



# **Manubhai Mangaldas Securities Pvt. Ltd.**

**Member : NSE, BSE, CDSL**

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## **POLICIES & PROCEDURES**

**For**

## **PREVENTION OF MONEY LAUNDERING**

**(as per the requirements of the PMLA Act 2002)**

Updated - SEBI Circular dated 12th March 2014 vide circular dated CIR/MIRSD/1/2014

# MANUBHAI MANGALDAS SECURITIES PVT. LTD.

## POLICIES & PROCEDURES

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(as per the requirements of the PMLA Act 2002)

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**Policy framed based on Prevention of Money Laundering Act, 2002 and SEBI Circular dated 12<sup>th</sup> March 2014 vide circular dated CIR/MIRSD/1/2014, 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 is 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 is 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 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.

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#### **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 reviewing 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.

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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: Agriculture.

In exceptional circumstances the KYC team may allot the “medium” risk to the client 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 a 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

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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 concept, so that we know that initially the client was in low risk when the account was opened on 20-06-2008 and then in 11-05-2011 the client was upgraded to medium because some unusual trading pattern was observed and then later upgraded to high on 14-02-2012 by an RMS team member for the reason which may be specified by the user.

**Medium Risk:** The clients can be classified could be classified into the medium risk category depending on a lot of things like Client wise Large Turnovers , particular Script exposure / trading , client's income range , trading pattern. If any of the client would satisfy the above criteria, depending on the criteria satisfied the same would be classified into medium or high risk.

**High Risk:** The clients of medium risk could be classified into the high risk category depending on excessive and further unusual, patterns like Client wise Large Turnovers, particular Script exposure / trading, client's income range , trading pattern. If any of the client would satisfy the above criteria, depending on the criteria satisfied the same would be classified into high risk.

**Very High Risk:** The Clients for whom STR's have been files may be moved to very High Risk.

#### **D. Customer Acceptance:**

##### **Customer Acceptance Policy & Client Identification Procedure**

##### **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 lists used are the following:

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UNSC 1267  
UNSC 1988  
SEBI Debarred List  
UNSC  
Domestic PEP  
Arbitration Awards  
ANMI ABCD

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 / Arbitration Awards / ANMI ANCD 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 without prior written consent of the management. And after opening this account will be immediately classified as CSC.

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.

Screening will also be done on a continuous basis after the account is opened

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 four sources i.e. SEBI, UNSC, PEP (PEP Detailed handling explained) and OFAC.

Verification of Pan with Income Tax Database

CSC marking (Detailed handling explained)

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.

Verifying basic client information before executing trade

Analyzing trading patterns to see if clients from different background have a similar trading pattern based on reports for the purpose of Client Identification Program.

We also verified email addresses and mobile numbers of clients to ensure that two accounts of different families are not having the same email address or mobile no.

**Client Due Diligence:** It basically means Customer due diligence which is nothing but an ongoing process consisting of broadly three parts. Customer acceptance policy, Client Identification and generation of suspicious transaction, monitoring, reviewing and reporting if required.

**Procedure for Beneficial owner ship and name of person controlling the client:**

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The procedure broadly two aspects of identify the controlling or the beneficial owner ship.

KYC Details

Trading Pattern

KYC Details

For all non-individual accounts mentioned below the detail should be added to the system of the key person.

The following categories are eligible for this:

Corporate Accounts: This could be directors, authorized signatories, share holders etc....

HUF Accounts: The Karta, Co Parceners etc.

Trust: The trustee details will be captured.

Partner Ship Firm: The partner details will be captures as key persons.

Association of Persons

For convenience these are called as key persons, for every Key Person following will have to be entered

First Name

Middle Name

Last Name

Designation: Partner/Director/Karta etc...

Email

Mobile

PAN

Share Holding %

Number of Shares

Address Line 1

Address Line 2

Address Line 3

City

State

Pin

Country

The system also will check for the key persons / ultimate beneficial owners to see if these matches with screening database/barred list. These would get similar treatment like an individual account holder.

Further system will alert, if the same key people are common in accounts. So if there is a common email ID or mobile numbers between key persons of two separate non individual accounts or same key person is available in more than one account then system will prompt the user to mark these accounts as special category "Close Family Shareholding or Beneficial ownership"

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**Trading Pattern:** The system has a scenario which helps identify clients that have a similar trading pattern. This could help us to identify or give an indicator that a few clients actually have a common controller.

#### **Brief procedure: PEP identification and due diligence**

##### **PEP Identification:**

There are 3 ways that a client could be marked as a politically exposed person

**KYC Form:** The client voluntarily declares that he is a PEP or relative of PEP. Provisions have been made and in the client account opening form the clients' fill up if he is eligible

**Employee or Sub Broker Indication:** An employee or the Sub Broker or any channel which may know that the client is PEP or a relative of PEP is encouraged to inform the management or the compliance team about the same. Effort is constantly being made to make the employees aware of the importance of identifying PEP or a relative of a PEP.

**Screening Database:** The Screening solution has a PEP database which also contains PAN numbers, the new client and the existing clients are screened through this to identify PEP or a relative of PEP.

**PEP Approval:** There are two possibilities when approval for PEP is required.

Before opening the account: If a proposed customer is recognized as PEP. Then the senior management approval is required to open the account.

After opening the account: In case if it is later realized after opening the account that the account is PEP then the same will be immediately brought to the notice of the senior management and the relationship will only be continued after the approval.

#### **PEP Due diligence after identification and approval**

The client will be marked as a special category

The client will be marked as a high risk

PEP is marked as High Risk Client. Enhanced due diligence is performed by making them a part of enhanced transaction monitoring which is combined with an intelligent grading system in the form of points where additional markup is given in the form of negative points separate for high risk clients. The records generated through this are specific and focusing on higher risk clients and filters the records so as to exercise enhanced due diligence on such transactions. The RMS team checks such transactions by identifying nature of such transactions, if required calls up clients, branch head, sub broker to understand the transaction. If required, the client is called upon to submit supporting documents in the matter of such transactions.

#### **Special Category Clients**

The categorization of the clients is done in special category at the account opening stage itself immediately. In some cases like if a clients reputation is known to be not good after the account is opened or a another account with same beneficiaries is opened then both old and new accounts are to be marked as special category.



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The following are the Special Categories that are currently created and clients are being categorized in these whenever applicable. The Solution used also has provisions for creating more and more special categories as and when required.

1. NRI
2. High Net worth Client
3. Trust, Charity and NGOs
4. Close family shareholdings or Beneficial Ownership:
5. Politically Exposed Persons
6. Company offering foreign Exchanges
7. Client in High Risk Country
8. Non Face to Face Client
9. Client with dubious Public Reputation

**NRI:** While opening NRI account utmost care should be exercised. While opening an NRI Repatriable or NRI Non Repatriable, we collect the following documents from the clients:

NRI Repatriable/Non Repatriable

Pan Card Copy  
Passport Copy  
Indian Address Proof  
Cancelled cheque copy of NRE A/c  
PIS Permission issued from RBI.  
NRI Address Proof  
Bank Statement Copy  
Client Master Copy for demat account.

**High Net worth Clients:** High net worth clients could be classified if at the account opening stage or during the course of the relationship, it is realized that the clients' investments or the appetite for investment is high.

**3. Trust, Charity and NGOs:** Both public as well private, registered as well non registered trust will have to be classified in the special category. Any Charitable or Nongovernmental organization or a no Profit Organization will be also classified herein.

**4 Close family shareholdings or Beneficial Ownership:** In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times, are same, and then both need to be marked under this special category.

**5. Politically Exposed Persons:** In case PEPs care is taken will opening the account as the same is opened only after opening account with the consent of the senior management and all the required documents are collected.

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**6. Company offering foreign Exchanges:** At the account opening stage if it is to our knowledge that the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

**7. Client in High Risk Country:** We avoid opening any account received from client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these countries.

Currently the lists of these countries are:

Iran, Korea, Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria, Turkey.

**8. Non Face to Face Client:** In person verification is done for all clients. But there may be clients who may register a power for somebody else in their account and in that scenario as the account would be controlled not by the account holder but by some other individual we would treat as a non face to face account and the same would be categorized accordingly.

**9. Client with dubious Public Reputation:** If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

#### **E. Clients of special category (CSC)**

##### **Special Category Clients**

The categorization of the clients is done in special category at the account opening stage itself immediately. In some cases like if a clients reputation is known to be not good after the account is opened or a another account with same beneficiaries is opened then both old and new accounts are to be marked as special category.

The following are the Special Categories that are currently created and clients are being categorized in these whenever applicable. The Solution used also has provisions for creating more and more special categories as and when required.

1. NRI
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4. Close family shareholdings or Beneficial Ownership:
5. Politically Exposed Persons
6. Company offering foreign Exchanges
7. Client in High Risk Country
8. Non Face to Face Client
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**NRI:** All NRI accounts will be marked.

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**High Net worth Clients:** High net worth clients could be classified if at the account opening stage or during the course of the relationship, it is realized that the client's net worth is beyond one crore or income is beyond 25 lacs.

**Trust, Charity and NGOs:** Both public as well private, registered as well non registered trust will have to be classified in the special category. Any Charitable or Nongovernmental organization or a no Profit Organization will be also classified herein.

**Close family shareholdings or Beneficial Ownership:** In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times, are same, and then both need to be marked under this special category.

**Politically Exposed Persons:** A separate detailed document mentions about PEP identification.

**Company offering foreign Exchanges:** At the account opening stage if it is to our knowledge that the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

**Client in High Risk Country:** We avoid opening any account received from client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these countries.

**Non Face to Face Client:** In person verification is done for all clients. But there may be clients who may register a power for somebody else in their account and in that scenario as the account would be controlled not by the account holder but by some other individual we would treat as a non face to face account and the same would be categorized accordingly.

**Client with dubious Public Reputation:** If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

#### **G. Record Keeping:**

The Principal Officer will be responsible to ensure that AML records are maintained properly. The company shall also maintain such records, which can permit reconstruction of individual transactions so as to provide evidence of prosecution of criminal behaviour.

The company shall maintain and preserve the records for the minimum period prescribed under AML Act and SEBI Act. A record relating to ongoing investigations to be retained until it is confirmed that the case has been closed.

#### **Maintenance of record of transactions prescribed under Rule 3 of PML Rules as mentioned below:**

- i. All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- ii. All series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions

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have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;

- iii. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- iv. All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

#### **H. Monitoring & Reporting of Suspicious Transactions:**

Suspicious transactions generated from PMLA software & Exchange records are scrutinized and inquired into from concerned entities/clients and based on input decide to report to FIU-IND.

Ongoing monitoring of accounts which includes

- i. Identification and detection of apparently abnormal transactions.
- ii. Generation of necessary reports/alerts based on clients' profile, nature of business, trading pattern of clients for identifying and detecting such transactions. These reports/alerts are analyzed to establish suspicion or otherwise for the purpose of reporting such transactions.

Following parameters are used:

- i. Large number of accounts having common parameters such as common partners / directors / promoters /
- ii. Off market transactions through DP Accounts;
- iii. Suspicious off market transactions;
- iv. Clients of high risk countries, including countries where existence and effectiveness of money laundering

Controls are suspect or which do not or insufficiently apply FATF standards, as 'Clients of Special Category'.

Such clients should also be subject to appropriate counter measures.

#### **Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedures. **M/s Manubhai Mangaldas Securities Pvt. Ltd.** Can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

**M/s Manubhai Mangaldas Securities Pvt. Ltd.**, shall have in place a comprehensive transaction monitoring process from a KYC/AML perspective. **M/s Manubhai Mangaldas Securities Pvt. Ltd.** shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering. **M/s Manubhai Mangaldas Securities Pvt. Ltd.** AML monitoring team shall endeavour to update the list based on current understanding of the market scenario and trading patterns followed by clients. Surveillance team shall review internal alerts if any and also monitor the alerts provided by the exchanges per their circular NSEINVG/22908 dated March 7, 2013.

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On the basis of criticality of the breach, observation of account behaviour, repetitive breaches, the AML Monitoring Team shall send a query to the concerned Business. Responses would be expected within 7 working days. If the alerts still persist or the AML Monitoring Team is not satisfied with the responses, then the AML query team shall send the query to the Compliance Head for resolution.

#### Action for SEBI debarred entities

If any person's/ entity name appears on SEBI debarred list and that person is our client, we immediately stop the trading of those clients.

### IDENTIFICATION OF BENEFICIAL OWNER

#### Procedure for Beneficial ownership and name of person controlling the client:

Check would be done for actual beneficial ownership and control of the particular account. We need to verify the sources of funds for funding the transaction. We shall also take care at the time of settlement regarding nature of transaction, movement/source of transaction, etc. Periodically to ask for clients financial details to determine the genuineness of transaction. In all such cases the accounts would be activated only post approval from the compliance department.

For this purpose, “**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.

**For all non-individual accounts** mentioned below the detail should be added to the system of the key person.

The following categories are eligible for this

Corporate Accounts: This could be directors, authorized signatories, share holders etc....

HUF Accounts: The Karta, Co Parceners etc.

Trust: The trustee details will be captured.

Partner Ship Firm: The partner details will be captures as key persons.

Association of Persons

For convenience these are called as key persons, for every Key Person following will have to be entered

First Name

Middle Name

Last Name

Designation: Partner/Director/Karta etc...

Email

Mobile

PAN

Share Holding %

Number of Shares

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Address Line 1

Address Line 2

Address Line 3

City

State

Pin

Country

Further system will alert, if the same key people are common in accounts. So if there is a common email ID or mobile numbers between key persons of two separate non individual accounts or same key person is available in more than one account then system will prompt the user to mark these accounts as special category “Close Family Shareholding or Beneficial ownership”

#### **Others**

In case of existing clients, if any names appear in the UNSCR lists as and when stock exchange issue any circular/ notification in this regard, we immediately deactivate that client.

#### **I. Reporting of Suspicious Transactions:**

- i. All suspicious transactions will be reported to FIU. Member and its employees shall keep the fact of furnishing information in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 strictly confidential.
- ii. 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 should be made available to auditors and also to SEBI /Stock Exchanges/FIU-IND/Other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for **Five years** as is required under PMLA 2002.
- iii. The Principal Officer and related staff members shall have timely access to customer identification data and other CDD information, transaction records and other relevant information. The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

#### **J. Employee`s Hiring/Training**

##### **Hiring of Employees:**

All employee accounts will be subjected to the same AML procedures as the customer accounts, under the supervision of the Principal Officer

Adequate screening procedures to be in place to ensure high standards when hiring employees, having regard to the risk of money laundering and terrorist financing and the size of the

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business, we ensure that all the employees taking up such key positions are suitable and competent to perform their duties.

#### **Employees' Training:**

An ongoing employee training program should be conducted by the Principal Officer and Senior Management. Participation of all the Key Employees in the Seminars conducted by various Regulatory bodies from time to time be made mandatory so that the staff are adequately trained in AML and CFT procedures.

All the Circulars issued by various Regulatory bodies including that of PMLA, are circulated to all the staff Members and the same are also being discussed in length, in the Training Program'. Training program shall have special emphasis on frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

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 firm's compliance efforts and how to perform them; the firm's record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

#### **K. Audit and Testing of Anti Money Laundering Program:**

The Anti Money Laundering Program is subject to periodic audit, specifically with regards to testing its adequacy to meet the compliance requirements. The audit/testing is conducted by Trading Member's own personnel not involved in framing or implementing the AML program. The report of such an audit/testing is placed for making suitable modification modifications/improvements in the AML program.

#### **L. Maintenance of records of transactions prescribed under Rule 3 of Rules stated as under:**

- i. All cash transaction of the value of more than rupees ten lakhs or its equivalent in the foreign currency;
- ii. All series of cash transactions integrally connect to each other which have been valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupee ten lakhs;
- iii. All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- iv. All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

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#### **M. Appointment of Designated Director:**

In addition of the existing requirement of designation of Principal Officer, the registered intermediaries shall also designate a person as a “Designated Director”. In terms of Rule 2(ba) of the PML Rules, the definition of Designated Director read as under:

“Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligation imposed under Chapter IV of the Act and Rules and includes –

- (i) The Managing Director or Whole-Time Director duly authorized by the Board of Directors if the reporting entity is a Company,
- (ii) The Managing Partner if the reporting entity is a Partnership Firm,
- (iii) The Proprietor if the reporting entity is a Proprietorship Firm,
- (iv) The Managing Trustee if the reporting entity is a Trust,
- (v) A Person or Individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an un-incorporated association or Body of Individuals.

#### **N. Investors Education:**

As the implementation of AML / CFT measures being sensitive subject and requires us to demand and collect certain information from investors which may be of personal in nature or has hitherto never been called for, which information include documents evidencing source of funds / income tax returns / bank records etc. and can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for us to sensitize the clients about these requirements, as the ones emanating from AML and CFT framework. We shall circulate the PMLA Circulars and other specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT program. The same shall also be emphasized on, in the Investor Awareness programmes conducted by us at frequent intervals of time. The importance of the same is also made known to them at the time of opening the account.

#### **O. Procedure for freezing of funds, financial assets or economic resources or related services:**

Member is aware that Under section 51A of Unlawful Activities (Prevention) Act, 1967, 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 obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.



# MANUBHAI MANGALDAS SECURITIES PVT. LTD.

## POLICIES & PROCEDURES

### PREVENTION OF MONEY LAUNDERING

(as per the requirements of the PMLA Act 2002)

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#### P. Others

This Policy is to be made available to the persons engaged in the Broking/depository operations for compliance purpose.

Clients are to be categorized into low, medium and high risk based on perceived risk depending upon client's background, type of business activity, transaction etc.

The periodicity of updating of documents taken during the client due diligence (CDD) process will be every year

As per Company's policy, we are not relying on third party for client due diligence.

Mr. Keyur Manubhai Bhagat has been appointed as designated director as per PMLA requirement.

This PMLA policy will be reviewed every half 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

All the clauses of this PMLA Policy should be reviewed periodically. Review of policy is to be done by any official other than the official who originally drafted the policy

For **Manubhai Mangaldas Securities Pvt. Ltd.**

**(Mr. Keyur M. Bhagat)**  
**Director**

*In the case of any further information / clarification is required in this regards, the "Principal Officer" may be contacted.*