchanges and	A. The Government of India, Ministry of Finance has issued an order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR (“the Order”) detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (“WMD Act”). The Order may be accessed by clicking on DoR_Section_12A_WMD.pdf. B In terms of Section 12A of the WMD Act, the Central Government is empowered as under: <i>“(2) For prevention of financing by any person of any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to—</i> <i>(a) Freeze, seize or attach funds or other financial assets or economic resources—</i> <i>(i) owned or controlled, wholly or jointly, directly or indirectly, by such</i>

	registered intermediaries	<i>person; or</i> <i>(ii) held by or on behalf of, or at the direction of, such person; or</i> <i>(iii) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;</i> <i>(b) prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.</i> <i>(3) The Central Government may exercise its powers under this section through any authority who has been assigned the power under sub-section (1) of section 7.”</i> c. The stock exchanges and registered intermediaries are directed to comply with the procedure laid down in the said Order. D. The stock exchanges and registered intermediaries shall: (i) Maintain the list of individuals/entities (“Designated List”) and update it, without delay, in terms of paragraph 2.1 of the Order; (ii) verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, stock exchanges and registered intermediaries shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (“CNO”), without delay. The details of the CNO are as under: The Director, FIU-INDIA, Tel.No.:011-23314458, 011-23314459 (FAX), Email: dir@fiuindia.gov.in (iii) run a check, on the given parameters, at the time of establishing a relation with a client and on a periodic basis to verify whether individuals and entities in the Designated List are holding any funds, financial assets or economic resources or related services, in the form of bank accounts, stocks, insurance policies etc. In case, the clients’ particulars match with the particulars of Designated List, stock exchanges and registered intermediaries shall immediately inform full particulars of the funds, financial assets or economic resources or related services held in the form of bank accounts, stocks or insurance policies etc., held on their books to the CNO, without delay; (iv) send a copy of the communication, mentioned in paragraphs D(ii) and D(iii) above, without delay, to the Nodal Officer of SEBI. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the Nodal Officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and
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		Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051; (v) prevent such individual/entity from conducting financial transactions, under intimation to the CNO, without delay, in case there are reasons to believe beyond doubt that funds or assets held by a client would fall under the purview of Section 12A (2)(a) or Section 12A(2)(b) of the WMD Act; (vi) file a Suspicious Transaction Report (STR) with the FIU-IND covering all transactions in the accounts, covered under paragraphs D(ii) and (iii) above, carried through or attempted through. E. Upon the receipt of the information above, the CNO would cause a verification to be conducted by the appropriate authorities to ensure that the individuals/entities identified are the ones in the Designated List and the funds, financial assets or economic resources or related services, reported are in respect of the designated individuals/entities. In case, the results of the verification indicate that the assets are owned by, or are held for the benefit of, the designated individuals/entities, an order to freeze these assets under section 12A would be issued by the CNO and be conveyed to the concerned reporting entity so that any individual or entity may be prohibited from making any funds, financial assets or economic resources or related services available for the benefit of the designated individuals/entities. F. Reporting entities shall also comply with the provisions regarding exemptions from the above orders of the CNO and inadvertent freezing of accounts, as may be applicable.
J.	List of Designated Individuals/Entities	i. Dalal & Broacha Stock Broking Pvt. Ltd. shall take note of list of individuals/entities designated as terrorists by The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, as and when communicated by SEBI. ii. All orders under section 35 (1) and 51A of UAPA relating to funds, financial assets or economic resources or related services, circulated by SEBI from time to time shall be taken note of for compliance. iii. 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 https://press.un.org/en/content/press-release. The details of the lists are as under : a. The "ISIL (Da'esh) & Al-Qaida Sanctions List", which includes names of

		individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at: https://www.un.org/securitycouncil/sanctions/1267/press-releases. The list issued by United Security Council Resolutions 1718 of designated Individuals and Entities linked to Democratic People's Republic of Korea www.un.org/securitycouncil/sanctions/1718/press-releases c. Dalal & Broacha Stock Broking Pvt. Ltd. will ensure that accounts are not opened in the name of anyone whose name appears in the said list. d. Further, we will 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. iv. Dalal & Broacha Stock Broking Pvt. Ltd. will maintain updated designated lists in electronic form and run a check on the given parameters on a regular basis to verify whether the designated individuals/entities are holding any funds, financial assets or economic resources or related services held in the form of securities with them. v. Dalal & Broacha Stock Broking Pvt. Ltd. shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements. vi. Dalal & Broacha Stock Broking Pvt. Ltd. will also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions carried through or attempted in the accounts covered under the list of designated individuals/entities under Section 35 (1) and 51A of UAPA. vii. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to the Central [designated] Nodal Officer for the UAPA, at Fax No.011-23092551 and also conveyed over telephone No. 011-23092548. The particulars apart from being sent by post shall necessarily be conveyed on email id: jsctcr-mha@gov.in. viii. Dalal & Broacha Stock Broking Pvt. Ltd. shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall be sent to SEBI through post and through email (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex,
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		Bandra (E), Mumbai 400 051. The consolidated list of UAPA Nodal Officers is available at the website of Government of India, Ministry of Home Affairs. ix. FATF Statements circulated by SEBI from time to time, and publicly available information, for identifying countries, which do not or insufficiently apply the FATF Recommendations, shall be considered by XXXX PVT LTD x. Dalal & Broacha Stock Broking Pvt. Ltd. will take into account the risks arising from the deficiencies in AML/CFT regime of the jurisdictions included in the FATF Statements before having legitimate trade and business transactions with the countries and jurisdictions mentioned in the FATF statements.
K.	Reporting to Financial Intelligence Unit-India	Information relating to cash and suspicious transactions will be reported to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address: Director, FIU-IND, Financial Intelligence Unit - India 6th Floor, Tower-2, Jeevan Bharati Building, Connaught Place, New Delhi-110001, INDIA Telephone : 91-11-23314429, 23314459 91-11-23319793(Helpdesk) Email:helpdesk@fiuindia.gov.in (For FINnet and general queries) ctrcell@fiuindia.gov.in (For Reporting Entity / Principal Officer registration related queries) complaints@fiuindia.gov.in Website: http://fiuindia.gov.in Dalal & Broacha Stock Broking Pvt. Ltd. shall go through all the reporting requirements (https://www.sebi.gov.in/sebi_data/commondocs/jun2024/Brochures on FIU_p.pdf) and formats that are available on the website of FIU – IND under the Section Home - FINNET 2.0 – User Manuals and Guides – Reporting Format (https://www.sebi.gov.in/sebi_data/commondocs/jun2024/Reporting_ Format_p.pdf). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIUIND. 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.

		Following time schedule will be adhered to while reporting: i. The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month. ii. The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion. iii. The Non Profit Organization Transaction Reports (NTRs) for each shall be submitted to FIU-IND by 15th of the succeeding month. iv. The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND. v. NIL reporting needs to be made to FIU-IND in case there are no cash/suspicious/non-profit organization transactions to be reported; vi. "Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013); vii. Dalal & Broacha Stock Broking Pvt. Ltd., its Directors, officers and all employees shall ensure that the fact of maintenance referred to in Rule 3 of PML Rules and furnishing of information to the Director is kept confidential. Provided that nothing in this rule shall inhibit sharing of information under Rule 3A of PML Rules of any analysis of transactions and activities which appear unusual, if any such analysis has been done. viii. Dalal & Broacha Stock Broking Pvt. Ltd. shall not put any restrictions on operations in the accounts where an STR has been made. Dalal & Broacha Stock Broking Pvt. Ltd. and their 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.
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		ix. We shall file STR irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, if there is reasonable grounds to believe that the transactions involve proceeds of the crime. It is further clarified that "proceeds of crime" include property not only derived or obtained from the scheduled offence but also any property which may directly or indirectly be derived or obtained as a result of any criminal activity relatable to the scheduled offence. x. Confidentiality requirement does not inhibit information sharing among entities in the group.
L.	Designation of officers for ensuring compliance with provisions of PMLA	a. Appointment of a Principal Officer: To ensure that the Dalal & Broacha Stock Broking Pvt. Ltd. properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU-IND. In terms of Rule 2 (f) of the PML Rules, the definition of a Principal Officer reads as under: Principal Officer means an officer designated by a registered intermediary; Provided that such officer shall be an officer at the management level. b. Appointment of a Designated Director Dalal & Broacha Stock Broking Pvt. Ltd. shall designate the Managing Director or a Whole-Time Director duly authorized by the Board of Directors as a 'Designated Director' in terms of Rule 2 (ba) of the PML Rules. Further, Name, designation and address (including email addresses) of "Designated Director" including any changes therein shall also be intimated to the Office of the Director-FIU-IND.
M.	Hiring and Training of Employees and	a. Hiring of Employees: As a policy, Dalal & Broacha Stock Broking Pvt. Ltd. has adequate screening procedures including of that seeking of appropriate reference

	Investor Education	checks in place to ensure high standards when hiring employees. Also for the key positions within the organization, we ensure that they are suitable and competent to perform their duties to combat the risk of money laundering, terrorist financing and size of business and ensure the employees taking up such key positions are suitable and competent to perform their duties. b. Training of Employees: Dalal & Broacha Stock Broking Pvt. Ltd. will on an ongoing basis arrange and organize for employee training programme for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers, so that the employees are adequately trained in AML and CFT procedures, and that that they understand the rationale behind these guidelines, obligations and requirements. c. Investors Education: In order to implement the AML/CFT measures, we will communicate the various regulatory directives issued from to time by Regulators to clients so as to educate them the objectives of the AML/CFT programme. We shall also prepare specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme.
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This PMLA policy will be reviewed every year on the basis of circulars issued by statutory authority from time to time and this updated policy should be approved in the meeting of Board of Directors.
