

Shri Parasram Holdings Pvt. Ltd.

POLICIES AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING (as per the requirements of the PMLA Act 2002)

Revision Date: October 06, 2024

1. 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.

2. Principal Officer / Designated Director Designation and Duties

The company has designated **Mr. Sambhav Aggarwal** as a 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.

In addition to the existing requirement of designation of a Principal Officer, we have also designated a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under and we have communicated same to the FIU- IND. The company has designated **Mr. Vivek Sheel Aggarwal** as a Designated Director through its Board Meeting.

3. Customer Identification and Verification

At the time of opening an account or executing any transaction with it, the company will verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	<ul style="list-style-type: none"> PAN Card 	<ul style="list-style-type: none"> UID, Passport, Voter ID, DL, Utility bills Copy of Bank Statement, etc 	<ul style="list-style-type: none"> N.A.
Company	<ul style="list-style-type: none"> PAN Card Certificate of incorporation Memorandum and Articles of Association Resolution of Board of Directors 	<ul style="list-style-type: none"> Utility Bills, Lease Agreement, Rent Agreement, Copy of Bank Statement, etc 	<ul style="list-style-type: none"> Proof of Identity of the Directors/Others authorized to trade on behalf of the company
Partnership Firm	<ul style="list-style-type: none"> PAN Card Registration certificate Partnership deed 	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> Proof of Identity of the Partners/Others authorized to trade on behalf of the company
Trust	<ul style="list-style-type: none"> PAN Card Registration certificate Trust deed 	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> Proof of Identity of the Trustees/ other s authorized to trade on behalf of the Trust
AOP/ BOI	<ul style="list-style-type: none"> PAN Card Resolution of the managing body Documents to collectively establish the legal existence of such an AOP/ BOI 	<ul style="list-style-type: none"> As above 	<ul style="list-style-type: none"> Proof of Identity of the Persons authorized to trade on behalf of the AOP/ BOI

1. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, our company will not open the new account.
2. All PAN Cards received will be verified from the Income Tax/ NSDL website before the account is opened
3. The company will maintain records of all identification information for ten years after the account has been closed

4. Risk Profiling of customer

- **Shri Parasram Holdings Pvt. Ltd.** 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
 1. High Risk customers
 2. Medium Risk customers
 3. Low Risk customers

1. High Risk

- a. Non resident clients
- b. High net worth clients
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Politically exposed persons (PEP) of domestic or a foreign origin
- e. Current / Former Head of State, Current or Former Senior High-profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- f. Companies offering foreign exchange offerings
- g. 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, intermediaries apart from being guided by the Financial Action task Force (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.fatfgafi.org) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude intermediaries 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.
- h. Clients with dubious reputation as per public information available etc

- **Low Risk: -**

Customers who are being referred by **Shri Parasram Holdings Pvt. Ltd.** Authorized Person of **Shri Parasram Holdings Pvt. Ltd.** 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.

- Risk Assessment

SPHPL shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect:

- Clients.
- Countries or geographical areas,
- Nature and volume of transactions,
- Payments methods used by clients,
- large number of accounts having a common account holder,
- Unexplained transfers between multiple accounts with no rationale,
- Unusual activity compared to past transactions,
- Doubt over the real beneficiary of the account,
- Payout/pay-in of funds and securities transferred to /from a third party,
- Off market transactions especially in illiquid stock and in F&O, at unrealistic prices, large sums being transferred from overseas for making payments,
- In consistent with the clients' financial background.
- The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time.
- We shall 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 shall 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 (these can be accessed at

http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and
<http://www.un.org/sc/committees/1988/list.shtml>).

- 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.

- Further to above it is also necessary to cross verify the details of prospective customers with the databases of UN or other similar entity. **Shri Parasram Holdings Pvt. Ltd.** shall 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. Full details of accounts bearing resemblance with any of the individuals/entities in the list should immediately be intimated to SEBI and FIU-IND.
- 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 Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) needs to be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml> and <http://www.un.org/sc/committees/1988/list.shtml>.
- In addition to above it is also necessary to identify and classify customers under 'Clients of Special Category' (CSC) an illustrative list of 'Clients of Special Category' (CSC) shall be read as under:
 1. Non resident clients,
 2. High net-worth clients,
 3. Trust, Charities, NGOs and organizations receiving donations,
 4. Companies having close family shareholdings or beneficial ownership,
 5. Politically exposed persons (PEP). Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government / judicial / military officers, senior executives of state- owned corporations, important political party officials, etc.
 6. Companies offering foreign exchange offerings,
 7. Clients in high risk countries (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, where there is unusual banking secrecy, Countries active in narcotics production, Countries where corruption (as per Transparency International 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,
 8. Non face to face clients,
 9. Clients with dubious reputation as per public information available etc.

5. Identification of Beneficial Ownership

- At the time of opening an account or executing any transaction with it, the **Shri Parasram Holdings Pvt. Ltd.** will verify sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.
- The beneficial owner has been defined as the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.
- **Shri Parasram Holdings Pvt. Ltd.** will follow below mentioned approach while determining beneficial ownership –

A. For clients other than individuals or trusts:

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

SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023 has amended Explanation:

1. Controlling ownership interest means ownership of/entitlement to,
2. "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;
3. the identity of the Beneficial person/natural person who is acting alone or together or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of more than 10% of shares or capital or profits of the juridical person, where juridical person is a Company.
4. 10% of shares / property or capital or profits of the juridical person, where juridical person is a partnership firm. 5. 15% of shares / property or capital or profits of the juridical person, where juridical person is an Unincorporated association or body of individuals.

Control can be exercised through voting rights, agreement, arrangements or any other manner. Where no natural person identified in the aforesaid paras the identity of relevant natural person who holds the position of senior managing official shall be considered as beneficiary.

B. For client which is a trust:

2. Where the client is a trust, **Shri Parasram Holdings Pvt. Ltd.** In case of Trust beneficial owner or the natural person could be the author of the trust, the trustee, the protector or the beneficiaries with more than 10% interest and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Such indemnification of beneficiary is not mandatory in case of listed companies or majority owned subsidiary of such Company and in case of foreign investors)

SPHPL should be guided by SEBI Master Circular SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19,2022 and such amendments thereto from time to time for identification of beneficial ownership of the FPI Client, if any. SPHPL shall monitor compliance of aforementioned provision on identification of beneficial ownership.

- 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 6(B) and understand the ownership and control structure of the client.
- Conduct ongoing due diligence and scrutiny of the account/client to ensure that transaction conducted are consistent with the client's background/financial status, its activities and risk profile. Every year the financial statements to be taken on record for all corporate clients.

- SPHPL 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 doubt the adequacy or veracity of previously obtained client identification data, and
- SPHPL 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.
- No transaction or account-based relationship shall be undertaken without following the CDD procedure.”
- Where SPHPL is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, SPHPL shall not pursue the CDD process, and shall instead file a STR with FIU - IND.”
- Though it is not possible to know all the details and exact details of the client’s background and financial status, it should be our endeavor to make a genuine attempt towards achieving this.

C. Exemption in case of listed companies:

3. Where the client or the owner of the controlling interest is a comp any listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

D. Reliance on third party for carrying out Client Due Diligence (CDD)

i. In case third party for the purpose of (a) identification and verification of the identity of a client and (b) 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 are regulated, supervised or monitored by us, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

6. Client Due Diligence

- 6.1 The CDD measures comprise the following:
- (a) 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.
 - (b) Verify the client’s identity using reliable, independent source documents, data or information;
 - (c) 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;

- (d) 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 (c);
- (e) Understand the ownership and control structure of the client;
- (f) Conduct on going 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 the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
- (g) Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

7 Policy for acceptance of clients:

All registered intermediaries 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, they 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 are to be followed while accepting the clients:

- a. No account is opened in a fictitious / benami name or on an anonymous basis.
- b. 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.
- c. 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.
- d. Ensure that an account is not opened where the intermediary is unable to apply appropriate CDD measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non-genuine, or there is perceived non co-operation of the client in providing full and complete information. The market intermediary 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.
- e. The market intermediary shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.
- f. 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 the intermediary, as well as the person on whose behalf the agent is 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.

g. Necessary checks and balance to 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.

h. The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

8. 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

9. Monitoring Accounts For Suspicious Activity

The company will monitor through the automated means of Back Office Software (*specify how suspicious transaction activity would be monitored*) for unusual size, volume, pattern or type of transactions. For non-automated monitoring, the following kinds of activities are to be mentioned as Red Flags and reported to the Principal Officer.

- The customer exhibits unusual concern about the company compliance with government reporting requirements and the firm's AML policies (particularly concerning his or her identity, type of business and assets), or is reluctant or refuses to reveal any information concerning business activities, or furnishes unusual or suspicious identification or business documents.
- The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer's stated business or investment strategy.

- The information provided by the customer that identifies a legitimate source for funds is false, misleading, or substantially incorrect.
- Upon request, the customer refuses to identify or fails to indicate any legitimate source for his or her funds and other assets.
- The customer (or a person publicly associated with the customer) has a questionable background or is the subject of news reports indicating possible criminal, civil, or regulatory violations.
- The customer exhibits a lack of concern regarding risks, commissions, or other transaction costs.
- The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity.
- The customer has difficulty describing the nature of his or her business or lacks general knowledge of his or her industry.
- The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the company policies relating to the deposit of cash.
- The customer engages in transactions involving cash or cash equivalents or other monetary instruments that appear to be structured to avoid the Rs.10,00,000 government reporting requirements, especially if the cash or monetary instruments are in an amount just below reporting or recording thresholds.
- For no apparent reason, the customer insists for multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers.
- The customer engages in excessive journal entries between unrelated accounts without any apparent business purpose.
- The customer requests that a transaction be processed to avoid the company normal documentation requirements.
- The customer, for no apparent reason or in conjunction with other red flags, engages in transactions involving certain types of securities, such as Z group and T group stocks, which although legitimate, have been used in connection with fraudulent schemes and money laundering activity. (Such transactions may warrant further due diligence to ensure the legitimacy of the customer's activity.)
- The customer's account shows an unexplained high level of account activity
- The customer maintains multiple accounts, or maintains accounts in the names of family members or corporate entities, for no apparent purpose.
- The customer's account has inflows of funds or other assets well beyond the known income or resources of the customer.

When a member of the company detects any red flag, he or she will escalate the same to the Principal Officer for further investigation

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

Identity of Client

- False identification documents
 - Identification documents which could not be verified within reasonable time
 - Non-face to face client
-
- Doubt over the real beneficiary of the account

- Accounts opened with names very close to other established business entities Suspicious Background
- Suspicious background or links with known criminals Multiple Accounts
- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- Unexplained transfers between multiple accounts with no rationale

Activity Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business
- Account used for circular trading

- Nature of Transactions

- Unusual or unjustified complexity
- No economic rationale or bonafide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions Value of Transactions
- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated/deflated
- Regular monitoring of transaction is vital for ensuring effectiveness of the PMLA Procedure. This is possible only if the intermediary has an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.
- We shall pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. 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. These records are required to be preserved for ten years as is required under the PMLA.

10. Reporting to FIU IND

For Cash Transaction Reporting

- All dealing in Cash that requiring reporting to the FIU IND will be done in the CTR format and in the matter and at intervals as prescribed by the FIU IND

For Suspicious Transactions Reporting

We will make a note of Suspicion Transaction that have not been explained to the satisfaction of the Principal Officer and thereafter report the same to the FIU IND and the required deadlines. This will typically be in cases where we know, suspect, or have reason to suspect:

- the transaction involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity as part of a plan to violate or evade any the transaction reporting requirement,
- the transaction is designed, whether through structuring or otherwise, to evade the any requirements of PMLA Act and Rules framed thereof
- the transaction has no business or apparent lawful purpose or is not the sort in which the customer would normally be expected to engage, and we know, after examining the background, possible purpose of the transaction and other facts, of no reasonable explanation for the transaction, or
- The transaction involves the use of the company to facilitate criminal activity.

We will not base our decision on whether to file a STR solely on whether the transaction falls above a set threshold. We will file a STR and notify law enforcement of all transactions that raise an identifiable suspicion of criminal, terrorist, or corrupt activities.

All STRs will be reported quarterly to the Management, with a clear reminder of the need to maintain the confidentiality of the STRs

We will not notify any person involved in the transaction that the transaction has been reported, except as permitted by the PMLA Act and Rules thereof.

11. AML Record Keeping

a. STR Maintenance and Confidentiality

We will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency or securities regulator about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests or other requests for STRs.

b. Responsibility for AML Records and STR Filing

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

c. 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 Eight years.

d. Maintenance of records pertaining to identity of clients

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 Eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

e. SPHPL shall maintain and preserve the record of documents evidencing the identity of its clients and beneficial owners (e.g., copies or records of official identification documents like passports, identity cards, driving licenses or similar documents) as well as account files and business correspondence for a period of Eight years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

f. We shall ensure a record of the transactions is 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.

12. Customer Education / Employee Hiring and Training Programs

Implementation of KYC procedures requires SPHPL to demand certain information from customer which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Relationship Managers of SPHPL shall be trained to explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the customer.

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

We will develop ongoing employee training under the leadership of the Principal Officer. Our training will occur on at least an 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.

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

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA. Under the aforementioned Section, 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 will be followed by us 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.

14. Program to Test AML Program

a. Staffing

The testing of our AML program will be performed by the Auditors of the company

b. Evaluation and Reporting

After we have completed the testing, the Auditor staff will report its findings to the Management. We will address each of the resulting recommendations.

15. Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as customer accounts, under the supervision of the Principal Officer. We will also review the AML performance of supervisors, as part of their annual performance review. The Principal Officer's accounts will be reviewed by the Management.

16. Confidential Reporting of AML Non-Compliance

Employees will report any violations of the company AML compliance program to the Principal Officer, unless the violations implicate the Principal Officer, in which case the employee shall report to Mr. Dishant Parikh Such reports will be confidential, and the employee will suffer no retaliation for making them.

17. Management Approval

We have approved this AML program as reasonably designed to achieve and monitor our company ongoing compliance with the requirements of the PMLA and the implementing regulations under it.

18. Investor awareness

We have implemented the system whereby our relationship manager guide and inform client about PMLA requirement at the time of the approach to clients, we also disseminated PMLA policy which is accessible to client and we update and uploaded as and when new changes take place

19. List of Designated Individuals/ Entities: -

- The Ministry of Home Affairs, in pursuance of Section 35(1) of UAPA 1967, declares the list of individuals/entities, from time to time, who are designated as 'Terrorists'. The registered intermediaries shall take note of such lists of designated individuals/terrorists, as and when communicated by SEBI. 63.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.

- 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: i. 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.
- If anyone whose name appears in said list. Registered intermediaries shall 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.
 - The Stock Exchanges and the registered intermediaries shall 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.
 - The Stock Exchanges and the registered intermediaries shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements. 68. The Stock exchanges and the registered intermediaries shall 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.
 - 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.
 - The Stock exchanges and the registered intermediaries 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, 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.

20. Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 vide SEBI circular dated April 26, 2023

I. In terms of Section 12A of the WMD Act, the Central Government is empowered as under:

“(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—

a) Freeze, seize or attach funds or other financial assets or economic resources— i. owned or controlled, wholly or jointly, directly or indirectly, by such person; or ii. held by or on behalf of, or at the direction of, such person; or iii. derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;

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.

(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.”

II. Maintain the list of individuals/entities (“Designated List”) and update it, without delay.

III. 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, CBL 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 Chief 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

IV. 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, Page 23 of 23 stocks, insurance policies etc. In case, the clients’ particulars match with the particulars of Designated List, CBL 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.

V. send a copy of the communication, mentioned in paragraphs 4(ii) and 4(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 Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, “G” Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.

VI. 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.

VII. file a Suspicious Transaction Report (STR) with the FIU-IND covered all transactions in the accounts, covered under paragraphs 4(ii) and (iii) above, carried through or attempted through.

VIII. 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.

22. Review of PMLA policy

This Policy has been last reviewed, approved and adopted in the Board Meeting dated October 19, 2024. This policy will be reviewed by the Principal Officer, Designated Director for FIU (PMLA) and Designated Directors for the Stock Exchange memberships. Views of concerned Heads of Department, Compliance Officer and Chief Compliance Officer and Internal Auditors, if any, may be taken into account where the management finds it necessary. Revised versions of the policy shall be half yearly reviewed, approved and adopted by the Board of Directors of SPHPL.

This policy has been reviewed and updated to incorporate all regulatory requirements until and including those in SEBI master circular no. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/062 dated April 26, 2023, SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023, SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023 & SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 June 06, 2024