Wealthstreet
The Financial Engineers

WEALTHSTREET ADVISORS PRIVATE LIMITED
Stock Broker
Guidelines on Anti-Money Laundering Standards
[Prevention of Money Laundering Act, 2002 (PMLA)]
(Review Date: 01/07/2020)

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PRINCIPAL OFFICER & DESIGNATED DIRECTOR: Mr. AJAY SARAOGI

WEALTHSTREET ADVISORS PRIVATE LIMITED

Background:
Pursuant to the recommendations made by the financial Action task force on Anti Money Laundering standards vide their notification No.ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide Circular number CIR/MIRSD/1/2014 dated March 12th, 2014 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. This is also with reference to the SEBI Master circular No **SEBI/HO/DOP/PCIR/P/2019/113 dated October 15, 2019**.

Money Laundering
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 legitimate sources / origins.

Prevention of Money Laundering Act, 2002
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 2005. The PMLA 2002 and rules notified there under impose an obligation on intermediaries (including stock brokers and sub brokers) to verify identity of clients, maintain records and furnish information to the Finance Intelligence Unit (FIU) – INDIA.

Policy & Procedures of WEALTHSTREET ADVISORS PRIVATE LIMITED

WEALTHSTREET ADVISORS PRIVATE LIMITED has resolved that it would fully implement the systems and the measures to prevent Money Laundering to combat Financial Terrorism to put in place a system, procedure to generate alerts / suspicious transactions and to report them to FIU if required. The policy would be created by the management and also the same would be implemented in a very systemic manner. The Policy would try to cover all the aspects and also the same would be reviewed regularly (at least once in a year), the appropriate changes, addition, deletion would take place as and when the management may feel so.

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Implementation of This Policy

The Principal Officer, Mr. AJAY SARAOGI along with the other members of the senior management will be responsible for compliance of the provisions of the PMLA and AML Guidelines act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions. Ensure that WEALTHSTREET ADVISORS PRIVATE LIMITED discharges its legal obligation to report suspicious transactions to the concerned authorities.

Customer Acceptance Policy & Client Identification Procedure (CIP):

WEALTHSTREET ADVISORS PRIVATE LIMITED as a company does not resort to aggressive advertising and not even advertisements so most part of the clients are either through the Sub Broker and the Branch Network or through the remisers. The Head / Corporate office only constitutes more than half the clients. In most cases the new client would generally be introduced through an existing client and, or through the reference of some known person in the nearby Vicinity.

In Person Verification is done for all the clients and the client's premises are visited for personal verification. The Original proofs also verified. In cases whenever the office employee who has gone for in person verification and the client is found to be suspicious in nature, the same is brought to the notice that senior management and one of them would cross examine that client. In a few cases clients have been denied to open the account on account of lack of transparency and absence of client proof at the mentioned address on the KYC. By checking the records with the client in the debarred list before opening the client account, it is also verified that the client is not a part of the Debarred List. This will help us in not opening erroneously account of a debarred client or entity. The lists used are

1. SEBI Debarred List

2. UNSC

3. PEP

4. OFAC (Office of Foreign Access and Control given by US Treasury Department)

If a client is found matching with OFAC, UNSC or with SEBI Debarred list we would not open the account and immediately inform the Principal Officer/Management for further action.

If a client is a Politically Exposed Person we will not open the account without prior written consent of the management. And after opening this account will be immediately classified as CSC.

Extra care is taken while handling a new account of an NRE repatriable client or for that matter any client who seems to be a part of the Clients with Special Category (CSC). High scrutinization of documents will be done in these cases and additional documents may be called for satisfaction.

No relaxation on any information is provided, the client is not allowed to skip providing any mandatory information or documentation and all clients are necessarily made to comply with all kind of documents.

Summarizing the steps of Opening the account are as below:

1. Checking for KYC and mandatory information in the form.

2. In person verification (IPV)

3. Verification with original documents

4. Checking of client with screening database consisting of four sources i.e. SEBI, UNSC, PEP (PEP Detailed handling explained) and OFAC (Office of Foreign Assets Control).

5. Verification of Pan with Income Tax Database.

6. CSC marking.(Detailed handling explained)

7. Dispatch Photocopies of KYC and Welcome Letter on the address mentioned in the account opening form.

8. Welcome Email along with login details of back office and password to clients sent to their designated Email address.

9. We also verify email addresses and mobile numbers of clients to ensure that two accounts of different families are not having the same email address or mobile no.

Written Anti Money Laundering Procedures

It shall adopt written procedures to implement the antimoney laundering provisions as envisaged under the PMLA. Such procedures shall include inter alia, the following three specific parameters which are related to the overall 'Client Due Diligence Process':

a) Policy for acceptance of clients
b) Procedure for identifying the clients
c) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

Client Due Diligence:

It basically means Customer due diligence which is nothing but an ongoing process consisting of broadly three parts.

(1) Customer acceptance policy,
(2) Client Identification and
(3) Generation of suspicious transaction, monitoring, reviewing and reporting if required.

Policy for acceptance of clients:

It shall develop client acceptance policies and procedures that aim to identify the types of clients that are likely to pose a higher than average risk of ML or TF:

a) No account is opened in a fictitious / benami name or on an anonymous basis.
b) Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (**KYC**) profile.

c) Documentation requirements and other information to be collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.

d) Ensure that an account is not opened where the intermediary is unable to apply appropriate CDD measures/ KYC policies. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. The market intermediary shall not continue to do business with such a person and file a suspicious activity report. It shall also evaluate whether there is suspicious trading in determining whether to freeze or close the account. The market intermediary shall be cautious to ensure that it does not return securities of money that may be from suspicious trades. However, the market intermediary shall consult the relevant authorities in determining what action it shall take when it suspects suspicious trading.

e) The circumstances under which the client is permitted to act on behalf of another person / entity shall be clearly laid down. It shall be specified in what manner the account shall be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting shall be clearly laid down. Adequate verification of a person's authority to act on behalf of the client shall also be carried out.

f) Necessary checks and balance to be put into place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide

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

Client identification procedure

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

Procedure for Beneficial owner ship and name of person controlling the client

The procedure broadly two aspects of identify the controlling or the beneficial owner ship.

1. KYC Details
2. Trading Pattern

KYC Details

For all non-individual accounts mentioned below the detail should be added to the system of the key person.

The following categories are eligible for this

1. Corporate Accounts: This could be directors, authorised signatories, shareholders etc.
2. HUF Accounts: The Karta, Co Parceners etc.
3. Trust: The trustee details will be captured.
4. Partner Ship Firm: The partner details will be captures as key persons.

5. LLP : Details of Designated partners and Partners will be captured.
6. Association of Persons.

Following details will be entered for every Key Person
First Name
Middle Name
Last Name
Designation: Partner/Director/Karta etc...
Email
Mobile
PAN
Share Holding %
Number of Shares
Address Line 1
Address Line 2
Address Line 3
City
State
Pin
Country
Further system will alert, if the same key people are common in accounts

Trading Pattern:

The system has a scenario which helps identify clients that have a similar trading pattern. This could help us to identify or give an indicator that a few clients actually have a common controller.

Brief procedure: PEP identification and due diligence
PEP Identification:

There are 3 ways that a client could be marked as a politically exposed person
1. KYC Form: The client voluntarily declares that he is a PEP or relative of PEP. Provisions have been made and in the client account opening form the clients fills up if he is eligible.

2. Employee or Sub Broker Indication: An employee or the Sub Broker or any channel which may know that the client is PEP or a relative of PEP is encouraged to inform the management or the compliance team about the same. Effort is constantly being made to make the employees aware of the importance of identifying PEP or a relative of a PEP.

3.Screening Database: The Screening solution has a PEP database which also contains PAN numbers, the new client and the existing clients are screened through this to identify PEP or a relative of PEP.

4.PEP Approval: There are two possibilities when approval for PEP is required.
1. Before opening the account: If a proposed customer is recognised as PEP. Then the senior management approval is required to open the account.

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2. After opening the account: In case if it is later realised after opening the account that the account is PEP then the same will be immediately brought to the notice of the senior management and the relationship will only be continued after the approval.

PEP Due diligence after identification and approval

1. The client will be marked as a special category

2. The client will be marked as a high risk

3. PEP is marked as High Risk Client. Enhanced due diligence is performed by making them a part of enhanced transaction monitoring which is combined with an intelligent grading system in the form of points where additional mark up is given in the form of negative points separate for high risk clients. The records generated through this are specific and focusing on higher risk clients and filters the records so as to exercise enhanced due diligence on such transactions. The RMS team checks such transactions by identifying nature of such transactions, if required calls up clients, branch head, sub broker to understand the transaction. If required, the client is called upon to submit supporting documents in the matter of such transactions.

Special Category Clients

The categorization of the clients is done in special category at the account opening stage itself immediately. In some cases like if a clients reputation is known to be not good after the account is opened or a another account with same beneficiaries is opened then both old and new accounts are to be marked as special category.

The following are the Special Categories that are currently created and clients are being categorized in these whenever applicable. The Solution used also has provisions for creating more and more special categories as and when required.

1. NRI
2. High Net Worth Client
3. Trust, Charity, NGOs and organizations receiving donations
4. Close family shareholdings or Beneficial Ownership (Private Company/ LLP/ Partnership Firm)
5. Politically Exposed Persons (PEP) or PEP of Foreign Origin
6. 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)
7. Company offering foreign Exchanges
8. Non Face to Face Client
9. Client with dubious Public Reputation

1. **NRI:** While opening NRI account utmost care should be exercised. While opening an NRI Repatriable or NRI Non Repatriable we collect the following documents from the clients:

NRI Repatriable/Non Repatriable

- Pan Card Copy
- Passport Copy

- Indian Address Proof
- Cancelled Cheque copy of NRE A/c
- PIS Permission issued from RBI.
- NRI Address Proof
- Bank Statement Copy.
- Client Master Copy for demat account.

2. **High Networth Clients**: High networth clients could be classified if at the account opening stage or during the course of the relationship, it is realized that the client's investments or the appetite for investment is high.

3. **Trust, Charity, NGOs and Organizations receiving donations**: Both public as well private, registered as well non registered trust will have to be classified in the special category. Any Charitable or Non-governmental organization or a no Profit Organization will be also classified herein.

4. **Close family shareholdings or Beneficial Ownership**: In case of close family shareholdings the objective is to understand whether the beneficiaries i.e. Private Company/ LLP / Partnership in which same family member or any individual holds more than 2/3rd Holding, then both need to be marked under this special category.

5. **Politically Exposed Persons**: In case PEPs care is taken will opening the account as the same is opened only after opening account with the consent of the senior management and all the required documents are collected.

6. **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) :** In such case care is taken where such account opened with the due consent of Senior Management and Obtaining of necessary documents and declaration if required.

7. **Company offering foreign Exchanges**: At the account opening stage if it is come to our knowledge that the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

8. **Non Face to Face Client**: In person verification is done for all clients. But there may be clients who may register a power for somebody else in their account and in that scenario as the account would be controlled not by the account holder but by some other individual we would treat as a non face to face account and the same would be categorized accordingly.

9. **Client with dubious Public Reputation**: If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

Risk Profiling of the Client

We should accept the client 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. 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. In order to achieve this, all clients should be classified in the following category;

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Low
Medium
High
Clients of Special Category

It is extremely important to understand that the financial risk is different from the Money laundering risk and this will be covered in the training sessions and other interactions that happen with staff in reference to Anti Money Laundering of CFT.

Implementation of the Risk Profiling Policy

There are two different stages where the risk profiling of the client could be done or upgraded.

Registration Risk: This is the risk profile which is given to the client at the time of registering the client with our organization.

Review of Risk constantly after the Registration: This is basically continuously reviewing the client and to upgrade the clients risk whenever required from lower level to the higher level.
Both above stages are detailed as follows;

Registration Risk

Once the Account opening team has checked that if the new client is not appearing in the sanction screening and the appropriate required documents like address proof and others are present, it is an appropriate time to allot a risk profile to the client.
It will be the responsibility of the Account opening team to understand if the client falls into the categories mentioned below:

1. NRI
2. High Net Worth Client
3. Trust, Charity, NGOs and organizations receiving donations
4. Close family shareholdings or Beneficial Ownership (Private Company/ LLP/ Partnership Firm)
5. Politically Exposed Persons (PEP) or PEP of Foreign Origin
6. 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)
7. Company offering foreign Exchanges
8. Non Face to Face Client
9. Client with dubious Public Reputation

The list of the categories are basically special categories, this list could be reviewed and could have more categories.
If a client falls into any of the above categories the client should be marked as a "CSC", client of special category and the risk level immediately should be allocated as "**High**".
In exceptional circumstances the KYC team may allot the **"medium"** risk to the client if there is a sufficient reason that the client should be above low and not high.

Review of Risk constantly after the Registration: The ongoing risk review can trigger the client's risk to be upgraded based on the following parameters or events.

1. Change of the client relationship from Indian to NRI. The risk would be upgraded to "**High**" .

2. If it is later realized that the client is a High Net Worth client. The risk would be upgraded to "**High**".

3. If in future it is known that a client is PEP then apart from seeking permission from the management to continue the relationship, the client should be immediately upgraded to **High** risk.

4. If it is later realized or the existing client is registered foreign exchange dealer the client will have to be upgraded to **High** risk.

5. If a client is residing in a country which has been recently declared by the FATF as a high risk jurisdiction or an existing client moves base into a high risk jurisdiction then naturally in both the cases client will be immediately upgraded to "High" risk.

6. If a client registers the authorization or gives a power of attorney to operate his account to somebody else, in that case the account is to be upgraded to **"High"** risk.

7. If it is realized by the management that the existing client's reputation is tainted because of a SEBI debarred or any such announcement then the client will be upgraded to "**High**".

8. Any employee of the organization could alert the principal officer and request based on any news item or an event in the public domain which can lead the risk to be made **High.**

9. **Transaction monitoring** is an extremely important aspect of the risk profiling system. Whenever the RMS Team sees that a client is doing or having an unusual or a suspicious trading pattern also from the same dashboard sees the income and net worth of the client along with risk level and the special category if any one of the scenarios , then he or she could immediately **upgrade** the risk of the client from Low to medium or from medium to **high** or even **very high**. This risk allocation will happen through the alerts dashboard of the AML system immediately and the RMS team member does not need any approval to do so.

Maintaining Risk History and reason for upgrade or degrade or allocation of

Risk history: It is to be noted that the risk profile would be given a date based concept, so that we know that initially the client was in low risk when the account was opened and then after some time the client was upgraded to medium because some unusual trading pattern was observed and then later upgraded to high on after sometimes by an RMS team member for the reason which may be specified by the user.

Medium Risk: The clients can be classified could be classified into the medium risk category depending on a lot of things like Client wise Large Turnovers , particular Script exposure / trading , client's income range , trading pattern. If any of the client would satisfy the above criteria, depending on the criteria satisfied the same would be classified into medium or high risk.

High Risk: The clients of medium risk could be classified into the high risk category depending on excessive and further unusual, patterns like Client wise Large Turnovers, particular Script exposure /

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trading , client's income range , trading pattern. If any of the client would satisfy the above criteria, depending on the criteria satisfied the same would be classified into high risk.

Generation of Suspicious Transactions

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 –

Transaction monitoring

A suitable software has been developed for transaction monitoring .Software should include following features :- ***Key features of software:-***

- Consolidated Platform for Equity, Derivatives and Depository Segment.

 Watch list / Screening from multiple sources - SEBI, UN Security Council (Al Qaeda and Taliban)

 Ongoing checking for updated SEBI Debarred Entities with existing clients at a click of a button.

 Download Manager will ensure that all public and trade level information is directly imported to the system.

 Ranking of Clients based on smart detection of potentially fraudulent

 transactions and trading patterns

 Big Picture summary provides quick view of most suspicious Clients
 Advanced scenarios based on the transactional data

 Improve accuracy of alerts and focus on high-risk clients and events, rather than chasing all simple alerts based on one single criterion

 Comprehensive reports with details about suspicious transactions of Clients

 Reports based on Client's trades, Order Logs, Income, volume in Exchange, Illiquid scrip etc

 Risk Categorization of Clients allows you to highlight high risk Clients

 Track Clients classified in Special Categories like NRI, Trust, Charity, Politically Exposed, Non face-to-face clients, clients with dubious public reputation etc
 Customizable points system that allows you to define your own weightings for different reports.

 Suspicious transaction register allows you to save and track suspicious transactions as required by regulations of the exchange and SEBI, by maintaining comment log and status (Closed after investigation / Reported to Exchange) for each suspicious transaction

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- Watch list comparison with Client database to find suspicious Clients

- CDSL / NSDL suspicious transaction reports

- STR Module which will create the files as desired by the FIU IND.

Transaction monitoring procedure:

Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. The following activities / transactions to be monitored on an ongoing basis to enable WEALTHSTREET ADVISORS PRIVATE LIMITED to submit periodical STRs :

1. Substantial Increase in activity without any apparent cause : Post 5 times of peak volume in last 90 days.

2. Transactions with no apparent economic or business rationale : Where Profit / Turnover increases abnormally and Opposite Transactions found in Family codes or trades made in some specific pattern.

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

4. Asset management services for clients where the source of the funds is not clear or not in keeping with clients' apparent standing /business activity;

5. Internal threshold limits to be specified for each class of client accounts and pay special attention to the transaction which exceeds these limits.

6. Randomly examine a selection of transaction undertaken by clients to comment on their nature i.e. whether they are in the suspicious transactions or not.

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

8. Substantial increases in business without apparent cause;

9. Purchase made on own account transferred to a third party through off market transactions through DP Account. In such transactions it is also to be verified that the third party is also having account with us and such transaction is backed by purchase / sale transaction through account held with us.

10. 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.

11. Trading activity in accounts of high risk clients based on their profit, business pattern and industry segment.

12. Unusual transactions by CSCs and businesses undertaken by shell corporations, offshore banks /financial services, businesses reported to be in the nature of export-import of small items.

13. Comparison of declared Income with Trading Volume.

14. Verification of amounts paid through demand drafts.

15. Off – market transfers in dormant accounts.

16. Huge transactions in short period and then account becoming dormant or closed.

17. Transactions in illiquid stocks and derivative contracts.

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

Registered intermediaries 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.

Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

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.

Combating Financing of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967
Procedure to be followed for the freezing of assets of individual or entities engaged in terrorism

Financial Intelligence Unit (FIU) – INDIA

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.

Reporting to Financial Intelligence Unit-India In terms of the PML Rules, intermediaries are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

Director, FIU-IND,
Financial Intelligence Unit-India, 6th
Floor, Hotel Samrat, Chanakyapuri,
New Delhi-110021.
Website: http://fiuindia.gov.in

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Intermediaries shall carefully go through all the reporting requirements and formats that are available on the website of FIU – IND under the Section Obligation of Reporting Entity – Furnishing Information – Reporting Format (https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents While detailed instructions for filing all types of reports are given in the instructions part of the related formats, intermediaries shall adhere to the following:

a) TheCashTransactionReport(CTR)(whereverapplicable)foreachmonthshall be submitted to FIU-IND by 15th of the succeeding month.
b) The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
c) The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeedingmonth.
d) ThePrincipalOfficerwillberesponsiblefortimelysubmissionofCTR,STRand NTR toFIU-IND;
e) UtmostconfidentialityshallbemaintainedinfilingofCTR,STRandNTRtoFIU- IND.
f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to bereported.

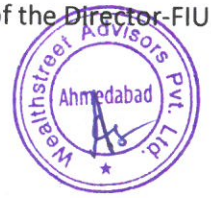
Intermediaries shall not put any restrictions on operations in the accounts where an STR has been made. Intermediaries and their directors, officers and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level

It is clarified that the registered intermediaries, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

Designation of officers for ensuring compliance with provisions ofPMLA

Appointment of a PrincipalOfficer:

2.11.1.1 To ensure that the registered intermediaries properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer 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.

Appointment of a Designated Director:

In addition to the existing requirement of designation of a Principal Officer, the registered intermediaries shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads asunder:

"Designated director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes –

a) the Managing Director or a Whole-Time Director duly authorizes by the Board of Directors if the reporting entity is acompany,
b) the managing partner if the reporting entity is a partnershipfirm,
c) the proprietor if the reporting entity is a proprietorshipfirm,
d) the managing trustee if the reporting entity is atrust,
e) a person or individual , as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
f) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above."

In terms of Section 13 (2) of the PMLA, the Director, FIU – IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.

Registered intermediaries shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU –IND.

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Exchange given Broking alerts

Following Transaction Alerts given:

1. Significantly increase in client activity Cash
2. Sudden trading activity in dormant account Cash
3. Clients/Group of Client(s), deal in common scrips Cash
4. Client(s)/Group of Client(s) is concentrated in a few illiquid scrips Cash
5. Client(s)/Group of Client(s) dealing in scrip in minimum lot size Cash
6. Client / Group of Client(s) Concentration in a scrip Cash
7. Circular Trading Cash
8. Pump and Dump Cash
9. Wash Sales Cash &Derivatives
10. Reversal of Trades Cash & Derivatives
11. Front Running Cash
12. Concentrated position in the Open Interest / High Turnover Derivatives
13. Order book spoofing i.e. large orders away from market Cash DP Alerts.

The Management / Principal Officer will be required to generate the suspicious transaction report on monthly / quarterly / daily business and save them, then one after the other carefully understand each transaction and then decide to report or not the same.

Procedure for determine suspicious transaction

A transaction is suspicious or not should be determine only after obtaining clarification in writing from client/sub broker the reply given should be scrutinized with the trading patterns and the financial details furnish by the client .If the reply given by the client / sub broker is satisfactory then in that case the transaction need not be treated as suspicious. However, if the client or sub broker intentionally face to given reply or reply given not satisfactory the facts should be informed the client sub broker stating that the transaction is of suspicious nature as per the PMLA policy and the necessary action should be taken

Reporting

Any Suspicious Transaction Report (STR) will be immediately notified by the Principal Officer or any other designated officer. The notification will be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion. However, it be ensured that there is continuity in dealing with the client as normal until told otherwise and the client is not be told of the report/suspicion. 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. The Cash Transaction Report **(CTR)** (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month. Suspicious transaction report shall be submitted within 7 days of arriving at a conclusion on that transaction is suspicious

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

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

Afore mentioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism. The obligations to be followed by intermediaries to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009, which needs to be complied with scrupulously.

Maintenance of records

Maintenance of records Pursuant to provisions contained in SEBI Circular no. **CIR/MIRSD/1/2014 d**ated March 12, 2014, WEALTHSTREET ADVISORS PRIVATE LIMITED shall maintain records of transactions of clients as per sub clause 8.1 of part II, and shall maintain details pertaining to identity of clients as per clause 8.2 of part II for the period of Five years *after the business relationship between a client and WEALTHSTREET ADVISORS PRIVATE LIMITED has ended or the account has been closed, whichever is later.*Also as per rules and regulations of CDSL, WEALTHSTREET ADVISORS PRIVATE LIMITED shall maintain records of transactions of clientsfor the period of Eight years after after the business relationship between a client and WEALTHSTREET ADVISORS PRIVATE LIMITED has ended or the account has been closed, whichever is later

Information to be maintained

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

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

Record Keeping

Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail:

a) the beneficial owner of the account;
b) the volume of the funds flowing through the account; and
c) for selected transactions:
  i. the origin of the funds
  ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
  iii. the identity of the person undertaking the transaction;
  iv. the destination of the funds;

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v. the form of instruction and authority.

More specifically, all the intermediaries shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

a) all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;

b) 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;

c) all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions; all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

Principal Officer and Designated officer

Principal Officer appointed under AML guidelines, shall, with the help of AML team shall monitor all the transactions listed above and shall submit periodical CTRs and STRs. Vide SEBI Circular no. CIR/MIRSD/1/2014 dated March 12, 2014 addition of requirement of designated director; we have also appointed same person for as a Principal Officer and as a designated director

Hiring of Employees and their Training

I. The staff required for WEALTHSTREET ADVISORS PRIVATE LIMITED would be appointed by ISS after proper screening. The sub-brokers would be advised to put in place high standards for hiring employees.
II. Key positions in WEALTHSTREET ADVISORS PRIVATE LIMITED would be identified and it would be ensured that the employees taking up these positions are suitable and competent to perform their duties.
III. WEALTHSTREET ADVISORS PRIVATE LIMITED would provide training on Prevention of Anti-money Laundering Guidelines to all new recruits. The sub-brokers would also be advised to have similar training programs for their new employees.
IV. Whenever the new compliance comes in picture, any circular or direction issued by regulators WEALTHSTREET ADVISORS PRIVATE LIMITED shall provide the training to our staff.

Investors Education

Implementation of KYC procedures requires the company to demand certain information from customers which shall be of personal nature or which have thereto never been called for. This may sometimes lead to lot of questioning by the customer as to the motive and purpose of collecting such information. The company shall prepare specific literature/pamphlets etc., so as to educate the investors of the objectives of the KYC program. The front desk staffs shall be specifically trained to handle such situations while dealing with investors.

WEALTHSTREET ADVISORS PRIVATE LIMITED will upload its PMLA Policy with changes in the Policy from time to time on its website for creating awareness amongst the Investors.

AML Team

An AML team shall be formed which will monitor the transactions listed above on an ongoing basis, analyze transactions, identify transactions that are suspicious in nature and report the same to the concerned authority through the Principal Officer.

Updating Financial and Other Details from Clients

The Company will periodically get updated details from clients, like any change in KYC details or Income Details or details of status of BO. The periodicity of update will be decided as follows.
- In case of Low and Medium risk clients once in every 2 years
- In case of High-risk clients every year.

Review of the Policy

The policy will be reviewed and amended whenever the new circular issued by regulators or any direction given by them or as and when considered necessary by the Board or if there is no amendments or circular issued by regulator then once in every year reviewed by the Board.

Dated: 01/07/2020

Ajay Saraogi

Wealthstreet Advisors Pvt. Ltd. Ahmedabad

Mr. Ajay Radheshyam Saraogi
(Principal Officer)