# A. K. WEALTH MANAGEMENT PRIVATE LIMITED

## ANTI MONEY LAUNDERING POLICY

### 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, and Government of India.

Pursuant to the recommendations made by 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.

A. K. Wealth Management Private Limited (hereinafter referred to as "AK Wealth") being one such intermediary had in accordance with the above, adopted a policy framework on anti-money laundering measures.

### Definition of offence of Money Laundering

Section 3 of the PMLA 2002 has defined the "offence of money laundering" as under:

"Whosever directly or indirectly attempts to indulge or knowingly assists or knowingly is party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering".

Money launders use the intermediaries for cleansing 'dirty money' obtained from criminal activities with the objective of hiding/disguising its source. The process of money laundering involves creating a web of financial transactions so as to hide the origin and true nature of these funds.

For the purpose of this document, the term money laundering would also cover financial transactions where the end use of funds goes for terrorist financing irrespective of the source of the funds.

Section 3 of the Prevention of Money Laundering Act, 2002 defines the offences or laundering. In terms, of this section whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of an offence of money laundering.

### Obligations under Prevention of Money Laundering Act, 2002

Section 12 of PMLA 2002 places certain obligations on every banking company, financial institution and intermediary which include:-

(a) maintaining a record of prescribed transactions
(b) Furnishing information of prescribed transactions to the specified authority
(c) Verifying and maintaining records of the identity of its clients
(d) Preserving records in respect of (i), (ii), (iii) above for a period of 10 years from the date of cessation of transactions with the clients

### Obligation to establish policies and procedures

In compliance with the these obligations, senior management is fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements. The Company will:

(a) issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing 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 money laundering and terrorist financing to ensure their effectiveness. Further, in order to ensure the effectiveness of policies and procedures, the person doing such a review should 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 money laundering and terrorist financing;

(e) undertake client due diligence **("CDD")** measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of client, business relationship or transaction;

(f) have a system in place for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities; and

(g) develop staff members' awareness and vigilance to guard against money laundering and terrorist financing.

## Policies and procedures to combat Money Laundering

Policies and procedures to combat Money Laundering will cover:

(a) Communication of group policies relating to prevention of money laundering and terrorist financing 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 money laundering and terrorist financing, 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.

## Applicability and record keeping

In terms of rules framed under the Act, inter alia, every intermediary shall maintain a record of:

(a) all cash transactions of the value of more than rupees Ten Lakhs or its equivalent in foreign currency;

(b) all series of cash transactions integrally connected to each other which have been valued below rupees Ten Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month;

(c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place;

(d) all suspicious transactions whether or not made in cash;

## Our prevention of money laundering policy

(a) The purpose of this policy is to set out the prevention of money laundering commitments and obligations for AK Wealth.

(b) This policy is based on the provision of the "Prevention of Money Laundering Act, 2002 and circular issued by SEBI thereof".

(c) This internal policy sets out and establishes governing principles, broad guidelines and standards to be adopted by the Company in order to protect the Company from being used by any person to launder money.

## Policy objectives

(a) To prevent criminal elements from using the Company's System for money laundering activities.

(b) To enable the Company to know / understand the customers and their financial dealings better, which in turn would help the Company to manage risks prudently.

(c) To put in place appropriate controls for detection and reporting of suspicious activities in accordance with applicable laws / laid down procedures.

(d) To comply with applicable laws and regulatory guidelines.

(e) To take necessary steps to ensure that the concerned staff is adequately trained in Know Your Customer / Anti Money Laundering procedures.

## Implementation of this Policy

The Compliance Officer of the Company will be the Principal Officer who will be responsible for the main aspect of this policy is the Customer Due Diligence Process which means:

(a) Obtaining sufficient information about the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted.

(b) Verify the customer's 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.

The Customer Due Diligence Process includes three specific parameters:

(a) Policy for Acceptance of Clients

(b) Client Identification Procedure

(c) Suspicious Transactions identification and reporting

## Customer Acceptance Policy

(i) **Each client should be met in person**

The directors/employees/authorized representatives of AK Wealth will meet the client personally. Either the client should visit the office/branch or directors/employees/authorized representatives may visit the client at his office/residence address.

(ii) **Apply appropriate KYC procedures**

Obtain complete information from the client. It should be ensured that the initial forms taken by the client are filled in completely. Ensure that the 'Know Your Client' guidelines are followed without any exception.

(iii) **Be careful while accepting Clients of Special category**

We should be careful while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having close 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. 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 the records / documents pertaining to clients belonging to aforesaid category.

(iv) **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.

**Customer Identification Procedure**

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.

Documents which can be relied upon for –

**Identity Proof:** PAN Card, Voter's Identity card, passport or any Government/PSU/Bank issued photo identity card.

**Address Proof:** Voter's Identity Card, Passport, Bank Statement, Ration card or latest Electricity/telephone bill in the name of the client.

Documents to be obtained as part of customer identification procedure for new clients:

(i) In case of individuals, one copy of the following documents are required to be obtained:

a) Know Your Client (KYC) form dully filled
b) Copy of Permanent account number (PAN)
c) Copy of Address proof

(ii) In case of Corporates, one certified copy of the following documents must be obtained:

a) Know Your Client (KYC) form dully filled
b) Copy of the Registration/Incorporation Certificate of the Company
c) Copy of the Memorandum and Articles of Association of the Company
d) Copy of PAN card of the Company
e) List of Directors of the Company (latest), with DIN number and Singature
f) Latest Shareholding pattern of the Company
g) Copy of the latest audited Annual Statements and latest networth certificate.
h) Board Resolution for appointment of the Authorized Person who will operate the account.

(iii) In case of partnership firm one certified copy of the following must be obtained:

a) Know Your Client (KYC) form dully filled
b) Registration certificate of partnership firm
c) Copy of Partnership Deed
d) Copy of PAN card of the firm
e) List of partners of the firms, PAN number and signature
f) Authorization letter for the person authorized to open and operate the account
g) Latest Annual Financial statement and networth certificate of the firm.

(iv) In case of a Trust, one certified copy of the following must be obtained:

a) Know Your Client (KYC) form dully filled
b) Registration certificate of the trust
c) Copy of Trust Deed
d) Copy of PAN card of the Trust
e) Latest Annual Financial statement of the trust
f) List of trustees
g) Authorization letter for the person authorized to open and operate the account

(v) In case of financial institutions/ banks/ mututal funds/ provident funds/ pension funds/ insurance companies etc

a) Details of the custodian if any
b) Details of demat account and bank account
c) Copy of PAN Card
d) List of authorized signatories to deal in the account

(vi) In case of an NRI account – Repatriable / non-Repatriable, the following documents are required:

a) Copy of the Portfolio Investment Scheme permission issued by the bank
b) Copy of the passport
c) Copy of PAN card
d) Proof of overseas address and Indian address
e) Copy of the bank statement
f) Copy of the demat statement
g) If the account is handled through a mandate holder, copy of the valid Power of Attorney / mandate

**Suspicious Transactions 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**

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

a) Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
b) Appears to be made in circumstance of unusual or unjustified complexity; or
c) Appears to have no economic rationale or bona fide purpose

**What to Report:**

a) The nature of the transactions
b) The amount of the transaction and the currency in which it was denominated
c) The date on which the transaction was conducted
d) The parties to the transaction.
e) The reason of suspicion.

**2.3 Furnishing of Information to Director of Financial Intelligence Unit-India:**

Under Rule 8 of Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, the Principal Officer shall furnish the information in respect of transactions referred to in Rule 3 every month to the Director by the 7th day of the succeeding month other than transactions referred to in clauses (C ) and (D) of sub rule 1 of rule 3.

Provided that information in respect of transactions referred to in clauses (C) and (D) of sub-rule (1) of rule 3 shall be promptly furnished in writing or by way of fax or electronic mail to the Director not later than three working days from the date of occurrence of such transactions.

**Review of the Policy**

The policy will be reviewed by the Board as and when considered necessary.

## A. K. WEALTH MANAGEMENT PRIVATE LIMITED

**Know Your Client (KYC) Form**

| No. | Particulars | Remarks |
|---|---|---|
| 1 | Name of Client | |
| 2 | Status<br>(Individual, Partnership Firm, Company, Trust, unincorporated association or body of individuals, Non Resident Indian) | |
| 3 | Date of Incorporation (in case of individuals date of birth) | |
| 4 | Latest Audited Balance Sheet and Net worth<br>(certificate to be enclosed) | |
| 5 | Corporate / Registered Office Address / Telephone / Fax | |
| 6 | Main Dealing Room Address /Telephone /Fax | |
| 7 | Branch particulars (if any) | |
| 8 | Activities of the firm<br>(Memorandum and Articles of Association , Partnership Deed, Trust Deed to be attached) | |
| 9 | SEBI Registration No. if any (Copy to be enclosed) | |
| 10 | Names of Partners / Proprietor / Directors / Promoters | |
| 11 | Names, Address, Phone Numbers and Specimen signatures of Dealers and authorised signatories<br>(Board Resolution to be enclosed) | |
| 12 | Share holding pattern and list of major shareholders ( holding 5 % and above of applicants Company) | |
| 13 | Permanent Account Number<br>(Copy to be enclosed) | |
| 14 | Demat account details(DP ID, Client ID, DP Name) | |
| 15 | Bank account details (Bank name, Branch, Account number) | |
| 16 | Details of custodian, if any | |
| 17 | Any other Information (Please specify) | |
| 18 | Additional Information<br>• Whether your company has ever been delisted by RBI / SEBI till date.<br>• Whether you have defaulted in any stock exchange settlement and if so, please give details.<br>• Whether SEBI has initiated any action your company. | |

(Signature of Sole Proprietor/Partner /Director/Authorised Signatory)

Place:

Date: