

Prithvi Finmart Private Limited

Prevention of Money Laundering Act, 2002

Member-

NSE

BSE

MSEI

CDSL

Updated – SEBI Master Circular dated 15th October 2019 vide circular
SEBI/HO/MIRSD/DOP/CIR/P/2019/113

Policy framed based on Prevention of Money Laundering Act, 2002, the Rules framed there under and Circulars issued by Regulatory Authorities.

A. Designated Director

As per the requirement of Prevention of Money Laundering Act, 2002, a Designated Director will be appointed and informed to FIU. Designated Director will ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

B. Principal Officer

As per the requirement of Prevention of Money Laundering Act, 2002, a Principal Officer will be appointed and informed to FIU. Principal Officer will be responsible for reporting any transactions covered under Prevention of Money Laundering Act, 2002.

C. Risk Assessment

Risk assessment will be based on categorization of clients based on High risk, Medium risk & Low risk. Following criteria is generally used for categorization of clients:

- a. High risk clients-. All special category clients are considered as High risk clients. Specific occupations of the client will mean that client will be marked as medium risk.
- b. Medium Risk: Business, Agriculture, Student, Professional and Others.
- c. All other clients are primarily categorized as Low risk clients

Review of Risk constantly after the On Boarding: The ongoing risk review can trigger the client's risk to be upgraded based on the following parameters or events.

- a. Change of the client relationship from Indian to NRI. The risk would be upgraded to "High"
- b. If it is later realized that the client is a High Net Worth client. The risk would be upgraded to "High"
- c. If in future it is known that a client is PEP then apart from seeking permission from the management to continue the relationship, the client should be immediately upgraded to High risk
- d. If it is later realized or the existing client is registered foreign exchange dealer the client will have to be upgraded to High risk.
- e. If a client is residing in a country which has been recently declared by the FATF as a high risk jurisdiction or an existing client moves base into a high risk jurisdiction then naturally in both the cases client will be immediately upgraded to "High" risk.
- f. If a client registers the authorization or gives a power of attorney to operate his account to somebody else, in that case the account is to be upgraded to "High" risk
- g. If it is realized by the management that the existing client's reputation is tainted because of a SEBI debarred or any such announcement then the client will be upgraded to "High"
- h. Any employee of the organization could alert the principal officer and request based on any news item or an event in the public domain which can lead the risk to be made High
- i. Customers that are likely to pose a higher than average risk to shall be categorized as high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. It shall apply Customer Due Diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

Enhanced due diligence measure to be carried out for high risk /special category clients.

1. Each trade given by such clients to be verified before execution of trades.
2. To obtain Annual Income proof and Financial Statements.
3. To verify each receipt of fund from clients. To obtain additional proof in case of Electronic Fund Transfer.

D. Customer Due Diligence

1. New customer acceptance procedures adopted include following processes:

Checking the records with the Client in the barred list.

Before opening the client account it is also verified that the client is not a part of the Debarred list. This will help us in not opening erroneously account of a debarred client or entity. The list used are :

UNSC 1267

UNSC 1988

SEBI Debarred List

Domestic PEP

UNSC 2140

ARBITRATION

If a client is found matching with UNSC 1267 or UNSC 1988 we would not open the account and immediately inform the Principal Officer/Management for further action which will result in STR filing

If a client is found matching with SEBI Debarred we would not open the account unless approved by a senior person on a case to case basis.

If a client is a Politically Exposed Person we will not open the account

The screening will be done for UBO and associated entities also like Directors in a private ltd or partners in a trust or trustees in a trust.

Summarizing the steps of Opening the account are as below:

Checking for KYC and mandatory information in the form.

In person verification

Verification with original documents

Checking of client with screening database consisting of sources mentioned above.

Verification of Pan with Income Tax Database.

To Obtain Aadhaar number as required by the Ministry of Finance gazette notification dated June 1, 2017

CSC marking.

To verify status of client in **KRA Agencies** website and compliance at the time of account opening as per SEBI

{KYC (Know Your Client) registration agency} Regulations, 2011,

Dispatch Photocopies of KYC and Welcome Letter on the address mentioned in the account opening form.

Welcome Email along with login details of back office and password to clients designated Email address. To obtain necessary documents from non-individual clients like shareholding pattern, financial statements for past 2 years, partnership/trust deeds, etc. (Point No. D)

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

Types of entity	Documentary requirements
Corporate	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year). • Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations. • Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly. • Copies of the Memorandum and Articles of Association and certificate of incorporation. • Copy of the Board Resolution for investment in securities market. • Authorised list of signatories with specimen signatures.
Partnership firm	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2

	<ul style="list-style-type: none"> financial years (to be submitted every year). • Certificate registration (for registered partnership firms only). • Copy of partnership deed.
	<ul style="list-style-type: none"> • Authorised signatories list with specimen signatures. • Photograph, POI, POA, PAN of Partners.
Trust	<ul style="list-style-type: none"> • Copy of the balance sheets for the last 2 financial years (to be submitted every year). • Certificate of registration (for registered trust only). • Copy of Trust deed. • List of trustees certified by managing trustees/CA. • Photograph, POI, POA, PAN of Trustees.
HUF	<ul style="list-style-type: none"> • PAN of HUF. • Deed of declaration of HUF/ List of coparceners. • Bank pass-book/bank statement in the name of HUF. • Photograph, POI, POA, PAN of Karta.
Unincorporated association or a body of individuals	<ul style="list-style-type: none"> • Proof of Existence/Constitution document. • Resolution of the managing body & Power of Attorney granted to transact business on its behalf. • Authorized signatories list with specimen signatures.
Banks/Institutional Investors	<ul style="list-style-type: none"> • Copy of the constitution/registration or annual report/balance sheet for the last 2