

**GENERAL POLICY AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING of
BHAVIK RAJESH KHANDHAR SHARE & STOCK BROKERS PVT. LTD.**

In general all the business policies and business practices are to be followed based on the guidelines given by SEBI/Exchanges/DP.

Based on our specific nature of the business (We have only retail clients) , organizational structure, type of clientele and transactions, the policies framed in principle are to be followed generally with the spirit.

This document may be amended from time to time in line with the future amendments under the said Act, Rules & Regulations and further circulars issued by Exchanges/DP.

Based on Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries Under Prevention of Money Laundering Act, 2002 and Rules framed there-under

(As envisaged under the Prevention of Money Laundering Act, 2002)

Based on Exchanges/DP/SEBI circulars issued from time to time.

Background

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

Policy of Bhavik Rajesh Khandhar Share and Stock Brokers Pvt. Ltd.

Bhavik Rajesh Khandhar Share and Stock Brokers Pvt. Ltd. has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002..

Our criteria to take only known or referred client by existing client or commonly known person, our business judgment will allow us to set the client in different category like low risk , medium risk and high risk.

In addition to the due diligence carried out by officials in charge of client registration, further due diligence, if warranted, has to be carried out by one of the director while verifying the KYC documents. KYC procedures as prescribed by SEBI/Exchanges/DP are to be strictly followed for all the category of clients.

KRA/CKYCR procedures as prescribed by SEBI/Exchanges/DP are to be followed for all clients.

For high risk client such as NRI, additional documents have to be collected and additional formalities like attestation of KYC documents by prescribed authorities, viz. Notary public, local banker, Indian embassy/Consulate General of the resident country, etc. have to be carried out as per circular of Exchanges.

Company policy is not to register if a client is found matching with SEBI Debarred ,any charities, NGOs, politically exposed person of foreign origin, non face to face client etc. and in future also high degree of due diligence will be followed if registering such client.

Ongoing due diligence and scrutiny of transactions and accounts have to be carried out throughout the course of the business relationship to ensure that the transactions are consistent with his business requirement and risk profile is monitored.

Based on due diligence, risk profile and business acumen, business is to be allowed to be done to each category of client.

Further to above it is also necessary to cross verify the details of prospective customers with the databases of UN or other similar entity **BHAVIK RAJESH KHANDHAR SHARES & STOCK BROKERS 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> .

1. Objective

The objective of this document is to effectively implement the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and all the Rules and Regulations made there under, with a view to discharge its obligations under the said Act, Rules and Regulations and also to implement the guidance given by SEBI/Exchanges/DP on the matter. This document may be amended from time to time in line with the future amendments under the said Act, Rules and Regulations and further circulars issued by SEBI/Exchanges/DP .

The Directives as outlined below provide a general background and summary of the main provisions of the applicable anti-money laundering and anti-terrorist financing legislations in India. They also provide guidance on the practical implications of the Prevention of Money Laundering Act, 2002 (**PMLA**). The Directives also set out the steps that a registered intermediary or its representatives shall implement to discourage and to identify any money laundering or terrorist financing activities. The relevance and usefulness of these Directives will be kept under review and it may be necessary to issue amendments from time to time.

These Directives are intended for use primarily by intermediaries registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (**SEBI Act**). While it is recognized that a “one- size-fits-all” approach may not be appropriate for the securities industry in India, each registered intermediary shall consider the specific nature of its business, organizational structure, type of clients and transactions, etc. when implementing the suggested measures and procedures to ensure that they are effectively applied. The overriding principle is that they shall be able to satisfy themselves that the measures taken by them are adequate, appropriate and abide by the spirit of such measures and the requirements as enshrined in the PMLA.

2.Responsibilities of the Principal Officer:

1. To identify transactions that appear suspicious in nature and marking the said clients in High Risk Category. The Income & Occupation should be compared against the transactions and any if found to be Suspicious in nature the same should be reported at the Management Level. The Management shall check the same at their level and if found to be suspicious in nature, the said should be reported to FIU Cash Transaction Report (CTR) and Suspicious Transaction Report (STR).

2. Extreme caution must be maintained to ensure that the said client is not been informed/tipped off about the same.
3. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.
4. The Principal Officer will be responsible for timely submission of Cash Transaction Report (CTR) and Suspicious Transaction Report (STR) to FIU.

Broad categories of reason for suspicion and examples of suspicious transactions are:

(A) Identity of Client

- False identification documents
- Identification documents which could not be verified within reasonable time
- Doubt over the real beneficiary of the account
- Non face to face client
- Clients in high-risk jurisdiction
- Accounts opened with names very close to other established business entities
- Undelivered well-come kit at the address given by the client

(B) Suspicious Background

- Suspicious background or links with known criminals

(C) 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

(D) Activity in Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively
- Pay in for a client coming from different accounts
- Sudden activity in dormant accounts
- Activity inconsistent with what should be expected from declared business

Designated Director

The company has designated Mrs.Kirtida Khandhar , one of the managing director of the firm as Designated Director to ensure overall compliance with the obligations imposed under PMLA Act and the Rules. .

The company has provided the FIU with contact information for the Designated Director 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.

3.POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDERING AND TERRORIST FINANCING

3.1 ESSENTIAL PRINCIPLES:

1. These Directives have taken into account the requirements of the PMLA as applicable to the intermediaries registered under Section 12 of the SEBI Act. The detailed Directives in Section II have outlined relevant measures and procedures to guide the registered intermediaries in preventing ML and TF. Some of these suggested measures and procedures may not be applicable in every circumstance. Each intermediary shall consider carefully the specific nature of its business, organizational structure, type of client and transaction, etc. to satisfy itself that the measures taken by it are adequate and appropriate and follow the spirit of the suggested measures in Section II and the requirements as laid down in the PMLA. and guidelines issued by the Government of India from time to time.

2. In case there is a variance in Client Due Diligence (CDD)/ Anti Money Laundering (AML) standards specified by SEBI and the regulators of the host country, branches/overseas subsidiaries we adopt the more stringent requirements of the two.

3.2 OBLIGATION TO ESTABLISH POLICIES AND PROCEDURES:

3.2.1 Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, including securities market intermediaries, to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all intermediaries ensure the fulfillment of the aforementioned obligations.

3.2.2 To be in compliance with these obligations, the senior management shall be fully committed to establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements.

We shall:

- a. issue a statement of policies and procedures, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements
- b. ensure that the content of these Directives are understood by all staff members
- c.. regularly review the policies and procedures on the prevention of ML and TF to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review shall be different from the one who has framed such policies and procedures
- d. adopt client acceptance policies and procedures which are sensitive to the risk of ML and TF
- e. undertake client due diligence (“CDD”) measures to an extent that is sensitive to the risk of ML and TF depending on the type of client, business relationship or transaction
- f. have in system a place for identifying, monitoring and reporting suspected ML or TF transactions to the law enforcement authorities; and
- g. develop staff members’ awareness and vigilance to guard against ML and TF

3.2.3 Policies and procedures to combat ML shall cover:

- a. Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- b. Client acceptance policy and client due diligence measures, including requirements for proper identification;
- c. Maintenance of records;
- d. Compliance with relevant statutory and regulatory requirements;
- e. Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- f. Role of internal audit or compliance function to ensure compliance with the policies, procedures, and 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.

- g. The internal audit function shall be independent, adequately resourced and commensurate with the size of the business and operations, organization structure, number of clients and other such factors

The purpose of this document is to guide all the employees of Bhavik Rajesh Khandhar Share & Stock Brokers Pvt Ltd and employees of its associates on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the “Prevention of Money Laundering Act, 2002”.

Some of these suggested measures may not be applicable to every circumstance or to each department, Branch / Sub-broker. However, each entity should consider carefully the specific nature of its business, type of customer and transaction to satisfy itself that the measures taken by the employees are adequate and appropriate to follow the spirit of these guidelines.

4. Policies and procedure of CDD/ identifying/acceptance of clients

Customer due Dillgence Process(CDD)

The Customer Due Diligence Process includes specific parameters:

- Policy for Acceptance of Clients
- Client Identification Procedure
- Risk Management

Monitoring of Transactions.

Entities such as individuals, HUFs, company’s, public and private limited companies, non resident Indians and persons of Indian origin to be registered as a client after proper due diligence process in compliance with the guidelines and following know your client formalities prescribed by SEBI/Exchanges/DP. KRA/CKYCR procedures as prescribed by SEBI/Exchanges/DP are to be followed for all clients.

Customer Due Diligence: -The customer due diligence (“CDD”) measures would cover the following:

(a) Obtain sufficient information in order to identify persons who beneficially own or control the demat account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures.

The beneficial owner is the natural person or persons who ultimately 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) Conduct an ongoing due diligence and scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the DP’s knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer’s source of funds / securities.

Entities such as individuals, HUFs, company’s, public and private limited companies, non resident Indians and persons of Indian origin to be registered as a client after proper due diligence process in compliance with the guidelines and following know your client formalities prescribed by SEBI/Exchanges/DP. KRA/CKYCR procedures as prescribed by SEBI/Exchanges/DP are to be followed for all clients.

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

Company policy is not to rely on third party for the purpose of verification of the identity of the client .

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.

II. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

Clients of special category (CSC):

- CSC clients include the following: (i). Non-resident clients (NRI);
(ii). High Net worth clients
(iii). Trust, Charities, NGOs and organizations receiving donations.
(iv). Politically exposed persons (PEP) of foreign origin:
(v). Current /Former Head of State, Current or Former Senior High profile politicians and connected persons;
(vi). Companies having closed shareholding/ownership/ dealing in foreign currency/shell companies/overseas entities/client in high risk countries (like Libya, Pakistan, Afganistan etc).
(vii). Clients belonging to the countries where corruption/fraud level is high (like Nigeria, Burma etc)
(viii). Non-face to face clients;
(ix). Clients with dubious reputation as per public information available etc.

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

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

- Each client should be met in person i.e. either the client should visit the office/branch of the DP or a concerned official may visit the client at his residence / office address to get the necessary documents filled and signed. Preferably, accept clients who live within the jurisdiction of the branch. As far as possible, ensure that an existing client introduces the new client.
- Accepts client on whom we are able to apply appropriate KYC procedures: Obtain complete information from the client. It should be ensured that all the forms taken from the client are filled in completely. All photocopies submitted by the client needs to be checked against the respective original documents and should be Self-attested by clients without any exception. Ensure that the 'Know Your Client' guidelines are followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.
- As per provisions of the prevention of Money laundering Act, 2002 (PMLA) and KRA regulations (2011), it is mandatory for all market participants to comply with the "Know Your Client"(KYC) norms. After doing the initial KYC of the new clients, (From Jan, 2012) the information needs to be uploaded on the system of the KRA and the KYC documents i.e. KYC application form and supporting documents of the clients, are scanned and uploaded on the system of KRA within 10 working days from the date of execution of documents by the client. If a client is already KRA complaint, we fetch / obtain the details from KRA system for KYC compliance and proceed further with other formalities for account opening.
- Do not accept clients whose identity seems to match with persons known to have criminal background. Check whether the client's identify matches with any person having known criminal background or if he/she is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency worldwide.

- Be careful while accepting Clients of Special category: We should be careful while accepting forms from clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share holding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries where the existence/effectiveness of money laundering control is suspect can be check on FATF on its website (www.fatf-gafi.org), non face to face clients, clients with dubious background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high-risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma, etc).
- Scrutinize minutely the records / documents pertaining to clients belonging to aforesaid category.
- Do not accept client registration forms which are suspected to be fictitious: Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis.
- Do not compromise on submission of mandatory information/ documents: Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not open the accounts where the client refuses to provide information/documents and we have sufficient reason to reject the client towards this reluctance.
- Additional documents can be taken from the client at the time of account opening to establish the identity of the client and also to ensure the integrity and safety of the system.
- SARAL Account Opening Forms can be accepted by resident individuals. The individual can duely fill the same along with necessary KYC forms and documents for him/her to open an account.
- **Customer Identification Procedure (FOR NEW CLIENTS)-**
Objective: To have a mechanism in place to establish identity of the client along with firm proof of address to prevent opening of any account which is fictitious / benami / anonymous in nature. To check whether the client is PEP or whether the said client has been known to have criminal background or if he/she is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement/regulatory agency worldwide, we use www.world-check.com, www.watchoutinvestor.com, the list issued under UNSC Resolutions detailing Designated Individuals/Entities. Prior approval of senior management for establishing business relationship with PEP should also be obtained.
- **Documents which can be relied upon:**
PAN Card: PAN card is mandatory and is most reliable document as only one card is issued to an individual and we can independently check its genuineness through IT website. The photocopy needs to be cross verified against the original PAN card & a stamp mentioning "PAN CARD VERIFIED" is to be affixed on the said photocopy.
IDENTITY Proof: PAN Card itself can serve as proof of identity. However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's Identity card, Unique identification Number (UID) (Aadhaar), Passport, Driving license, or any Government/PSU/Bank issued photo identity card or any other proof as mentioned in KYC Application form.

ADDRESS Proof: For valid address proof we can rely on Voter's Identity Card, Passport, Ration Card, Aadhar Card, Bank Statement and latest Electricity/Landline telephone bill in the name of the client (not more than 3 months old) or any other proof as mentioned in KYC Application form. The kind of documents and care to be taken in case of various categories of clients is mentioned in the table below.

Sr No	Category of client	Annexure No
1.	Individual	I
2.	HUF	II

3.	Corporate	III
4.	NRI & Foreign Nationals	IV
5.	Clearing Member	V
6.	FII	VI
7.	OCB	VII
8.	Societies	VIII
9.	Trust	IX
10.	Banks	X
11	Association of Persons	XI
12	Demat Account for Limited Liability Partnership Firm	XII

Risk Profiling of the Client

We should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we need to classify the clients as either Low risk, Medium risk or High risk clients. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process. That is, for high-risk client we have to apply higher degree of due diligence. The factors of risk perception depend on client's location, nature of business activity, turnover, nature of transaction, manner of payment etc.

In order to achieve this objective, all clients should be classified in any one of the following category:

Category A-Low Risk

Category B – Medium Risk

Category C – High risk Special Category Clients

Category A clients are those pose low or nil risk. They are good corporate/HNIs/Non residents clients who have a respectable social and financial standing. These are the clients who make payment on time and take delivery of shares.

Category B clients are those who are intra-day clients or speculative clients. These are the clients who maintain running account with SVV Share and Stock Brokers Pvt. Ltd.

Category C are special category clients i.e. those who have defaulted in the past, have suspicious background, have a dubious reputation, do not have any financial status, High net worth clients (clients with a Networth of more than Rupees Five Crore), Trust, Charities, NGOs and organizations receiving donations, Politically exposed persons (PEP) of foreign origin, Non face to face clients etc.

- Additional Due diligence for Medium and High risk clients would also be needed. After checking their details against www.world-check.com, www.watchoutinvestor.com, we need to carry on further due diligence by cross-checking the updated list issued under UNSC Resolutions detailing Designated Individuals/Entities. Further, reliance on newspaper articles, government issued notices/websites, any country specific information that is circulated by the Government of India and SEBI from time-to-time would be used to determine and confirm the basis of acceptance of the client.
- We have to be careful while monitoring the transactions of B and C category clients. Apart from this we need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.
- Any change in the risk profile of the client/mandate holder, has to be ascertained by the concerned officials, and reported to the Business Head immediately. The above list is only illustrative and shall be amended as and when deemed fit.
- Any updated list of individuals or entities who are subjected to freezing of assets /accounts, denial

of financial services etc is provided by United Nations' Security Council Resolutions (UNSCR). The said list shall be continually scanned on the link:

- <https://www.un.org/sc/committees/1267/consolist.shtml>. and
- <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

Ongoing Client due diligence: After classification of clients under Low, Medium or High risk, as the case may be, an on-going due diligence procedure needs to be carried out for all our active clients. For this, we revisit the KYC details of the clients by emailing them their Client Master List and asking them to revert to us in case of any changes in these details within a period of 1 month from the date of sending the email. If we don't hear from them within the stipulated period, we assume that their details are true. So for Low Risk clients, we revisit their KYC details once in 6 years, for Medium Risk, we revisit their KYC details once in 4 years & for High risk clients we revisit their KYC details once in 2 years.

Any amendments/modifications to the PMLA procedure or KYC including any Reporting for the same, as made by SEBI/Depository or any Statutory Authority shall be taken into immediate effect for all day-to-day activities. Inclusion of the same in the PMLA shall be made during the next PMLA revision.

Reliance on third parties for carrying out Client Due Diligence to confirm a client's identity, to verify credentials and to establish if the client is acting on behalf of a beneficial owner can be done, provided such third parties are regulated, monitored and supervised and there are measures in place for record keeping as per norms. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of PML Act and in accordance with the regulations and circulars issued by SEBI from time-to-time.

It is generally recognized that certain 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. As such, the registered intermediaries shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries shall adopt an 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.

Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.

Precautions related to Delivery Instruction slips: - As a DP we need to depute an authorized official who would verify the following details from the instruction slips:

- Whether the instruction slip received from the BO is from the range of instruction slips issued to the same BO.
- Whether all the account holders / authorized signatories / duly constituted POA, if any, have signed the instruction slip.
- Whether the signature(s) of the BO(s) on the instruction slip is in accordance with the signature(s) of the BO(s) recorded in the CDSL system.
- Instruction slip, having transactions with value more than 5 lakhs have to be additionally verified by a senior official of the DP.
- In case the signature(s) on the instruction slip do not match with the CDSL records, then the DP shall reject the instruction slip.
- Utmost care shall be exercised while storing Instruction Slips for future reference.

Risk Assessment

1. We 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.
2. 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.
3. 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.

RECORD KEEPING REQUIREMENTS & RETENTION OF RECORDS

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

Record of documents evidencing the identity of the 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 shall be maintained and preserved for period of Five years or any extended time that the law may in force require even after the business relationship with the client has ended or the account has been closed, whichever is later. Records shall be maintained 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 behavior or if 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, the following information of the client shall be maintained 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;
 - vi. the destination of the funds;
 - v. the form of instruction and authority.

SUSPICIOUS TRANSACTION MONITORING AND REPORTING:

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

What is a Suspicious Transaction?

Clients whose identity verification seems difficult or clients appear not to cooperate

- Substantial increase in activity without any apparent cause
- Large number of accounts having common parameters such as common partners / directors / promoters / address / email address / telephone numbers / introducers or authorized signatories;
- Transactions with no apparent economic or business rationale
- Sudden activity in dormant accounts;

- Source of funds are doubtful or inconsistency in payment pattern;
- Unusual and large cash deposits made by an individual or business;
- Transfer of investment proceeds to apparently unrelated third parties;
- Multiple transactions of value just below the threshold limit of Rs.10 Lacs specified in PMLA so as to avoid possible reporting;
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- Purchases made on own account transferred to a third party through off market transactions through DP Accounts;
- Suspicious off market transactions;
- Large deals at prices away from the market.
- Accounts used as 'pass through'. Where no transfer of ownership of securities or trading is occurring in the account and the account is being used only for funds transfers/layering purposes.
- All transactions involving receipts by non-profit organizations of value more than rupees ten lakhs, or its equivalent in foreign currency;
- Clients of high risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'Clients of Special Category'. Such clients should also be subject to appropriate counter measures. 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.

Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, file STR if we have reasonable grounds to believe that the transactions involve proceeds of crime.”

What to Report?

- o Any suspicious transaction shall be immediately notified to the Money Laundering Control Officer, Compliance Officer, Principal Officer or any other designated officer.
- o The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion.
- o The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion.
- o 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.
- o The Principal Officer/Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information
- o 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.
- o It is clarified that intermediaries should report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

. REPORTING of suspicious transaction to FIU

For Cash Transaction Reporting we will not do any cash transaction hence reporting of cash transactions will not arise.

For Suspicious Transactions Reporting we will make a note of Suspicious Transactions that have not been explained to the satisfaction of the Principal Officer and thereafter principal officer will report the same to the FIU IND within the time limit as per relevant act, rules and regulations.

Utmost confidentiality shall be maintained while filing reports to FIU-IND, and we shall ensure that there is no tipping off to the client at any level and account will be operated as per prevailing act, rules and regulations.

i. All suspicious transactions will be reported to FIU. Member and its employees shall keep the fact of furnishing information in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 strictly confidential.

iiThe background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents should be made available to auditors and also to SEBI /Stock Exchanges/FIU-IND/Other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for Eight years as is required under PMLA 2002.

iiiThe Principal Officer and related staff members shall have timely access to customer identification data and other CDD information, transaction records and other relevant information. The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

In terms of the PMLA rules, required to report information relating to cash and suspicious transactions to

Director, FIU-IND,

Financial Intelligence Unit - India

6th Floor, Tower-2, Jeevan Bharati Building,
Connaught Place, New Delhi-110001, INDIA

Telephone : 91-11-23314429, 23314459

91-11-23319793(Helpdesk) Email:helpdesk@fiuindia.gov.in(For FINnet and general queries)

ctrcell@fiuindia.gov.in

(For Reporting Entity / Principal Officer registration related queries)

complaints@fiuindia.gov.in

Website: <http://fiuindia.gov.in>

as per the schedule given below:

Report	Discription	Due Date
CTR	All cash transactions of the value of more than Rs.10 Lakhs or its equivalent in foreign currency All series of cash transactions integrally connected to each other which have been valued below Rs.10 Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month	15thday of the succeeding Month
STR	All suspicious transactions whether or not being made in cash	Not later than seven days on satisfied that transaction is suspicious
NTR	Non Profit Organization Transaction Report	15 th day of succeeding month

The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND. Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND. No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.

Irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in the PMLA, 2002, an STR shall be filed, if there is reasonable grounds to believe that the transactions involves proceeds of crime.

Record Management

Information to be maintained

Registered Intermediaries are required to maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- i. the nature of the transactions;
- ii. the amount of the transaction and the currency in which it is denominated;
- iii. the date on which the transaction was conducted; and
- iv. the parties to the transaction.

Record Keeping

Registered intermediaries 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.

We 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.

In case of any suspected 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, registered intermediaries shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

the beneficial owner of the account;

the volume of the funds flowing through the account; and

for selected transactions:

- a. the origin of the funds
 - b. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - c. the identity of the person undertaking the transaction;
 - d. the destination of the funds;
 - e. the form of instruction and authority.
3. Registered Intermediaries 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.

4. More specifically, all the registered intermediaries shall put in place a system of maintaining proper record of the nature and value of transactions which has been prescribed under Rule 3 of PML Rules as mentioned below:

- i. all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- ii. all series of cash transactions integrally connected to each other which have been individually 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 exceeds an amount of ten lakh rupees or its equivalent in foreign currency;

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' shall also be considered.

- iii. all cash transactions where forged or counterfeit currency notes or banknotes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions;
- iv. all suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into or from any non-monetary account such as demat account, security account maintained by the registered intermediary.

Retention of Records

Registered intermediaries 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, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of Five years or any extended time that the law may in force require from the date of transactions between the client and intermediary.

As stated in paragraph 13 and 14, registered intermediaries are required to formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. 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 or any extended time that the law may in force require after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

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.

Registered Intermediaries shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PML Rules, for a period of five years or any extended time that the law may in force require from the date of the transaction between the client and the intermediary.

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 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.
- iii On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities) from SEBI / Stock Exchange:
 - a. to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources or related services held in the form of securities with us.
 - b. In the event, particulars of any of customer/s match the particulars of designated individuals/entities, we shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer in our books to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736.The particulars apart from being sent by post shall compulsorily be conveyed through e-mail at jsis@nic.in.
 - c. We shall forward the particulars of the communication mentioned in (b) above through post/fax and through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4- A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 as well as the UAPA nodal officer of the state/UT where the account is held, as the case may be, and to FIU-IND.
 - d. In case the aforementioned details of any of the customers match with the particulars of designated individuals/entities beyond doubt, we shall prevent such designated persons from conducting financial transactions, and at the same time intimation will be sent to Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post shall compulsorily be conveyed through e-mail at jsis@nic.in.
 - e. We shall also file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts

Implementation of requests received from foreign countries under U.N.

Securities Council Resolution 1373 of 2001

- i. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts; of entities or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities.
- ii. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign

- countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
- iii. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within five working days so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officer in SEBI. The proposed designee, as mentioned above would be treated as designated individuals/entities.
 - iv. Upon receipt of the requests from the UAPA nodal officer of IS-I Division, the procedure as enumerated at paragraphs 15.3 above shall be followed.

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.

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:

- v. 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>.
- vi. 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.

We keep check that the accounts are not opened in the name of 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.

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- ii. 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.

We keep check that the accounts are not opened in the name of 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.

We 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.

We will 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.

We make sure that copy of the communication mentioned above sent 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.

Hiring policies and training with respect to anti-money laundering- To have adequate screening procedures in place and to ensure high standards when hiring employees. To identify the key positions within the organization structures with regards to the risk of money laundering and terrorist financing. Based on the size of the business ensure employees taking up such key positions are suitable and competent to perform their duties. Employees to be briefed, at least once a year, to be made aware about the aspect of money laundering and the ways to identify and report suspicious transactions to the management/FIU ensuring at all times that the said client is not in the know.

INVESTORS EDUCATION

Implementation of AML/CFT measures requires intermediaries to demand certain information from investors, which may be of personal nature or has hitherto never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for intermediaries to sensitize their clients about these requirements as the ones emanating from AML and CFT framework. Intermediaries shall prepare specific literature / pamphlets etc. so as to educate the client of the objectives of the AML/CFT programmed.

Monitoring Employee Conduct and Accounts

We will subject employee accounts to the same AML procedures as client accounts, under the supervision of the Principal Officer. The Principal Officer's accounts will be reviewed by one of the director of the company.

Confidential Reporting of AML Non-Compliance

Employees will report any violations of the company's AML compliance program to the Principal Officer, unless the violations implicate the Principal Officer, in which case employees shall report to one

of the director. Such reports will be confidential, and employees will suffer no retaliation for making them.

Approval of policy by the Director.

We have approved this AML program as reasonably designed to achieve and monitor company's ongoing compliance with the requirements of the PMLA and the implementing regulations under it. The Policy will be reviewed on the yearly basis

For Bhavik Rajesh Khandhar Share & Stock Brokers. Pvt. Ltd.

(Mr Rajesh Jayantilal Khandhar)
Director

Annexure I
INDIVIDUALS

KYC related documents:

As per SEBI Circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding KYC documents admissible as Proof of Identity and Proof of Address and additional documents to be obtained from individuals and non-individuals, over and above the proof of identity and proof of address. We are also complying with SEBI Circular No. MIRSD/Cir-26/2011 dated December 23, 2011 providing the guidelines for intermediaries, in-person verification and subsequent circulars issued by SEBI from time to time in this regard.

The documents as prescribed by SEBI are the minimum requirements for opening a demat account. Additional documents to verify and establish the integrity of the client can also be taken.

Correspondence address: This is applicable to all types of investors. If the correspondence address of the BO is not the same as permanent address, then we need to obtain proof of correspondence address and enter the same in the system, in case the BO is not registered with KRA.

If the BO is registered with KRA, and intends to use the same correspondence address as mentioned in the KRA system, he shall inform the DP accordingly.

If the BO is registered with KRA, but does not desire to use the correspondence address updated in the KRA system, he has to inform the DP and submit SEBI specified proof of address document for the address that he desires to be entered in the CDSL system.

Further, if any third party address is accepted as correspondence address, the DP should ensure that the proof of permanent address has been obtained and entered in the system. DPs should ensure that the statement of transactions and holdings are sent to the BO's permanent address atleast once in a year.

Minor: The minor shall be the first and sole holder in the account i.e. there should not be any joint accounts where minor is First/Second/Third holder. PAN card details of minor have to be entered in CDSL system.

In case of death of Guardian of existing Minor account holder, the new guardian shall submit a new account opening form, duly complete in all respects, along with KYC application form or details of he/she is KRA registered with.

Once the minor attains the age of a maturity, the following process is to be followed:

The account holder should submit new KYC application form or details of KRA registered with. The account holder should submit a new account opening form duly complete in all respects. This new form shall be used for future referencing with the client. The guardian's signature should be deleted and account holder's signature should be scanned.

The above procedure can be followed only if the word ‘minor’ is not present in the “Account Holder’s name” when the account was opened. If “minor” was present, then the existing account has to be closed and a new account should be opened.

Annexure II
HUF (Hindu Undivided Family)

The PAN details of the HUF entity would have to be entered in the system.

It may be noted that HUF accounts cannot be opened with joint holder(s), cannot appoint a nominee and cannot be a nominee. Account can be opened in the name of HUF entity. It may further be noted that in the Account opening form, the Karta should sign under the HUF stamp. The name of the BO in the DP database should be as it appears in the PAN card, e.g. Rajiv Sharma (HUF). In case POA is to be given by the karta to some other entity to operate the HUF Account, the POA shall be signed by all the members of the HUF account, along with the karta.

Process to be followed in case of death of the Karta. HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta, i.e. the head of the family, and all the family members are the beneficiaries. Accordingly, HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF appoint the new Karta, who will be heading the family.

- On the death of an existing Karta, the new Karta shall submit the new list of members and a no objection from the members for him to act as Karta of the HUF.
- The new Karta shall submit the account modification form, so that DP can record the necessary changes in the signature to continue operations in the account.
- The previous account need not be closed and the same account can continue.

Procedure to be followed in case of partition of HUF: In case of a partial partition of the HUF, if one or two members of the HUF have left, the others can still continue the HUF in the existing name. In case of full partition, the entire HUF is dissolved.

In both the cases above, the Karta can transfer shares to the members who seek partition. If the issue of transfer cannot be amicably settled, the family members can go to court and the transfer of shares will then be based on the Court’s directions.

Annexure III
Corporates

In case of Foreign Corporate- A duly signed declaration that the corporate has complied with and will continue to comply with, FEMA Regulations and other applicable laws.

Annexure IV
Non- Resident Indian (NRI)

In case of foreign address, if address with P.O. Box No. has been submitted as Permanent and/or Correspondence address, additionally the DPs need to obtain the complete residential address of the NRI BO, under declaration at the time of opening of the account. Such BO’s shall give an undertaking that whenever there is a change in the residential address, the BO shall inform the DP.

A declaration duly signed by the NRI that he/she has complied with, and will continue to comply with, FEMA regulations and other applicable laws.

Change of status from NRI to Resident and vice versa:

It is the responsibility of the individual to inform the change of status to the DP with whom he/she has opened the demat account. Subsequently, a new demat account in the new status will have to be opened, securities shall be transferred from the old demat account to the new demat account and then the old demat account shall be closed.

Foreign Nationals:

- a) Documents – same as NRI.
- b) If the foreign address with P.O. Box No. is given as Permanent and/or Correspondence address, additionally, the DP has to obtain the complete residential address of the Foreign

National BO, under declaration at the time of account opening. Such BOs shall also give an undertaking that whenever there is a change in the residential address, the BO will inform the DP.

Annexure V
Clearing Member (CM)

- a) If CM is a corporate body:
- True copy of certificate of registration with SEBI, certified by Managing Director/Company Secretary / notarized.
- b) If CM is a not a corporate body:
- The CM account (CM Pool / CM Principal / Early Pay-in) may be opened in the CDSL system: Either in the name of the partnership firm/entity as mentioned on the Certificate of Registration with SEBI, or
 - In the name of the proprietor or partners (up to three partners).
 - Photocopy of Certificate of Registration with SEBI, duly notarized.
- c) Asset Management Company (AMC) Pool Account:
- This account is linked with a stock exchange.

Following document is to be submitted by the AMC for opening the pool account with any DP of CDSL for the purpose of settlement of mutual fund units:

Letter / circular / instructions issued by the concerned Stock Exchange indicating the CM ID.

Annexure VI
Foreign Institutional Investor (FIIs)

In case a Foreign Institutional Investor, wants to become a BO we need to collect the following:-

A Foreign Institutional Investor registered with SEBI, who has entered into an agreement with the Participant either directly or through its power of attorney holder in accordance with the provisions of Regulation 16 of the SEBI (Foreign Institutional Investors) Regulation, 1995. Provided that such agreement gives the Participant authority to act on behalf of the Foreign Institutional Investor for availing the services of the Depository and a copy of such agreement has been filed with SEBI.

Annexure VII
Overseas Corporate Body (OCBs)

- a) Certified true copy of Board Resolution, certified by Managing Director/Company Secretary for persons authorized by the Board to act as authorized signatory (ies).
- b) Names of the authorized signatory (ies), designation, photographs and their specimen signatures, certified by Managing Director/Company Secretary.
- c) Memorandum and Articles of Association of the Company.
- d) RBI Registration Certificate.
- e) Declaration from the OCB that it meets with the guidelines issued by RBI / Ministry of Finance.
- f) Certificate from overseas auditors in Form OAC or OAC – 1, as may be applicable.
- g) Statement of account from the Bank.

Annexure VIII
Societies

Registered Society: The account shall be opened in the name of the society.

Unregistered Society: a) The account shall be opened in the names of the members under “Individual” category (maximum three accountholders).

b) All the documents, as applicable for account opening under individual category, shall be obtained.

Annexure IX

Trust

Public Trust/ Charitable Trust and Trust capable of holding property in its name (Registered Trust /Public Trust):

- a) Account shall be opened in the name of the Trust.
- b) Certificate of Registration of Trust under the Societies Registration Act/ Public Trust Act, 1860 / Bombay Public Trust Act, 1950 / Public Trust Act, of relevant State.
- c) Certified true copy of Board Resolution to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory (ies) to operate the demat account.
- d) Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.

Private Trust:

- a) The Board of Trustees shall specify the names of the trustee(s) who shall hold/ operate the demat account.
- b) The account shall be opened in the names of the trustees under “Individual” category of the first named trustee (maximum three account holders).

‘Recognized’ Funds / Trusts/ Other similar entities:

The Funds/ Trusts/ Entities presently included under this category are as follows:

- a) Employees Provident Fund, which have been recognized by the Provident Fund Commissioner under Employee’s Provident Funds & Miscellaneous Provisions Act, 1952.
- b) Employees Gratuity Fund, which are formed under Payment of Gratuity Act, 1972.
- c) Superannuation Fund, which are formed under the guidelines issued by The Income Tax Department.
- d) Venture Capital Funds which are registered by SEBI.
- e) ESOP Trust formed pursuant to the guidelines issued by SEBI.

Accounts of the above Funds/ Trusts/ Entities shall be opened in the name of above Funds/ Trusts/ Entities as they are recognized either under the Income Tax Act or Securities & Exchange Board of India Act, etc.

Documents to be furnished by the above Funds/ Trusts/ Entities and other Funds/ Trusts/ Entities, which are similarly placed, are:

- Certificate of Registration, if any, issued by the authority recognizing the Fund / Trust / Entity as such;
- Trust Deed and Rules and/or any document or charter defining their constitution and providing for management thereof;
- List of Members on the Board of Trustees/Governing Body;
- Certified true copy of the Resolution passed by the Board of Trustees/Governing Body to open the demat account and specifying the persons authorized by the Board to act as Authorized signatory (ies) to operate the demat account
- Names of the authorized signatories, designation, and their specimen signatures duly verified by the Managing Trustee.

Annexure X

Banks

In case of Banks, the following documents need to be collected while registering a BO.

- a) Certified true copy of Board Resolution, or
- b) Letter on the letterhead of the bank, signed by the Chairman/MD authorizing opening of account and authority given to authorized signatories to open and operate the demat account.

Annexure XI

Association of Persons (AOP):

In case of an Association of Persons the most important thing to check is the object or purpose of the Association. Over and above, the documents to be collected while making an AOP a BO are as follow: -

- Object or purpose of the Association.
- Powers of the Managing Committee.
- Copy of the Bye Laws.

Annexure XII

Demat Account for Limited Liability Partnership Firm [which is registered under the Limited Liability Partnership Act (2008)]

Such an account shall be opened as: <“**Company Name**” **Limited Liability Partnership**> or <“**Company Name**” **LLP**>. For example, if the company name is “ABC” then the demat account shall be opened in the name of <**ABC Limited Liability Partnership**> or <**ABC LLP**>.

The following documents should be obtained:

- (i) Registration Certificate granted by the Registrar to the LLP under the LLP Act 2008.
- (ii) Declaration, on the letterhead of the LLP signed by all the designated partner/s clearly stating that the within named persons, who are designated partners of the LLP, have been nominated as authorized signatories to open and operate the said demat account on behalf of the LLP.
- (iii) The declaration shall specify the manner in which the account will be operated, that is: jointly or severally and shall give details of the names, addresses and DPIN [Designated Partner Identification Number allotted by the Registrar for each designated partner] / DIN [Directors Identification Number] along with their signatures and photographs.
- (iv) PAN Card details of the LLP are to be entered in the CDSL system.
- (v) The bank details in the name of the LLP, as sole / first holder in the bank account.
- (vi) PAN card of the authorized signatories to be kept on record.
- (vii) In case of change in registered office address of the LLP, the DP should take on record the notice of change of address filed by the LLP with the Registrar
 - Joint holders in the demat account may be allowed.
 - Nomination in such demat accounts shall not be allowed.
 - Such demat accounts shall be opened under “Corporate” status in the CDSL system with the sub-status “Limited Liability Partnership”.

For Bhavik Rajesh Khandhar Share and Stock Brokers Pvt. Ltd.

Director

