

Saurin Investments Pvt. Ltd.**PMLA Policy****THE BACKGROUND**

We, Saurin Investments Pvt. Ltd. (**SIPL**) are a member of NSE (Cash Segment, Future & Options and Currency Derivatives) and depository participant of National Securities Depository Limited.

We had appoint Mr. Binoy Parikh as “Principal Officer” to verify and maintain the record of identity, address, nature of business and financial status of client and furnish information to Financial Intelligence Unit-India.

Under the Prevention of Money Laundering Act, 2002 (PMLA) that have come into force on July 1, 2005. SEBI vide its circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 has further issued guidelines with respect to Maintenance and Preservation of records of transactions, information to be maintained, reporting to Financial Intelligence Unit – India as per SEBI has issued guidelines on Know Your Customer (KYC) standards and AML (Anti-Money Laundering) Standards vide a circular dated January 18, 2006. The Guidelines issued with the circular are in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards. Compliance with these standards by all capital market intermediaries registered with SEBI has become imperative. These Guidelines lay down the minimum requirements / disclosures to be made in respect of clients.

PREAMBLE

Through the following Policy Guidelines, **SIPL** stands committed to –

- (a) Accept only those clients whose identity is established by conducting due diligence appropriate to the risk profile of the client.
- (b) Record and preserve audit trail for the transactions conducted by customers to facilitate investigation.
- (c) Report to Financial Intelligence Unit – India, or any other agency designated by Securities and Exchange Board of India or Government of India, the details of transactions of all or selected clients if and when requested or at regular frequency as may be suggested by such agencies, and
- (d) Cooperate with investigative agencies / law enforcement agencies in their efforts to trace the money laundering transactions and persons involved in such transactions.

1. The Objective

- 1.1. “Money laundering” is the process by which persons with criminal intent or persons involved in criminal activity attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecution, conviction and confiscation of the criminal funds. The term “Money Laundering” is also used when the funds are used for terrorist financing though the origin of the funds may be legitimate.
- 1.2. The objective is to have in place adequate policy, practice and procedure that promote professional standards and help prevent **SIPL** from being used, intentionally or unintentionally for money laundering. KYC standards and AML measures would enable SIPL to know/ understand its customers, the beneficial owners in case of non-individual entities, the principals behind customers who are acting as agents and their financial dealings better which in turn will help to manage its risks prudently.

2. The approach:

- 2.1. The approach towards KYC standards is based on risk perception and money laundering threats that may be posed by different types of customers. **SIPL** shall be largely guided by the KYC standards prescribed by SEBI, Stock Exchanges and AMFI for Stock Brokers and Depository Participants and Intermediaries.
- 2.2. KYC standards & AML measures involve a customer acceptance policy and customer identification programme that involves enhanced due diligence for higher risk accounts, and includes account monitoring for suspicious activities. These standards constitute an essential part of risk management by providing the basis for identifying and controlling risk exposures, which SIPL takes to protect itself and its genuine customers from the risks arising out of suspicious transactions/ risky customers.

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2.3. The KYC standards centre around the following four key elements:

- (i) Risk classification
- (ii) Customer Acceptance Policy and identification procedures, and
- (iii) On-going Monitoring Processes
- (iv) Reporting

2.4. Other AML Measures

- (i) Staff education and awareness
- (ii) Channel partner education and awareness
- (iii) Customer education and awareness

3. Risk Classification:

The level of Money Laundering (ML) risks that SIPL is exposed to by an investor relationship depends on:

- Type of the customer and nature of business
- Type of product / service availed by the customer
- Country where the Customer is domiciled.

Based on the above criteria, the customers may be classified into two Money laundering Risk levels viz., High Risk and Low Risk.

(i) High Risk

The following clients are classified as high risk, provided their subscription transaction value exceeds Rs Twenty Five Lacs in one transaction during a financial year.

- (a) Non resident clients
- (b) High Net-worth clients
- (c) Trust, Charities, NGOs and organizations receiving donations
- (d) Unlisted companies
- (e) Politically exposed persons (PEP)
- (f) Companies offering foreign exchange offerings
- (g) Clients in high-risk countries. Viz. All Non Cooperative Countries and Territories as classified by FATF that presently are: Myanmar and Nigeria.
- (h) Clients with dubious reputation as per public information available

(ii) Low Risk

All customers that are not High Risk are Low Risk customers.

4. Customer acceptance policy and identification procedure:

4.1. Customer Acceptance Policy (CAP)

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- a. Where the investor is a new investor, account must be opened only after ensuring that pre account opening KYC documentation and procedures are conducted. **SIPL** will follow the industry standard in implementing the procedure for KYC.
- b. **SIPL** uses depository system for demat services, KYC tests conducted by depository participants at the time of accepting the customer or transaction under the prevention of money laundering policy adapted under by depositories or depository participant shall be considered adequate irrespective of risk level of the customer or transaction under this policy. However, as a matter of a good practise, **SIPL** may examine transactions that may fall under “suspicious transactions” category.
- c. Format of the Account Opening form and transaction form may be modified appropriately to achieve this objective. KYC form may be amended on receipt of advise from SEBI, Exchange, Depository or related authorities.

4.2. Know your client standards – identification of customer:

4.2.1. Identity generally means a set of attributes which together uniquely identify a natural or legal person. An individual's identity comprises his/her name recent photograph, signature, date of birth, and the residential address at which he/she can be located. In case of non-individuals, identification is established with the help of registration number, copies of incorporation documents, location, address of head office and identity of authorized signatories.

4.2.2. Identification evidence should be verified for:

- The named account holder(s)/the person in whose name an investment is registered;
- Any principal beneficial owner of funds being invested who is not the account holder or named investor;
- Power of Attorney Holders.

4.2.3. A risk-based approach will be adopted towards certification of Documents. For low risk clients, reliance will be placed on a self-certified copy of the documents required to prove identity and address.

For high-risk clients, the copies of identification documents have to be attested by government gazetted officers or notarised by a public notary or by any other person who has opened an account with **SIPL** after adhering to KYC norms stipulated under this policy.

Where the beneficial owner is a well established entity like religious trust/endowment board registered as such with any government authority, educational trust having a good reputation in the locality where it is situated, recognised Non-government organisation, companies listed on recognized stock exchanges, SEBI registered intermediary, IRDA registered insurance company or insurance intermediary, pension fund registered under appropriate authority, SEBI recognised stock exchange, scheduled commercial bank, government departments, government agencies, statutory bodies, public sector undertakings and such other entities of irrefutable reputation the documentation for establishing identification include certified true copies of Memorandum and Articles of Association and Certificate of Incorporation. However, identification of the authorised signatory shall be on the lines of low risk individual customers.

4.2.4. Customer Identification Procedure

Pre-account Opening:

The submission of all documents required under this policy is a pre-requisite for account opening for all customers. Incomplete application (including incomplete documentation) is to be rejected. **SIPL** will follow the industry standard for implementing customer identification procedure. However, proof of identity and proof address will be verified based on the following documentation:

Documentation requirement

A. Individual / Sole Proprietorship

Features	Documents
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<p>Proof of identity</p>	<p>One self certified copy of any one of the following:</p> <ul style="list-style-type: none"> (i) Passport (ii) Photo PAN card (iii) Voter's Identity Card (iv) Driving license (v) UIN / DIN card (vi) ID card issued by any central / state government and its departments (vii) self declaration by a High Court or Supreme Court Judge (viii) Photo debit card issued by Banks. (ix) Ration card with photograph (x) Photo identification issued by Bank Manager of Scheduled Commercial Banks, Gazetted Officers. <p>One self certified copy of any one of the following:</p> <ul style="list-style-type: none"> (i) Telephone bill of land line (ii) Electricity bill (iii) Passport copy (iv) Latest Bank Passbook/ bank account statement / Demat Account statement containing address (v) Voter Id (vi) Driving license (vii) Self declaration by a High Court or Supreme Court Judge (viii) Ration Card. <p>Proof of identity and address can also be established by any document containing the photograph, address and signature, duly attested by a manager of a scheduled commercial bank (the designation seal should be affixed), notary public or gazetted officer</p> <p>Most recent photograph</p>
<p>Proof of address (if the address on the above documents is different from the address on the application)</p>	<p>Proof of identity and address can also be established by any document containing the photograph, address and signature, duly attested by a manager of a scheduled commercial bank (the designation seal should be affixed), notary public or gazetted officer</p> <p>Most recent photograph</p>
<p>Other</p>	

The above documents would be accepted in any language specified in the Eighth Schedule of the Constitution of India. Documents in any language other than a scheduled language must be translated into English, and duly attested by a notary public or gazetted officer. Signatures by way of a thumb impression are to be duly attested by a notary public or gazetted officer.

B. HUF

Features	Documents
Proof of identity	Investor Account can only be held in the name of the Karta on behalf of the HUF As per A
Proof of address	As per A
Others	Copy of PAN Card of the HUF Bank Statement of HUF Declaration from the Karta. Prescribed Joint Hindu Undivided Family Letter signed by all the adult coparceners One most recent photograph of the Karta.

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C. Non Resident Individuals

Features	Documents
Proof of identity	Self certified copy of any one of the following: <ul style="list-style-type: none"> (i) Passport / PIO Card (ii) PAN card (iii) Voter's Identity Card (iv) Driving license (Photo debit card issued by Banks. (v) Photo identification issued by Bank Managers of Scheduled Commercial Banks, Gazetted Officers.
Proof of address Local Address:	Self certified copy of any one of the following: <ul style="list-style-type: none"> (i) Telephone bill (ii) Electricity bill (iii) Passport copy (iv) Latest Bank Passbook/ statement / DP statement (v) Voter Id (vi) Driving license (vii) Ration card. <p>Proof of identity and address can also be established by any document containing the photograph, address and signature, duly attested by a manager of a scheduled commercial bank, notary public or gazetted officer</p> <p>(i) Self certified copy of Bank account statement / Passbook (for foreign address) (ii) Any other document duly certified by local authority in the country of residence</p> <p>Incasse the documents are in foreign language the same to be translated to English and certified by government authority in country of residence or the Indian Embassy.</p>
Foreign Address	<ul style="list-style-type: none"> (i). Passport copy (ii). VISA copy (ii). One most recent photograph (iii). RBI Permission for investment (iv). NRO and NRI Bank proof
Other	

Financial Status

The investor should disclose his financial status in the following manner. A provision for such disclosure will be made in the application form.

Income earned per annum (Indicate the summation of all the applicants, if applying Jointly or as Anyone / Survivor)	
Less than Rs. 100,000	
Between Rs. 100,000 and Rs 5,00,000	
Between Rs. 500,000 and Rs. 10,00,000	
Between Rs. 10,00,000 and Rs. 25,00,000	
Greater than Rs 25,00,000	

D. Non- Individuals

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Features	Documents
Accounts of companies	A true copy (certified by professionally qualified Company Secretary, practicing Chartered Accountant or practicing Cost Accountant) of each of the following (i) Certificate of incorporation (ii) Resolution of the Board of Directors to open an account. (Board Resolution to invest in shares, mutual funds, etc.) (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (Authorised Signatories List)
Trusts, foundations, NGOs, Charitable Bodies, Clubs / Mutual Fund Schemes and other non-individuals other than companies incorporated under Companies Act.	A certified true copy (certified by one of the authorized signatories) of each of the following (i) Certificate of registration, if registered (ii) Trust deed (iii) The document in proof of delegating power of attorney to transact on behalf of the entity.
Unincorporated association or a body of individuals	SIPL may not deal with such entities in usual course. The KYC shall be done in accordance with the advise of head of investor relations or compliance, if and when such an application is received. KYC in these cases may be as near as possible to the KYC for non- individuals other than companies registered under Companies Act.
Scheduled Commercial Banks and Registered Financial Institutions not incorporated under the Companies Act, 1956	Authorized Signatory List and / or self-certification on letterhead of the bank.
Regulatory Bodies	Authorized Signatory List and / or self certification on letterhead of the entity.
Army / Government Bodies	Authorized Signatory List and / or self certification on letterhead of the entity.
Any other bodies created incorporated / registered under state or central legislation being eligible to invest in Shares, Mutual Funds, etc.	Copy of Constitution / registration documents Documents evidencing authority to invest and List of authorized signatories on the letterhead of the entity.

Non-individual investors also have to sign a declaration about the legitimacy of the source of income.

5. On-going Monitoring Processes

The Rules notified under the PMLA defines a “suspicious transaction” as a transaction whether or not made in cash which, to a person acting in good faith-

- a) Give rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- b) Appears to be made in circumstances of unusual or unjustified complexity ;or
- c) Appears to have no economic rationale or bonafide purpose.

SEBI Circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 places an obligation on Stock Broker to furnish information to FIU. Government of India, in respect of suspicious transactions within 7 days of arriving at a conclusion that any transaction is of suspicious nature.

5.1. Indicative list of suspicious activities

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- **Cash Transactions.** SIPL does not accept cash for any investment nor does it pay cash towards any due amount. Therefore, instances of suspicion on the grounds of cash transaction are not expected.
- **Investment through third party incoming payments is not allowed in SIPL:** If the cheque towards investment is issued by a payer other than the account holder or one of the account holders in case of joint account, the following procedure shall be followed:

Discourage accepting third party cheques. However, the third party cheque is towards investment by minor or dependent member of the family viz., wife, son or daughter, father, mother, brother or sister, such third party payments may be accepted if declaration to that effect is made in the application form.

Further, obtain a declaration from the customer confirming that the source of funds for the payment is legitimate. If no declaration is given, the transaction will be rejected.

- **Transactions that do not make economic sense and Unusual Activities :**
 - Having large number of demat accounts i.e., more than 10 demat account at the same name and address.
 - Very large number of bank accounts (For Individuals 10, and for Corporate 20) in relation to the status of the customer.
 - Sudden surge in activity level.
 - Inoperative accounts for 2 years becoming active suddenly.
 - Frequent change of bank mandates / address i.e., three or more changes in six months.
- **Attempts to avoid Reporting / Record Keeping requirements:**
 - Investors reluctant to provide information
 - Investor induces SIPL not to file any report / forms
- **Customer who provides insufficient information:**
 - Information / Additional information requested but not forthcoming (within 30 days or request) in relation to transactions with SIPL.
 - Frequent "Returned Undelivered" status on communications to investor; 5 or more in a calendar year.
- **Certain Suspicious Funds Transfer Activities**
 - Inward Wire transfer from overseas – which is not supported by adequate declarations
 - Country of Inward Wire Transfers differing from Country mentioned in bank mandates
 - Bank mandates mentioned in high risk and moderate risk countries All customers, sub-brokers and distributors are requested to understand SIPL's policy on KYC standards and AML measures and co-operate with SIPL in implementing these policy.

5.2. Internal Reporting of Suspicious Transactions

We had set our internal reporting system. In this system when any transaction feel Suspicious by any of our employee he reports that transaction to our compliance officer and that transactions further scrutinized and check by compliance officer. If it found suspicious we report it to concern authority. We also monitor data we receive from exchange and/or depository, after scrutinizing the data if it is found suspicious we report to concern authority.

5.3. Scope of Internal audit to be enhanced

We have appointed internal auditor they also scrutinized transactions if they found it suspicious.

5.4. Reporting Procedures

If principal officer found any suspicion transaction he will immediately notify to the Money Laundering Control Officer or any other designated officer within the intermediary in prescribed format.

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6. Awareness

We conduct in house awareness and education program regarding Money Laundering Activity involved in financial market for under mentioned three category people on regular basis. Our principal officer conducts this awareness program and encourages people to attend seminars organized by expert speakers on the said subject.

- (i) Staff education and awareness
- (ii) Channel partner education and awareness
- (iii) Customer education and awareness

7. Record Maintenance

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

8. Review of this Policy

We will review the policy as per the instruction we received from FIU/Exchanges/ SEBI/Depository and from any other concern authority on this and our principal officer is also monitoring these continue basis. So, as and when it required we upgrade our policy.