

The Prevention of Money Laundering Act, 2002 has come into effect from 1st July 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance and Government of India. As per the provisions of the Act, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, Depository Participant, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA.

Company Policy

It is the policy of the company to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

Principal Officer Designation and Duties

The company has designated Mr. KAMAL KUMAR JAIN as the Principal Officer for its Anti- Money Laundering Program, with full responsibility for the company AML program is qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the company compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal Officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU - IND)

The company has provided the FIU with contact information of the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The company will promptly notify FIU of any change to this information.

Policy and procedures to Combat Money Laundering and Terrorist Financing

Company has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame work for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to FIU as per the guidelines of PMLA Rules, 2002. Further, member shall regularly review the policies and procedures on PMLA and Terrorist Financing to ensure their effectiveness.

To be in compliance with these obligations, the senior management of TIFSPL shall be fully committed to establishing appropriate policies and procedures for the prevention of Money Laundering and Terrorist Financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Registered Intermediaries shall:

- (a) 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;
- (b) Ensure that the content of these Directives are understood by all staff members;
- (c) 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;
- (d) Adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF;
- (e) Undertake client due diligence ("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;
- (f) Have a system in place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- (g) Develop staff members' awareness and vigilance to guard against ML and TF

Customer Due Diligence

The customer due diligence ("CDD") measures would cover the following:

- (a) Obtain sufficient information in order to identify persons who beneficially own or control the demat 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 using client identification and verification procedures.

The beneficial owner is the natural person or persons who ultimately exercise control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

- (b) Conduct an ongoing due diligence and scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the DP's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds / securities.
- (c) All the documents obtained from the client will be updated on an annual basis.
- (d) The customer due diligence will be carried out by us and not by any third party.

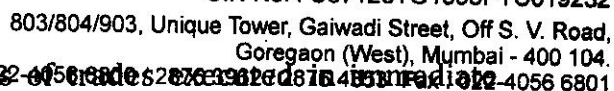
Risk Profiling of Customer

TIFSPL has adopted a risk-based approach in implementing its AML framework as spelt out in the AML Policy of the Broker. This approach includes assessment of various risks associated with different types of customer.

- For the purpose customers are classified under three broad categories
 - ❖ High Risk customers
 - ❖ Medium Risk customers
 - ❖ Low Risk customers
- Customers who are being referred by **TIFSPL** or by management of **TIFSPL** or by other business associates shall be classified under Low Risk category.
- Rest all customers will be classified under Medium or High Risk category based on facts of the cases. Where a customer is classified under Medium or High Risk category, said accounts should be kept under supervision of Principal Officer.

After Client account opened client risk classification is review as per following :

- **Low Risk:**
 - ❖ The clients having average daily transaction in a month for less than Rs 10 lakhs (reviewed on the basis of trades executed in immediate past 3 months).
 - ❖ Good corporate/HNI clients who have a respectable social and financial standing.
 - ❖ The clients who make payment on time and take delivery of shares.
- **Medium Risk:**
 - ❖ The clients having average daily transaction in a month in the range of Rs 10



Countries where corruption (as per Transparency International's Corruption Perception Index) is highly prevalent, Countries against which government sanctions are applied, Countries reputed to be any of the following

- Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent,

- Non face to face clients,
- Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and we should exercise independent judgment to ascertain whether new clients should be classified as CSC or not.

Policy for acceptance of clients

The organization needs to follow the following policy and procedure in order to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing these policies and procedures, the organization will be in a better position to apply customer due diligence on a risk sensitive basis.

Accordingly, the following safeguards are required to be followed while accepting the clients.

- a) No account is opened in a fictitious / benami name or on an anonymous basis.
- b) Know Your Client form to be filled completely. Special attention is to be given to items which are marked **mandatory**.
- c) Documents submitted for our records should be diligently verified with the originals. More importantly PAN card, proof of address, proof of identity needs to be verified with the originals. Further, details of PAN card should be compared with the income tax web site.
- d) The client name and the names of directors and shareholders to be verified at various databases like SEBI Prosecution database, NSE's database of regulatory actions against various entities as may be available from time to time.
- e) No client account to be opened where the important / mandatory details are not furnished by the client even after repeated follow ups. Further client account not to be opened in cases where information provided to us is suspected to be non genuine, there is a perceived non-cooperation of the client in providing full and

complete information specially in respect of mandator's information.

- f) Documentation requirement and other information to be collected in respect of different classes of clients would depend on the perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.
- g) To ensure that the client's identity 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.
- h) Special attention to be given to clients who tend to open multiple accounts (say 20 or more) in various combinations of its first name, surname and middle name.
- i) We also need to check that the list of individuals and entities put up on the United Nations website <http://www.un.org/sc/committees/1267/consolist.shtml> which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc as approved by Security Council Committee established pursuant to various United Nations Security Council Resolutions (UNSCRs) are included in the SEBI debarred list and the clients with similar details would be reviewed through IPV, address and background verification.

In addition, beneficial ownership will be determined as under:-

For clients other than individuals or trusts:

Where the client is a person *other than an individual or trust*, viz., company, partnership or unincorporated association/body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- ❖ The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/ entitlement to:

- ❖ more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;

- ❖ more than 15% of the capital or profits of the juridical person is a partnership; or
- ❖ more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

Where no natural person is identified, the identity of the relevant natural person who holds the position of senior managing official needs to be obtained.

For client which is a trust:

Where the client is a trust, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Risk Profiling Of the Client

We should accept the client 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.

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.

In order to achieve this, all clients should be classified in the following category; Low

Medium

High

Very High

It is extremely important to understand that the financial risk is different from the Money laundering risk and this will be covered in the training sessions and other interactions that happen with staff in reference to Anti Money Laundering of CFT.

Implementation of the Risk Profiling Policy

There are two different stages where the risk profiling of the client could be done or upgraded.



- **On boarding Risk:** This is the risk profile which is given to the client at the time of registering the client with our organization.
- **Review of Risk constantly after the On Boarding:** This is basically continuously review the client and to upgrade the clients risk whenever required from lower level to the higher level.

Both above stages are detailed as follows;

On boarding Risk

Once the Account opening team has validated client against the customer acceptance policy, special category check, then it is an appropriate time to allot a risk profile to the client.

It will be the responsibility of the Account opening team to understand if the client falls into the categories mentioned below;

1. NRI
2. HNI
3. Trust / Charitable Organizations / NGO (Non Government Organizations)
4. Close Family Share holdings or beneficial ownership
5. Politically Exposed Person
6. Company Offering foreign exchange offerings
7. Client in high risk Country
8. Non Face to face client
9. Client with dubious public reputation

The list of the categories are basically special categories, this list could be reviewed and could have more categories.

If a client falls into any of the above categories the client should be marked as a "CSC", client of special category and the risk level immediately should be allocated as "High".

For clients that do not form under the special category mentioned above we take into account other details like Occupation of the client, age of the client.

Specific occupations of the client will mean that client will be marked as medium risk. Medium Risk: Business, Agriculture, Student, Professional and Others.

In exceptional circumstances the KYC team may alter the medium risk to high risk if there is a sufficient reason that the client should be above low and not high.

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.

- 1) Change of the client relationship from Indian to NRI. The risk would be upgraded to **"High"**
- 2) If it is later realized that the client is a High Net Worth client. The risk would be upgraded to **"High"**
- 3) 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
- 4) If it is later realized or the existing client is registered foreign exchange dealer the client will have to be upgraded to **High** risk.
- 5) 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.
- 6) 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
- 7) If it is realized by the management that the existing client's reputation is tainted because of SEBI debarred or any such announcement then the client will be upgraded to **"High"**
- 8) 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**
- 9) **Transaction monitoring** is an extremely important aspect of the risk profiling system. Whenever the RMS Team sees that a client is doing or having an unusual or a suspicious trading pattern also from the same dashboard sees the income and net worth of the client along with risk level and the special category if any one of the scenarios, then he or she could immediately **upgrade** the risk of the client from Low to medium or from medium to **high** or even **very high**. This risk allocation will happen through the alerts dashboard of the AML system immediately and the RMS team member does not need any approval to do so.

Maintaining Risk History and reason for upgrade or degrade or allocation of

Risk history: It is to be noted that the risk profile would be given a date based



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Regd. Off. : 47, Jawahar Nagar Colony, 1-8-64, Prenderghast Road, Secunderbad-500 003. Tel. : (040) 2784 1168 Telefax : (040) 6648 3814

- 2) The Principal Officer will be responsible for timely submission of Transaction Report (CTR) and Suspicious Transaction Report (STR) to FIU.

Retention of Records

All necessary records on transactions, both domestic and international, should be maintained for the minimum period as required under the relevant Act (PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

- ❖ Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, PAN Card copy, address proof copy, driving licenses or similar documents), account files and business correspondence should also be kept for the period as required statutorily.
- ❖ If any document is required for any investigative purpose, then the document should be retained till the conclusion of the audit / investigation.

Maintenance of records

The Principal Officer will be responsible for the maintenance for following records

- ❖ all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- ❖ all series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;
- ❖ all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- ❖ all suspicious transactions whether or not made in cash. 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 circumstances of unusual or unjustified complexity; or
 - appears to have no economic rationale or bonafide purpose; or
 - gives rise to a reasonable ground of suspicion that it may involve



financing of the activities relating to terrorism

The records shall contain the following information:

- 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 records will be updated on daily basis, and in any case not later than 5 working days.

Responsibility for AML Records and CTR/STR Filing

Principal Officer will be responsible to ensure that AML records are maintained properly and that STRs are filed as required.

The Suspicious Transaction Report (STR) shall be furnished 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 once a suspicious transaction report is received from a branch or any other office. Such report shall be made available to the competent authorities on request.

The cash Transaction Report shall be filed with FIU by 15th of succeeding month.

Records Required

As part of our AML program, our company will create and maintain STRs and CTRs and relevant documentation on customer identity and verification. We will maintain STRs and their accompanying documentation for at least ten years.

Hiring Policies and Training with respect to anti-money laundering

To have adequate screening procedures in place to ensure high standards when hiring employees. To identify the key positions within the organization structures having regard to the risk of money laundering and terrorist financing and the size of its business and ensure the employees taking up such key positions are suitable and competent to perform their duties.



Trimbhak Investment & Finance Services Pvt. Ltd.

Share & Stock Broker

(Member : National Stock Exchange (I) Ltd.)

(Member : Bombay Stock Exchange Ltd.)

CIN No. : U67120TG1995PTC019232

803/804/903, Unique Tower, Gaiwadi Street, Off S. V. Road,

Goregaon (West), Mumbai - 400 104.

Tel. : 022-4056 6800 / 2876 3962 / 2876 4353 Fax : 022-4056 6801

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

The client accounts should be scrutinized regularly for determining nature of transaction taken place. In case any suspicious transaction arisen, the account should be freezed or securities/money should not be delivered to client. The suspicious transactions shall be reported to the FIU as well as the respective exchanges or depository where transactions have taken place.

Training Programs

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least on annual basis. It will be based on our company size, its customer base, and its resources.

Our training will include, at a minimum: how to identify red flags and signs of money laundering that arise during the course of the employees' duties; what to do once the risk is identified; what employees' roles are in the company compliance efforts and how to perform them; the company record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will develop training in our company, or contract for it. Delivery of the training may include educational circulars, intranet systems, in-person lectures, and explanatory memos.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

Our Principal Officer will also educate the investor about the PMLA compliance.

List of Persons Designated for PMLA

Name of Designated Director and Principal Officer: Mr. KAMAL KUMAR JAIN

Contact No: 022 - 40566817

Email ID: jaink111@yahoo.com

Review of PMLA policy



Trimbhak Investment & Finance Services Pvt. Ltd.

Share & Stock Broker
(Member : National Stock Exchange (I) Ltd.)
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This policy will be reviewed on annual basis or any regulatory changes which may be earlier.

The review of the policy will be carried out by a person other than involved in framing the policy.

For TRIMBHAK INVESTMENT AND FINANCE SERVICES PVT.LTD.

KAMAL KUMAR JAIN

Director

DIN No : 01044407

Dated: 01/04/2019