

ANTI MONEY LAUNDERING POLICY

M/s. Emkay Global Financial Services Limited

CIN - L67120MH1995PLC084899

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Note: -

Last Updated – SEBI Master Circular dated 15th October 2019 bearing number SEBI/HO/MIRSD/DOP/CIR/P/2019/113

A. BACKGROUND

Money laundering is an act of engaging in financial transaction in order to conceal the identity, source and destination of the money in the question. The objective of the act, which usually takes place in several stages, consists in making the capital and assets that are illegally gained but are generally shown to have derived from a legitimate source and is then inserted into economic circulation.

Money laundering generally involves a series of multiple transactions used to disguise the source of financial assets, so that these assets may be used by people with criminal mindset who are seeking the use of these funds. These transactions fall into three stages. Placement is the first stage in the money laundering process, which refers to the physical disposal of proceeds of criminal activity. Layering the second stage involves separating illicit funds from their source through transactions that disguise the audit trail and provide anonymity. The third phase is integration, which means placing laundered proceeds into the legitimate economy as normal fund. Compliance of AML has become mandatory because of laxity in controls, regulatory reporting, competitive nature of business and the like. Non-compliance with AML regulations is fraught with all possible risks - financial, regulatory, and operational and reputational.

Capital Market intermediaries registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) are required to put in place a framework by developing and adoption of AML policy. It has to include mission, reporting, record keeping, monitoring, KYC and similar aspects.

B. SCOPE

This policy applies to complete Emkay Group, its branches / franchisees, its officers, employees, products and services offered by it.

C. POLICY OBJECTIVES

Within the overall AML Policy framework, the key AML objectives of the Emkay are :-

- To prevent the Emkay's business channels/products/services from being used as channel for money laundering.
- To establish a framework for adopting AML procedure and controls in the operations/business processes of Emkay.
- To ensure compliance with the laws and regulations in force from time to time.
- To protect the Emkay's reputation.

- To assist law enforcement agencies in their effort to investigate and track money launderers.

D. IMPLEMENTATION OF THIS POLICY

a. Designation of officers for ensuring compliance with provisions of PMLA:

➤ Principal Officer

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

➤ Designated Director

As per the requirement of Prevention of Money Laundering Act, 2002, a Designated Director shall be appointed and informed to FIU. Designated Director shall be that person as defined in terms on Rule 2 (ba) of the PML Rules. Designated Director will ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

b. Risk Assessment:

The company shall carry risk assessment measures 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

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.

c. Identification of Beneficial Ownership:

➤ For clients other than individuals or trusts

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

- a) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest of:
 - i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
 - ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
 - iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- b) In cases where there exists doubt under clause a. above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means*.
 - * Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.
- c) Where no natural person is identified under clause a. and b. above, the identity of the relevant natural person who holds the position of senior managing official.

➤ **For client which is a trust:**

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

➤ **Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is a company 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.

➤ **Applicability for foreign investors:**

While dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, Emkay may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5,

2012, or any other circular or direction from time to time for the purpose of identification of beneficial ownership of the client.

d. Client Acceptance and Due Diligence

➤ **New client acceptance procedures adopted include following processes:**

Before opening any new Client account, it will be ensured that the name(s) of the proposed client does not appear in the list in the 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) can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

Further, 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

- i. Client identification and verification procedure is done depending on nature / status of the client and kind of transactions that are expected by the client. Also at the time of commencement of an account-based relationship, it shall be pertinent to identify clients, verify their identity and obtain information on the purpose and intended nature of the business relationship.
- ii. Verify the client's identity using reliable, independent source documents, data or information
- iii. One certified copy of an 'officially valid document' containing details of his identity and address, one recent photograph and such other documents including in respect of the nature of business and financial status of the client.
- iv. In person Verification of the Client shall be done
- v. Ensure Compliance with guidelines issued by various regulators such as SEBI, FIU, RBI etc.
- vi. No account shall be opened in a fictitious / benami name or on an anonymous basis
- vii. Establishing identity of the client, verification of addresses (registered office address, correspondence addresses and other addresses if applicable), phone numbers, nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken.
- viii. Obtaining sufficient information in order to identify persons who beneficially own or control the trading account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by entity other than the client

- ix. Identify the beneficial owner and take all reasonable steps to verify his/her/its identity.
- x. Verification of the genuineness of the PAN provided by the client such as comparing with original PAN, checking details on the Income tax website etc.
- xi. Checking original documents before accepting a copy.
- xii. Asking for any additional information as deemed fit on case to case basis to satisfy about the genuineness and financial standing of the client.
- xiii. Ensure that the client does not have any criminal background or whether he has been at any point of time been associated in any civil or criminal proceedings anywhere.
- xiv. Checking whether at any point of time he has been banned from trading in the stock market.
- xv. Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc for closer monitoring of high risk categories.
- xvi. Obtaining of annual financial statements from all clients, particularly those in high risk categories.
- xvii. In case of non individuals client additional information about the directors, partners, dominant promoters, major shareholders is obtained.
- xviii. To Obtain Aadhaar number as required by the Ministry of Finance gazette notification dated June 1, 2017 (BSE notice no.20170817-36 dated August 17, 2017)
- xix. Acceptance of e-PAN card for KYC purpose as per SEBI circular number SEBI/HO/IMD/FIIC/CIR/P/2017/068 dated June 30, 2017
- xx. Risk parameters shall be enabled for classification of clients into low, medium and high risk. High Risk category clients shall require higher degree of due diligence and regular update of Know Your Client (KYC) profile
- xxi. 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.

➤ **For existing clients processes include:**

- i. Review of KYC details of all the existing active clients in context to the PMLA requirements.
- ii. Ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that the same is consistent with knowledge of the customer, his business and risk profile.

e. **Risk based approach:**

Following Risk based KYC procedures are adopted for all clients:

- Clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. Emkay shall apply each of the client due diligence measures on a risk sensitive basis. Enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries shall obtain necessarily depend on the risk category of a particular client.
- Low risk provisions shall not apply when there are suspicions of Money Laundering / Financing Terrorism or when other factors give rise to a belief that the customer does not in fact pose a low risk.
- **Risk Assessment**
 - i. Emkay 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 the URL - http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>)
 - ii. 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.

f. **Clients of special category (CSC)**

- i. Non resident clients,
- ii. High net-worth clients,
- iii. Trust, Charities, NGOs and organizations receiving donations,
- iv. Companies having close family shareholdings or beneficial ownership,

- v. 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. The additional norms applicable to PEP as contained in the latest Master Circular shall also be applied to the accounts of the family members or close relatives of PEPs,
- vi. Companies offering foreign exchange offerings,
- vii. Clients in high risk countries - While dealing with clients from or situated 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, Emkay 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.fatf-gafi.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 Emkay 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.
- viii. Non face to face clients,
- ix. Clients with dubious reputation as per public information available etc.

The above mentioned list is only illustrative and the intermediary shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

g. Client Identification Procedure

- i. The KYC policy shall clearly spell out the client identification procedure to be carried out at different stages i.e. while establishing the Broker – client relationship, while carrying out transactions for the client or when the Emkay has doubts regarding the veracity or the adequacy of previously obtained client identification data.

Emkay shall be in compliance with the following requirements while putting in place a Client Identification Procedure (CIP):

- 1. Emkay shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the

beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs. Further, the enhanced CDD measures as outlined in the latest Master Circular shall also be applicable where the beneficial owner of a client is a PEP.

2. Emkay shall obtain senior management approval for establishing business relationships with PEPs. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.
 3. Emkay shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
 4. The client shall be identified by Emkay using reliable sources including documents / information. Emkay shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
 5. The information must be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by Emkay in compliance with the directives. Each original document shall be seen prior to acceptance of a copy.
 6. Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to Emkay's higher authority.
- ii. SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, Emkay shall frame their own internal directives based on their experience in dealing with their clients and legal requirements as per the established practices.

Emkay shall conduct ongoing due diligence where it notices inconsistencies in the information provided. The underlying objective shall be to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued thereunder so that the intermediary is aware of the clients on whose behalf it is dealing.

- iii. Emkay shall formulate and implement a CIP which shall incorporate the requirements of the PML Rules Notification No. 9/2005 dated July 01,

2005 (as amended from time to time), which notifies rules for maintenance of records of the nature and value of transactions, the procedure and manner of maintaining and time for furnishing of information and verification of records of the identity of the clients of the banking companies, financial institutions and intermediaries of securities market and such other additional requirements that it considers appropriate to enable it to determine the true identity of its clients.

- iv. Emkay shall ensure that there shall be no threshold or exemption irrespective of the amount of investment made by clients, from obtaining the minimum information/documents from clients as stipulated in the PML Rules/ SEBI Circulars (as amended from time to time) regarding the verification of the records of the identity of clients. There shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by registered intermediaries. This shall be strictly implemented by all intermediaries and non-compliance shall attract appropriate sanctions.

E. MAINTENANCE OF RECORDS OF TRANSACTIONS

- Emkay shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made thereunder, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Byelaws and Circulars.
- Emkay shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.
- Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, Emkay shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:
 - a. the beneficial owner of the account;
 - b. the volume of the funds flowing through the account; and
 - c. for selected transactions:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.

- Emkay shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed thereunder PMLA, other relevant legislations, Rules and Regulations or Exchange byelaws or circulars.
- Emkay shall put in place a system of maintaining proper record of transactions as mentioned below:
 - a. All cash transactions of the value of more than rupees Ten lakh or its equivalent in foreign currency;
 - b. 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 have taken place within a month and the monthly aggregate value of such transactions exceeds rupees Ten lakh or its equivalent in foreign currency;
 - c. all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
 - d. all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

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 for prosecution of criminal behavior.

The Company shall maintain and preserve the records for the minimum period prescribed under AML Act and SEBI Act as amended from time to time. Records relating to ongoing investigation to be retained until it is confirmed that the case has been closed.

F. INFORMATION TO BE MAINTAINED

Emkay shall maintain and preserve the following information:

- a. the nature of the transactions;
- b. the amount of the transaction and the currency in which it is denominated;
- c. the date on which the transaction was conducted; and
- d. the parties to the transaction.

G. RETENTION OF RECORDS

- a. Emkay shall 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 such records and information shall be maintained and preserved for a period of five years from the date of transactions between the client and Emkay.
- b. 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 five years after the business relationship between a client and Emkay has ended or the account has been closed, whichever is later.
- c. Following document retention terms shall be observed:
 - i. All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.
 - ii. Maintain and preserve the records 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 five years after the business relationship between a client and Emkay has ended or the account has been closed, whichever is later.
- d. In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.
- e. **Records of information reported to the Director, Financial Intelligence Unit – India (FIU – IND):** the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND shall be maintained and preserved for a period of five years from the date of the transaction between the client and Emkay.

H. MONITORING OF TRANSACTIONS

- a. Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedure
- b. Special attention shall be paid to all complex unusually large transactions / patterns which appear to have no economic purpose. Internal threshold limits for each class of client accounts shall be specified and pay special attention shall be paid 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/FIUIND/ other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction.

- c. A record of the transactions shall be 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.
- d. Further, the compliance shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

I. SUSPICIOUS TRANSACTIONS - MONITORING & REPORTING

"Suspicious transaction" means a transaction whether or not made in cash, which to a person acting in good faith -

- i. gives rise to a reasonable ground of suspicion that it may involve proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or
- ii. appears to be made in circumstances of unusual or unjustified complexity; or
- iii. appears to have no economic rationale or bonafide purpose; or
- iv. gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;’.

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. Clients whose identity verification seems difficult or clients appear not to cooperate
- ii. Asset management services for clients where the source of the funds is not clear or not in keeping with clients’ apparent standing /business activity;
- iii. Clients based in high risk jurisdictions;
- iv. Substantial increases in business without apparent cause;

- v. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- vi. Attempted transfer of investment proceeds to apparently unrelated third parties;
- vii. Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export-import of small items.

Reporting of Suspicious Transactions:

- i. All suspicious transactions will be immediately notified to Emkay's Money Laundering Control Officer or any other designated officer
- ii. The notification will be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/suspicion.
- iii. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken.
- iv. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance, risk management 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.
- v. It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. Emkay shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.
- vi. Appropriate counter measures shall be subjected to Clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspected or which do not or insufficiently apply FATF standards, as 'CSC'. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc.

J. COMPLIANCE

- i. Confirmation of implementation of the KYC Policy and Compliance with relevant regulatory and statutory requirements to be included as a part of the Compliance Report.

- ii. Timely Disclosure of Information: The Company shall adhere to the timely disclosure of necessary information to the regulators.

K. INTERNAL AUDIT

Adherence to KYC policies and procedures, controls relating to the prevention of ML and TF including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard will be mandatorily audited

The internal audit function shall be independent and adequately resourced.

L. PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES

- i. 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.
- ii. In view of the reorganization of Divisions in the Ministry of Home Affairs and allocation of work relating to countering of terror financing to the Counter Terrorism and Counter Radicalization (CTCR) Division, the Government has modified the earlier order dated August 27, 2009 by the order dated March 14, 2019 (Annexure 2) for strict compliance.

M. REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA

- i. In terms of the PML Rules, information relating to cash and suspicious transactions shall be reported to the Director, Financial Intelligence Unit-India (FIU-IND)
- ii. Emkay shall comply with the reporting requirements and formats that are available on the website of FIU - IND under the Section Obligation of Reporting Entity - Furnishing Information - Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). Emkay shall further comply with the following:
 - a. The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

- b. The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- c. The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- d. The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND.
- e. Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND
- f. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.
- g. Emkay and their directors, officers and employees (permanent and temporary) are prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level.

N. EMPLOYEES’ HIRING/ EMPLOYEE’S TRAINING/ INVESTOR EDUCATION

➤ **Recruitment Policy**

Emkay Recruitment Policy is to recruit / hire the best candidate for the position at the right time and at the right cost. To ensure that all the statutory requirements are fulfilled. All the vacancies are filled up as per the sanctioned requirement or as a replacement incase of attrition. Recruitment panel for various departments consists of the concerned department head / reporting manager and one representative from HR. For recruitment of senior manager and above, the vertical head and managing director interview is mandatory.

➤ **Hiring Procedure**

It begins by evolving common parameters and vacancies generated after detailed discussions with the departments concerned to understand their department structure, job responsibilities, etc.

➤ **Activities Covered in the Employee Hiring Process**

- i. Needs Analysis / Requisition and Sanction

- ii. Sources of Hiring - Job Portals / Internal References / Head Hunting / Campus Consultants
- iii. Screening / Shorttisting
- iv. Interviewing
- v. Salary Verification
- vi. Reference Check
- vii. Offers Letter Generation
- viii. Joining and Induction

➤ **Ongoing training to Employees**

- i. Importance of PMLA Act & its requirement to employees through training.
- ii. Ensuring that all the operating and management staff fully understand their responsibilities under PMLA for strict adherence to customer due diligence requirements from establishment of new accounts to transaction monitoring and reporting suspicious transactions to the FIU.
- iii. Organising suitable training programmes wherever required for new staff, front-line staff, supervisory staff, etc.
- iv. Recognition of suspicious transaction or suspicious behaviour of a client; and

O. INVESTOR'S EDUCATION

As the implementation of AML / CFT measures being sensitive subject and requires 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 to sensitize the clients about these requirements, as the ones emanating from AML and CFT framework. The company shall inform about the PMLA Circulars and other specific literature so as to educate the client of the objectives of the AML/CFT program from time to time . The importance of the same shall also made known to them at the time of opening the Account.

P. OTHERS

➤ **Conflict with the Act/Rules/ Regulations**

The Prevention of Money Laundering Act, 2002, Rules and Regulations issued thereon and any Regulation/Circular/Direction issued by SEBI and stock Exchange shall have an overriding effect on this policy.

➤ **Periodic Review**

The Management Committee of the Company may review the policy periodically at regular interval of twelve months or in accordance with any new guidelines, Rules and Regulations issued thereon and Regulations /Circulars/Directions issued by SEBI/FIU/ Exchanges to keep check on its adherence to existing laws, rules, regulations, notifications, circulars or any such declaration from the SEBI/FIU/Exchanges.

➤ **Amendment**

The policy may be amended from time to time to comply provisions of Prevention of Money Laundering Act, 2002 Rules and Regulations issued thereon and Regulations /Circulars/Directions issued by SEBI and Stock Exchanges.

- i. This Policy is to be made available to the persons engaged in the depository operations for compliance purpose
- ii. 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.
- iii. The periodicity of updating of documents taken during the client due diligence (CDD) process will be every year
- iv. This PMLA policy will be reviewed periodically at regular interval of twelve months 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
- v. 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

Responsibility Matrix

Overall responsibility Monitoring of AML Policy – Compliance Officer	}	Compliance Officer
FIU related matter		
Employees Training on AML		
Monitoring & Reporting of Suspicious Transactions		
Client registration formalities	}	Operations department
Client identification		
Client Due diligence		
Any change in details with respect to Clients		
Record –keeping		
Information to be maintained		
Retention of records		