ANTI MONEY LAUNDERING POLICY

KARVY STOCK BROKING LTD
Depository Participant

Version 3.4
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1. Background

1.1 Pursuant to the recommendations made the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide letter No.ISD/CIR/RR/AML/2/06 dated 20th March 2006 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI. SEBI also issued Master Circular on AML/CFT vide its circular Reference SEBI/ HO/ MIRSD/DOSS/CIR/P/2018/104 dated July 04, 2018, SEBI with an intention to simplify KYC norms and make it more investor friendly and uniform across all SEBI registered Intermediary(ies) vide its Circular No. MIRSD/Cir-26/2011 dated December 23, 2011, vide Circular number CIR/MIRSD/1/2014 dated March 12, 2014 and vide Circular No. CIR/MIRSD/ 66 /2016 dated July 21, 2016 to protect the interests of investors in securities and to promote the development of, and to regulate the Securities market.

2. What is money laundering?

2.1 Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.

2.2 This is done in three phases – (1) Placement Phase (2) Layering Phase and (3) Integration Phase.

3. Prevention of Money Laundering Act, 2002

3.1 Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.

3.2 The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including Depository Participant) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA

4. Financial Intelligence Unit (FIU) – INDIA

4.1 The Government of India set up Financial Intelligence Unit-India (FIU-IND) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

4.2 FIU-IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

5. Policy of Karvy Stock Broking Limited

5.1. Karvy Stock Broking Limited (KSBL) 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.

5.2. Karvy Stock Broking Limited (KSBL) shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

6. Objective of these Guidelines

6.1 The purpose of this document is to guide all the employees of KSBL 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".

6.2 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.

7. Implementation of Anti Money Laundering Activities at KSBL-DP

DESIGNATION OF AN OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS

The Company has designated **Mr. Comandur Parthasarathy** (Designated Director) as the Designated Director to ensure overall compliance with the obligations imposed under chapter IV of the PMLA Act and the Rules. The Designated Director will ensure filing of necessary reports with the Financial Intelligence Unit (FIU –IND). The company has appointed **Mr. P Srinivasa Raju** as the Principal Officer The Principal officer appointed would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of Principal Officer including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, it is advisable that the Principal Officer is of a sufficiently senior position and is able to discharge the functions with independence and authority. Compliance of the provisions of the PMLA and AML Guidelines.

- Act as a central reference point play an active role in identification & assessment of potentially suspicious transactions.
- Ensure that we KSBL-DP discharges its legal obligation to report suspicious transactions to the regulatory authorities.
- KSBL shall also evaluate whether there is any suspicious transaction and accordingly consult the regulatory authority, in determining whether to freeze or close the account.
- KSBL shall be cautious to ensure (upon receipt of notice from regulatory authorities such as EOW, Police, Income Tax) that it does not return securities of money that may be from suspicious trades as alleged by the relevant regulatory authority. KSBL shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

7.1 This main aspect of this policy is the Customer Due Diligence Process (CDD) means:

a) Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted. *(As per SEBI Circular CIR/MIRSD/2/2013 dated January 24, 2013)*
b) Verify the customers identity using reliable, independent source, document, data or information.
c) Conduct on-going due diligence and scrutiny of the account/client

to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

7.2 The Customer Due Diligence Process includes three specific parameters:

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting to FIU
- Risk Assessment
- Record keeping requirements

8. Policy for Acceptance of New Clients

a) Accept client whom we are able to meet personally
b) Accept clients only where we are able to do 'in person verification' as prescribed by the regulatory authorities.
c) Accept clients who live within the jurisdiction of the branch
d) As far as possible, ensure that the new client is introduced by our existing client
e) Accept clients only who are willing to provide all the documents/information sought by us.
f) Accepts clients on whom we are able to apply appropriate KYC procedures.
g) Do not accept clients whose identity matches with the identity of persons having known criminal background or prohibited by any regulatory authority.
h) In case of accounts which are to be operated by mandate holder/authorised persons, accept the client only if we are able to do the KYC verifications of the client and the mandate holder/authorised persons.
i) Do not open the accounts where the client refuses to provide information/documents.
j) Do not accept clients which are suspected to be of fictitious/benami/anonymous in nature.
k) Accept foreign clients, NROs, NREs. Trusts, etc. only after verifying with the Compliance Officer.
l) We should be careful while accepting Clients of Special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP) of foreign origin, companies having closed share holding/ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, clients with dubious background, etc.

8.1 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.

8.1.1 While enrolling a customer/client to avail the services we offer, we have to ensure that we know the customer very well – in terms of his background, financial status, etc. In short, we should Know Our Customer (KYC). For this purpose, we should obtain all the mandatory proofs prescribed from time to time. Apart from this we should also do our own verification, through independent sources, to ascertain more details about the client. In short we have to reasonably establish the identity, background and financial status of the client.

<u>In case of individuals, one copy of the following documents have to be obtained:</u>

- Identity proof in the form of PAN Card (mandatory), , Voter's Identity card, Passport, Ration Card or any Government/PSU/Bank issued identity card.
- Address proof in the form of Voter's Identity Card, Passport, Bank Statement, Ration card and Electricity/telephone bill in the name of the client.
- Always check the original before accepting the copies
- Copy of the latest photograph of the client

<u>In case of corporates one certified copy of the following documents have to be obtained</u>

- Copy of the Registration/Incorporation Certificate
- Copy of the Memorandum & Articles of the Association
- Copy of the latest audited Annual Statements of the corporate client
- Board Resolution for appointment of the Authorised Person who will operate the account.
- Proof of address and identity (PAN) of the Authorised Person

In case of partnership firm (only for broker's pool account) one certified copy of:

- Registration certificate
- Partnership Deed
- Authorisation letter for the authorised person
- Proof of identity (PAN) and address of the authorised person who will operate the account.
- Annual statement/returns of the partnership firm

<u>In case of a Trust, one certified copy of :</u>

- Registration certificate
- Trust Deed
- Officially valid documents like PAN card, voters ID, passport, etc

from the persons holding the authorization to transact on behalf of the Trust.

In case of unincorporated association or a body of individuals, one certified copy of :

- Resolution of the managing body of such association or body of individuals
- PoA authorizing him to transact
- Officially valid documents like PAN card, voters ID, passport etc from the persons holding the authorization to transact
- Any document required by Karvy to establish the legal existence of such an association or body of individuals.

In case of an NRI account - Repatriable/non-repatriable

- Copy of the PIS permission issued by the bank
- Copy of the passport
- Copy of the PAN card
- Proof of overseas address and Indian address
- Copy of the bank statement
- Copy of the demat statement
- If the account is handled through a mandate holder, copy of the valid PoA/mandate

8.1.2 All mandatory proofs of identity, address and financial status of the client must be collected as mentioned, as prescribed from time to time. The proofs so collected should be verified with the originals. If the prospective client is refusing to provide any information do not forward their account opening form to HO.

8.1.3 If the account is to be handled by a PoA /mandate holder, then we have to find out what is the relationship between the client and the PoA/Mandate holder, establish the identity and background of the client and the PoA/Mandate holder (by obtaining the required documents) and ensure that the PoA/Mandate Holder has the proper authorization.

8.1.4 In case of a corporate account, the branches should ensure that the authorised person has got the required mandate by way of Board Resolution. Also, the identity and background of the authorised person has to be established by obtaining the required documents.

8.1.5 Please check with the Compliance Officer before opening an account for NRE/NRO/PIO and foreign clients.

8.2 For all Existing clients

8.2.1 On an on-going basis, the branches should ensure that the details given in the KYC, by the client, matches with the current details of the client. If required, we can seek additional documents/information from the client to verify the financial/general status of the client. In case:

a) Of any negative change in the details of the client from what is given in the KYC
b) If the client is not contactable/traceable)
c) In case the client is prohibited by any regulatory authority
d) The client refused to provide us with additional information/ document.

The branches should stop dealing for such clients and immediately bring the same to the notice of the Compliance Officer. The Compliance Officer will, in turn, discuss the same with the Principal Officer to decide on the necessary course of action, including reporting to FIU, New Delhi.

9. Risk Profiling/Assessment 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 Low risk, medium risk and 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 depends on client's location, nature of business activity, turnover, nature of transaction, manner of payment etc.

9.1 Clients of special category (CSC)

It is generally recognized that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction etc.
Typically clients should be classified as High Risk, Medium Risk, Low Risk as below:

Risk Category	Indicative List of clients
High Risk	1. Non Assisted Online clients 2. Non-resident clients (NRI); 3. High Net worth clients (HNI) 4. Trust, Charities, NGOs and organizations receiving donations. 5. Companies having close family shareholdings or Beneficial Ownership. 6. Politically Exposed Persons (PEP) of Foreign Origin 7. Current /Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence); 8. Companies offering Foreign Exchange offerings; 9. Clients in high risk Countries (where existence / effectiveness of money laundering controls is suspect, Countries reputed to be any of the following -- Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent; 10. Non-face to face clients; 11. Clients with dubious reputation as per public information available etc.
Medium Risk	Individual and Non-Individual clients falling under the definition of Speculators, Day Traders and who maintain demat account for actively trading in securities. For this the broking information will also be scrutinized if trading account is maintained with KSBL
Low Risk	The clients who are not covered in the high & medium risk profile are treated as Low risk Profile client

The above mentioned list is only illustrative and we should exercise independent judgment to ascertain whether new clients should be classified as CSC or not.

9.2 We have to monitor the transactions of the High Risk and Medium Risk clients to identify any suspicious activities.

a. In case the risk profile of the client changes, due to whatever circumstances like the client's financial position has worsened

due to business loss, etc., the same has to be ascertained and informed to the Principal Officer immediately. This exercise has to be done on an on going basis by the concerned branch office.

b. <u>Mandate holder policy</u>

i. The whole objective is to ensure that we are aware as to who is the ultimate beneficiary of the transaction and that the transactions executed, through the mandate holder, is legal.

ii. It is possible that some of the individual clients might appoint a mandate holder. Normally the demat account is opened in the name of various family members and one the family member will hold the mandate. Also, in case of some NRI clients who are based abroad, might have given a PoA/Mandate to a person residing in India who will be operating these accounts.

iii. Whenever any accounts/s is operated by a mandate holder, at the outset we should find out the relationship of the mandate holder with the client. Then we have to obtain the valid PoA/Mandate given by the client to the mandate holder. Then we should establish the identity of the mandate holders by obtaining his proof of identity and address.

iv. On an ongoing process, we have to keep on updating ourselves about the client's change in financial and general status through independent verification and also by way of collecting additional/latest documents.

10. Transaction Monitoring

Once a client is enrolled with us, it is absolute necessary to keep track of their transactions in order to ensure that they are not indulging in any of the activities prohibited under law. It is absolutely necessary on our part to identify the Suspicious Transaction and report the same to the FIU, New Delhi.

Broad categories of reason for suspicion, as indicated by FIU, are given below :

10.1 Identity Of Client

- If the client has given false Identification documents
- If the identification documents could not be verified within reasonable time

- Non-face to face client
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities

10.2 Suspicious Background

i. Check whether the client's identity matches with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any local enforcement / regulatory agency. For scrutiny / back ground check of the clients, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database /List of Vanishing Companies available on www.sebi.gov.in and RBI Defaulters Database available on www.cibil.com should be checked.

ii. If a client is found matching with OFAC, UNSC or with SEBI Debarred list we not open the account and immediately informed to Principal Officer/ Designated Director for further action.

iii. Scrutinize minutely the records / documents pertaining to clients of special category (like Nonresident clients, High Net worth Clients, Trusts, Charities, NGOs, Companies having close family shareholding, Politically exposed persons, persons of foreign origin, Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange offerings, etc.) or clients from high-risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption / fraud is highly prevalent.

iv. Maintain updated list of individuals / entities which are subject to various sanctions / measures pursuant to United Nations Security Council Resolutions (UNSCR), available from the URL http://www.un.org/sc/committees/1267/consolist.shtml. (Referred to as designated individual /entities) in electronic form.

v. Ensure before opening any new account that the name of the proposed customer does not appear in the list of designated individuals / entities.

10.3 Multiple Accounts

- Unusual activity compared to past transactions
- Use of different accounts by client alternatively

- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business
- Account used for circular trading

10.4 Nature Of Transactions

- Unusual or unjustified complexity
- No economic rationale or bonafide purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

10.5 Value Of Transactions

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal which is not at market price or prices appear to be artificially inflated / deflated

11. Parameters for analyzing the transactions:

Parameters that can be used to identify suspicious transactions are as follows:

1. Transactions beyond particular quantity, count and value from a source ID to single/multiple target IDs.
2. Transactions in unlisted ISINs
3. Transactions in a demat account which exceeds a particular % of the average transactions in that account during the past 3 months (sudden spurt) (off and market transactions).
4. Frequent change in the client details like address, bank account, etc.
5. Frequent remat/demat/pledge/invocation of pledge details
6. Matched transactions between two accounts including reversal transactions
7. Transactions in NRI/foreign address clients/OCBs etc.
8. Transactions executed on the first two days of listing beyond a specific quantity
9. Transactions in stocks quoting less than Rs.10/-.
10. Concentration of any demat account in a particular scrip/select

scrips

The above analysis can be focused more on off-market transactions. Market transactions will be reflected in the broking transactions.

11.1 Suspicious Transactions are those which:

- Gives rise to reasonable grounds of suspicious that it may involve proceeds of crime
- Appears to be made in circumstances of unusual or unjustified complexity
- Appears to have no economic rationale or bonafide purpose
- Gives rise to reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

Factors giving rise to suspicion, to a DP account are:

- Clients whose identity verification is difficult which includes non-cooperation of the client also.
- Clients where the source of the funds is not clear keeping in mind the client's financial standing/business activity
- Clients belonging to (or) introduced by persons/entities in high risk countries
- Increase in business without justification
- Transfer of proceeds to unrelated parties
- Dealings of CSCs

As on date, NSDL provides us with a set of transactions, based on the following criterion:

- Details of debits due to market, off-market or Inter-Depository transfers involving 50,000 or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- Details of credits due to market, off-market or Inter-Depository transfers involving 50,000 or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight.
- Details of debit transactions (subject to a minimum of 5000 shares), if securities debited in a single transaction or series of transaction executed during the fortnight, in an account, in an ISIN, exceeds 10 times the average size o the transaction. For this purpose, average is calculated over the total number of securities in all ISINs debited in an account in the past 30 days.
- Details of credit transactions (subject to a minimum of 5000 shares), if securities debited in a single transaction or series of

transaction executed during the fortnight, in an account, in an ISIN, exceeds 10 times the average size o the transaction. For this purpose, average is calculated over the total number of securities in all ISINs credited in an account in the past 30 days

- Details of transactions involving 50,000 or more shares in an account, in an ISIN, in a single transaction or series of transactions executed during the fortnight, in respect of Demat, Remat, Corporate Actions and Pledges.

Similarly, CDSL provides us with a set of transactions, based on their internal criterion.

- These transactions have to be analysed, based on the broader framework provided by SEBI/FIU, for identifying suspicious transactions. It may be noted here that it is not possible to identify pre-determined criterion since the nature of the transaction and the client vary from transaction to transaction or from client to client. Also, it is not possible to analyse beyond a reasonable limit to ascertain the reasoning behind any transactions.
- However, as prescribed by both the Depositories we should not restrict ourselves only with these transactions. However, since neither the Depositories nor SEBI/FIU has prescribed any criterion, few possible criterion have been identified. The same can be used as reference to shortlist and analyse the transactions.
- Hence, keeping this in mind and the broader framework provided by SEBI and FIU, the Principal Officer, in consultation with the DP head decide, on a case to case basis, whether the transactions should be classified as suspicious or not.

12. Roles

12.1 Relationship Manager/ Dealer/ Branch Manager/ Branch Coordinator/ Business Head

- The RM/ Dealer/ BM/ Coordinator should meet the client in person at least once before opening the account at the address given by the client. In the process he may reasonably verify the living standards, source of income, financial status, etc. of the client and ensure that the details mentioned in the CRF (Client Registration Form) matches with the actual status.
- If the client is a "walk-in client", then the concerned branch official should make independent verification about the background, identity and financial worthiness of the client.

- All mandatory proofs of identity, address and financial status of the client must be collected as prescribed by the regulatory authorities, from time to time. The proofs so collected should be verified with the originals. If the prospective client is refusing to provide any information do not forward his/ her account opening form to HO.
- The Business Head has to be completely satisfied about the background, genuineness and financial status of the client before recommending for opening the account. If required, the Business Head may seek additional information/documents from the client.
- If the account is to be handled by a PoA /mandate holder, then find out what is the relationship between the client and the PoA/Mandate holder, establish the identity and background of the client and the PoA/Mandate holder (by obtaining the required documents) and ensure that the PoA/Mandate Holder has the proper authorization.
- In case of a corporate account, the branch officials should ensure that the authorized person has got the required mandate by way of Board Resolution. Also, the identity and background of the authorized person has to be established by obtaining the required documents.
- Foreign clients can deal in Indian market only to sell the shares allotted through ESOP or buy/sell as a "foreign direct investment". We cannot deal for foreign clients under any other circumstances.
- Please consult the Zonal/ Country Business Head before dealing with any NRE, NRO, PIO or foreign clients.

12.2 Risk Management Team

Risk Management Team (RMT) gives exposure to clients based on margin available in the system and clean exposure to selected clients based on recommendations of the Business Managers. It is also the duty of RMT to validate such exposures with the financial details provided by the client in KYC forms. **Where there is a trading activity of the client, which is not commensurate with the financial details declared by the client, it should be analyzed and referred to the Principal Officer with reasons of suspicion.**

12.3 Role of Human Resource Department

- The Human Resource Department and other Department Heads involved in hiring new employees should have adequate screening procedure in place to ensure high standards in hiring new employees.

- Bona fides of employees are checked to ensure that the employees do not have any link with terrorist or other anti- social organizations.
- Not only Know Your Customer (KYC) policy but also "Know Your Employee" procedures should be in place.

12.4 Role of Regional Business Heads/Zonal Business Head /Branch Co-ordinator.

Being in the field, they have market intelligence about potential mischief makers which should be brought to the notice of CRD, Legal and RMT.

12.5 Role of Legal Cell

- KYC forms and other documents drafted should invariably have undertaking from the client that he is not indulging in or has not been associated with any money-laundering activity or terrorist activity and that he has not been convicted of any fraud/offence/ crime by any regulatory authority existing in the country.

- All disclosure documents should have notice to the client informing about company's right to obtain and disclose any information about the client to the competent authority as may be required.

12.6 Role of Training Division

i) Adequate training should be given to all the concerned employees and Investors ensure that the contents of the guidelines are understood develop awareness and vigilance to guard against money laundering and terrorist financing.

ii) As of now, Karvy's AML/PMLA policy is being covered during the induction training of new employees, investor meet for Clients and also during the on-going compliance sessions at the regions.

13. Review of this Policy

This Policy will be reviewed on a half yearly basis by the Compliance Officer and Principal officer and if there are any changes made to the policy, the same shall be placed before the Board at its first meeting held after such changes are introduced and the same is communicated to all departmental heads and associate persons and a copy of the reviewed policy shall also be made available on our

website. For its effectiveness since the person reviewing the policy should be different from the person framing the policy.

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

i. The company may rely on a 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.

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.

15. Reporting of Suspicious Transactions

1. Once an analysis of the suspicious transactions is done, a report will be prepared by the Principal Officer on the same. If any transaction has to be reported, as suspicious, to FIU, the Principal Officer will do the needful in consultation with the DP head. If required, the Principal Officer may inform the Board of KSBL/Chairman of the same and seek their guidance.

2. The reporting is to be done as per the procedure and within the time specified in the rules mentioned in the PML Act, 2002.

3. When to Report:-
   In terms of the PMLA rules, Depository Participant are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samarat, Chanakyapuri, New Delhi -110021.

4. What to Report:-
   - The nature of the transactions
   - The amount of the transaction and the currency in which it was denominated
   - The date on which the transaction was conducted: and
   - The parties to the transaction.
   - The reason of suspicion.

16. Maintenance of Records as per Prevention of Money-laundering (Maintenance of Records) Rules, 2005:

The records have to be maintained, in full, for a period of 5 (five) years from the date of transaction between the client and KSBL. The information that needs to be maintained are:

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 KSBL has ended or the account has been closed, whichever is later.

- nature of the transactions
- amount of the transaction.
- date on which the transaction was conducted
- parties to the transaction
- all suspicious transactions, whether or not made in cash.
- copies or records of official identification documents like passports, identity cards, driving licenses or similar documents
- All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions.
- KSBL shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

17. Assistance

Any assistance required for understanding this policy and in implementation of the Karvy Anti Money Laundering Policy, please contact the Principal Officer.