

SUGGESTED MEASURES TO PREVENT, DETECT AND REPORT MONEY LAUNDERING TRANSACTIONS

From the desk of Principal Officer appointed under PMLA, 2002 by WBPL & WCPL

1. INTRODUCTION

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 1, 2005.

The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers, sub-brokers and depository participants) to verify identity of clients, maintain records and furnish information on suspicious transactions to the Financial Intelligence Unit (FIU) - INDIA

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.

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.

POLICY OF WAY2WEALTH BROKERS PRIVATE LIMITED

WBPL & WCPL has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall make a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002.

OBJECTIVE OF THESE GUIDELINES

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

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

2. CUSTOMER ACCEPTANCE POLICY

ROLE OF CENTRAL PROCESSING CELL (CPC) / RELATIONSHIP MANAGER

- In-person verification – each client should be met in person. Either the client should visit the office/branch or concerned official may visit the client at his residence / office address to get the necessary documents filled in and signed
- Obtain complete information from the client. It should be ensured that the initial forms taken by the clients are filled in completely. All photocopies submitted by the client are checked against original documents without any exception. Ensure that the 'Know Your Client' policy is followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) / Forward Market Commission / Exchanges / Depository are obtained and verified.
- Scrutinize the forms and details submitted by the client thoroughly and cross check the details with various documents obtained like identity of the client, source of income. If required, ask for any additional details like income tax returns, salary slips, etc. to satisfy yourself whenever there is a doubt.
- As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. [Please put "verified with original" stamp as proof of verification]
- Ensure that no account is being opened in a fictitious / benami name or on an anonymous basis by calling the client on phone at the given phone number, verifying by visiting personally, if considered necessary, at the address given in KYC and other details.

- Check whether the client's identify 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 enforcement/regulatory agency worldwide.
- Accounts should be opened only on receipt of mandatory information along with authentic supporting documents as per the guidelines. Any reluctance by the client to provide information should be a sufficient reason to reject the client.
- Check if client is having multiple accounts.
- For scrutiny / background check of the clients / HNI, websites such as www.watchoutinvestors.com should be referred. Also, Prosecution Database / List of Vanishing Companies available on www.sebi.gov.in RBI Defaulters Database available on www.cibil.com and United Nations Security Council resolution [UNSCR] and <http://www.fatf-gafi.org/> should be checked.
- Keep watch on the well-come kits or other documents / letters received back undelivered at the address given by the client. Branch Manager should be alerted, client be contacted immediately on telephone and the trading, if suspected, should be suspended
- Client authentication process through a voice recording process
- Authenticity and credibility of Mass affluent clients should be verified by conducting onsite visit.
- Employee of WBPL / WCPL should not preferably sign as witness on the Client Registration Form.
- If Employee of WBPL / WCPL introduces the client, exact relation of the client with such employee should be documented.
- CPC not to open account if unable to verify the identity of the clients based on the documents provided. Such cases be reported immediately to Mr. Raghavendra B, Compliance Officer
- Review the above details on an going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- Verify the accuracy of the identity of the costumer from the Annex 1.

ROLE OF RELATIONSHIP MANAGER / DEALER / CORPORATE SETTLEMENT / ACCOUNTS TEAM

- Ensure that there is no cash / currency receipt/payment to the client.
- Ensure that there are no third party receipt into / payment from the client account.
- Ensure that there are no unusual activities by the Client. Few of such unusual activities are:
 - Buying and selling of securities that does not make economic sense
 - Transaction indicative of insider trading and / or market manipulation, for eg. Timely trading, trading outside normal patterns and the use of leverage or margin to increase purchasing power
 - Frequent redemptions
- Guard against “wilful blindness” and “tipping off” offence
 - (a) Wilful blindness happens when the staff is very interested in the client’s business and cons himself/herself into believing any superficial response to questions by the Client
 - (b) The tipping off offence happens when the staff tips off the client to an existing / a possible internal investigation on the clients account. This can potentially also be committed by sharing details of our due diligence process/ documents
- Flag for scrutiny / re-profiling should be raised if there is a change in client’s sources of wealth/funds or the ability to accumulate assets or any other significant changes in the client’s background or financial standing. Also, if the client engages in transactions which are inconsistent with their risk tolerance levels
- Ensure that any information relating Money Laundering gathered during formal or informal conversation with clients is passed on to the Principal Officer through your Branch/Department Head

3. Record Keeping:

For the purpose of the record keeping provision, we should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PLM act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars. Records to be maintained should be sufficient to permit reconstruction of individual transactions (including the amounts and type of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour. Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing financial profile of the

suspect's account. To enable this reconstruction, Way2Wealth would retain the following information for the accounts of their customers 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 for selected transactions.
- c. The origin of the funds;
- d. The form in which the funds were offered or withdrawn, e.g. cash, cheques, etc;
- e. The identity of the person undertaking the transaction;
- f. The destination of the funds;
- g. The form of instruction and authority. Organization should ensure that all client and transaction records and information are made available on a timely basis to the competent investigating authorities.

Points to be noted:

- All the records is maintained for a minimum of ten years from the date of cessation of the transactions
- Strict procedures both to ensure that only relevant information is shared and to protect the security and confidentiality of this information, including segregating it from the firm's other books and records
- All the records and registers are maintained in accordance with the SEBI Act, 1992 and various Regulations applicable to different business divisions
- One senior officer under the guidance of Designated Officer will oversee the activities related to record maintenance
- Account opening forms are properly filed – location wise and date wise
- All the files are kept in the safe storage for the purpose of easy retrieval
- Designated Officer reports the status of record maintenance on a weekly basis
- No records is given to any third party without the approval of Principal Officer or AML Compliance Officer

CLIENTS OF SPECIAL CATEGORY (CSC)

- CSC Clients include the
 - Non-resident clients (NRI),
 - High Net worth clients (HNI) holding value of shares above one crore.
 - Trust, Charities, NGOs and organizations receiving donations.,
 - Companies having close family shareholdings or Beneficial Ownership,
 - Politically Exposed Persons (PEP) of Foreign Origin, 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);
 - 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, Clients with dubious reputation as per public information available etc.;
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The parameters of clients into Clients of Special Category (as given below) may be classified as higher risk and higher degree of due diligence and regular update of KYC profile should be performed.

Category – A : Low Risk - Clients are those pose low or nil risk.

Category – B : Medium Risk - clients are those who are intra-day clients or speculative clients

Category – C : High Risk- clients are those who have defaulted in the past, have suspicious background, do not have any financial status, etc.

CLIENT DUE DILIGENCE MEASURES

- Clients be sub-divided in to High, Medium and Low –risk categories. High Risk accounts should be scrutinized regularly.
- For corporate clients, revised annual data (Financial / Shareholding) should be collected periodically at end of each financial year.
- Credit worthiness should be verified in-house through independent supporting documents.

AUDIT TRAIL

To enable any competent investigating authorities to trace through the chain of events, the following information for the accounts of customers is required to be maintained:

- The beneficial owner of the account;
- Inflow/outflow of funds routed through the account / and for the selected transactions:

- The origin of the funds
- The form in which the funds were offered or withdrawn, e.g. cash, cheques, bank drafts / pay order etc.
- The identity of the person undertaking the transaction
- The destination of the funds
- The form of instruction and authority
- The identity of official who made in-person verification
- The identity of official who verified copies documents obtained from client with originals

4. ROLE OF RISK MANAGEMENT TEAM

RMS gives exposure to clients based on margin available in the system and clean exposure to selected clients based on the recommendations of Business Managers. It is the duty of RMS to validate such exposures with the financial details provided by the client in KYC form. 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.

MONITORING OF TRANSACTIONS

- Scrutinize unusually large transactions like, clients having traded in scrips/shares of a company for a quantity of 20,000 or more in a single day and volume in that scrip of that client is 5% or more of the total volume in that scrip at the Exchange.
- Check trade log for indication of negotiated trades (if any).
- Check for any relation of the client with the company / directors / promoters.
- Check previous trading pattern of the client in that particular scrip.
- Scrutinize bulk deal transactions by sample check. A 'bulk' deal constitutes transaction in a scrip (on a Exchange) where total quantity of shares bought/sold is more than 0.5% of the number of equity shares of the company listed on the Exchange
- Select randomly a few clients, pick up some of their high value transactions and scrutinize to check whether they are of suspicious nature or not.
- If there is a substantial increase in turnover in a dormant account then it, should be brought into the notice of the Branch Manager. Review balances and trading in the dormant accounts. Be vigilant on the movement of credit balances from the dormant account.
- Analysis be carried out by RMS to identify clients with huge and regular losses and who are still placing trades/orders. Identify the sources of funds in such cases.

- Suspicious transactions to include 'transactions integrally connected' as well as 'transactions remotely connected or related' including an **attempted transaction**, whether or not made in cash, which to a person acting in good faith.

Dormant Accounts

RMS to keep a close watch on inactive client codes/accounts which are inoperative for a **minimum period of six months**. Inactive codes/accounts, generally, mean codes/accounts which are not used by clients in the preceding six months. All inoperative accounts should be de-activated and any further trading should be possible only through Regional Offices

Any new requests for orders to trade should be accepted from such clients only on receipt of **specific written request** from the client for permission to trade along with completion of all required formalities of KYC, if necessary.

MONITORING OF PROPRIETARY TRANSACTIONS OF ASSOCIATES

- For scrutiny / background check of the Associates (Sub-brokers, Channel Partners, Authorized Persons) websites such as **www.watchoutinvestors.com** should be referred. Also, verify Prosecution Database / List of Vanishing Companies available on **www.sebi.gov.in** /www.RBI.gov.in
- Check for high volume in proprietary account of channel partner / Sub-broker and his/her relations.
- Scrutinize Demat account of channel partner / Sub Broker (if DP account is with WBPL)
- List all off market inward / outward transaction and seek explanations from concerned Channel partner separately
- Check for third party funds (cheques received from bank accounts other than mapped bank accounts and demand drafts / pay orders)

5. DEPOSITORY OPERATIONS

In addition to the abovementioned compliances and measures for opening of a Demat Account of a Client account, monitoring of transactions of the Client

NSDL are sending alerts in the form of the following reports at fortnightly intervals to the WBPL DP:

- Details of debits/credits for market, off-market or Inter Depository Transactions involving 50,000 or more shares in an ISIN, in a single transaction or series of transactions during the fortnight.
- Details of transactions involving 50,000 or more shares in an account, in an ISIN in a single transaction or series of transactions during the fortnight relating to –
 - a) Confirmation of Demat requests.
 - b) Confirmation of Remat requests.
 - c) Credit arising out of corporate actions viz. IPOs, follow-on offers and Rights and
 - d) Confirmation of pledge requests.
- Details of transactions of securities debited or credited in a single transaction or series of transactions during the fortnight, in an account, in an ISIN, which exceed 10 times the average size of the transaction (subject to a minimum of 500 shares). For the purpose of working out average size, the total numbers of securities in all ISIN's debited and/or credited in an account in the past 30 days are considered.

Head of Operations at WBPL & WCPL is required to obtain such reports on fortnightly basis from WBPL DP and ascertain whether these are suspicious in nature.

OFF – MARKET TRANSFER (WBPL DP)

Head of Operations, who also approves off-market transfers in DP, is required to analyze such transfers by validating the value of scrips transferred with the financials of the client, studying pattern of such transfers and report if these appear to be suspicious in nature.

If it is a third party inward / outward transaction, DP id, client target id, client name should be obtained and wherever the transfers are made to an unrelated entity/ individual frequently, it should be analyzed from the angle of suspicious transaction.

6. HIGH STANDARDS IN HIRING POLICIES

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 be checked to ensure that the employees do not have any link with terrorist or other anti-social organizations.
- Not only “Know Your Customer” (KYC) documentations but also “Know Your Employee” documents should be in place.

ROLE OF REGIONAL HEADS / REGIONAL MANAGERS / BRANCH MANAGERS

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

ROLE OF LEGAL CELL:

- KYC forms and other documents drafted for each product 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/statutory/local/state/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.
- Briefings to new employees at induction programs and rounds of small meetings and presentations at branch locations

7. CASH TRANSACTIONS

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of securities or otherwise. All payments shall be received from the clients strictly by “Account Payee” crossed cheques drawn in favour of the respective Company. The same is also required as per SEBI circulars no. SMD/ED/IR/3/23321 dated November 18, 1993 and SEBI/MRD/SE/Cir-33/2003/27/08 dated August 27, 2003 in respect of broking operations.

In case an Account Payee cheque has been received from a bank account other than that captured in records, the same may be accepted after ascertaining that the client is the first

holder of the account after obtaining such other information as may be considered appropriate. Relevant copies of the supporting documents should be sent to HO and details of such accounts should be captured in the Client Master records.

Only in exceptional cases, bank draft/pay-order may be accepted from the client provided identity of remitter/purchaser written on the draft/pay-order matches with that of client else obtain a certificate from the issuing bank to verify the same.

All cash transactions, if any are required to be reported on monthly basis to Mr. Raghavendra B, AVP – Compliance by each branch/ Channel Partner / Sub-broker by 5th of the following month.

8. 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 -

- 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

REASONS FOR SUSPICION

➤ Identity of Client

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

➤ **Suspicious Background**

- Suspicious background or links with criminals

➤ **Multiple Accounts**

- Large number of accounts having a common parameters such as common partners / directors / promoters / address/ email address / telephone numbers introducer or authorized signatory
- Unexplained transfers between such multiple accounts.

➤ **Activity In 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
- Substantial increases in business without apparent cause
- Account used for circular trading

➤ **Nature of Transactions :whether attempted or executed**

- Unusual or unjustified complexity
- No economic rationale or / non bona fied purpose
- Source of funds are doubtful
- Appears to be case of insider trading
- Purchases made on own account transferred to a third party through an off market transactions through DP account
- Transactions reflect likely market manipulations
- Placing orders at price not commensurate with underlying price of scrip on exchanges
- Usual trading / placing of orders not commensurate with price of scrip, in case of re-listing of suspended securities / new issues/ corporate actions, etc
- Suspicious off market transactions
- Transfer of investment proceeds to apparently unrelated third parties
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash

➤ **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

9. WHAT TO REPORT

- The nature of the transaction
- 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.

10. WHEN TO REPORT

In terms of the PMLA rules, brokers and sub-brokers are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) 6th Floor, Hotel Samrat Kautilya Marg, Chanakypuri New Delhi -110021as per the schedule given below:

Report	Description	Due Date
CTR	All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency 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	15th day of the succeeding month
CCR	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*	Not later than seven working days from the date of occurrence of such transaction*
STR	All suspicious transactions whether or not made in cash	Not later than seven working days on being satisfied that the transaction is suspicious*

* Modified by Notification No 4/2007 dated 24.05.07

In view of the same, Branches/Departments/Sub-brokers / Channel Partners are requested to report the Cash transactions, on monthly basis, to the Compliance Officer by the 5th day of the following month and also suspicious transactions to the Compliance Officer within 3 working days of establishment of such transaction to enable the Compliance Officer to co-ordinate with the Principal Officer to report the same to the Director, Financial Intelligence Unit-India (FIU-IND) within the stipulated time.

However, it should be ensured that there is continuity in dealing with the client as normal until told otherwise and the client should 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

11. Hiring Education & Training

The success of implementation of the policy is highly depended on the employees and their job profile which have linked directly or indirectly to money laundering activities. Hiring is done according to the SEBI PMLA guidelines & other applicable laws after doing internal due diligence & identification process. Way2Wealth has decided to develop an ongoing employee training under the leadership of the AML Compliance Officer and senior management.

The training includes:

- a) how to identify red flags and signs of money laundering that arise during the course of the employees' duties;
- b) what to do once the risk is identified
- c) what employees' roles are in the firm's compliance efforts and how to perform them

In this regard, Way2Wealth undertakes:

- 1. Distribution of educational pamphlets
- 2. videos
- 3. intranet systems
- 4. in-person lectures
- 5. Explanatory memos.

Others:

- 1. Way2Wealth will maintain records to show the persons trained, the dates of training, and the subject matter of their training.
- 2. Way2Wealth will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training.
- 3. Our written procedures will be updated to reflect any such changes.
- 4. All the transactions of employees are monitored and actions are taken, wherever necessary.

Employees will report any violations of the firm's AML compliance program to the AML Compliance Officer, unless the violations implicate the Compliance Officer, in which case the employee shall report to Such reports will be confidential, and the employee will suffer no retaliation for making them.

Investor Education:

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

Way2Wealth takes initiatives to educate clients / investors about the importance & impact of Anti Money Laundering Guidelines. Initiatives may include "sending informative notes, important Circulars, Pamphlets etc.to clients", "displaying PMLA policy/notes on Way2Wealth website" etc. "

12. Reliance on Third Party for CDD

Way2Wealth would rely on the data uploaded on the portals of CVL, NDML, DOTEX, KARVY and other KYC Registration Agencies for the purpose of: (a) identification and verification of the identity of a client (b) determination of whether the client is acting on behalf of a beneficial owner, (c) identification of the beneficial owner and verification of the identity of the beneficial owner. However, Way2Wealth would not completely rely on the KRAs for the client due diligence and the KYC department would seek fresh and additional documents in cases wherever it finds any suspicion or in cases where there is a noticeable change in the KYC details provided by the client at the time of registration.

13. List of Designated Individuals/ Entities:

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>. Way2Wealth would ensure that accounts are not opened in the name of anyone whose name appears in said list. We shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

14. Guidelines on Identification of Beneficial Ownership

A. For clients other than individuals or trusts:

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

a. The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

b. In cases where there exists doubt under clause 4 (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.

c. Where no natural person is identified under clauses 4 (a) or 4 (b) above, the identity of the relevant natural person who holds the position of senior managing official.

B. For client which is a trust:

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

C. Exemption in case of listed companies:

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

D. Applicability for foreign investors:

Clients under the categories - Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular

CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.

REPORTING OF SUSPICIOUS TRANSACTIONS TO FIU-IND THROUGH COMPLIANCE DEPARTMENT

All Branch Heads/ Department Heads/ Sub-brokers / Channel Partners are required to report suspicious transactions to the Compliance Officer through Head – Operations

- The Compliance department to compile all suspicious transactions
- The Principle Officer to report all such transactions to FIU-IND

15. OTHER IMPORTANT POINTS

- Reasons for treating any transaction or a series of transactions as suspicious should be recorded. It should be ensured that there is no undue delay in arriving at such a conclusion.
- Utmost confidentiality should be maintained in submitting the information.
- The reports may be transmitted by email/speed/registered post/fax at the Head Office addressed to the Principal Officer.
- No restriction may be put on operations in the accounts where a Suspicious Transaction Report has been made.
- It should be ensured that there is no tipping off to the client at any level.
- To freeze the funds, financial assets of the constituent up on the instructions from relevant authorities to do so.

16. FORMULATE/REVIEW/TRAINING ON THE INTERNAL POLICY AND PROCEDURE TO ALL STAFF/SUB-BROKERS

- This internal policy and procedure on “The Prevention of Money Laundering Act, 2002” should be brought to the notice of all employees by HRD through the Company’s intranet.
- All sub-brokers, associates and Channel Partners shall be intimated by the Franchisee Service Team and Supervising Regional Hub/Satellite Hub/Branch and

- updated on the applicable provisions of “The Prevention of Money Laundering Act, 2002” and the reporting mechanism by way of a circular.
- HRD shall formulate program for Staff Training and implementing specific procedures for customer identification and retaining internal records of transactions.
 - The Internal Policy should be placed before the AC and if any changes in the policy are warranted, the revised policy should be placed before the AC for review and approval. The policy will be reviewed yearly basis.

17. Designated Director

Pursuant to Prevention of Money Laundering Act 2002, we have appointed “**Designated Director**” who be responsible under said act.

Mr. B G Srinath

Designated Director

No 14, Frontline Grandeur,

Walton Road

Bangalore - 560 001

Email: compliance@way2wealth.com

17. PRINCIPAL OFFICER

In case any further information /clarification is required in this regard, the ‘Principal Officer’ may be contacted.

Raghavendra B

Principal Officer

No 14,Frontline Grandeur,

Walton Road

Bangalore - 560 001

Email: compliance@way2wealth.com

Annex-I
Customer Identification Procedure
Features to be verified and documents that may be obtained from customers

Features	Documents
Accounts of individuals - Legal name and any other names used - Correct permanent address	(i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the bank's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of bank (i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of the bank) (any one document which provides customer information to the satisfaction of the bank will suffice)
Accounts of companies - Name of the company - Principal place of business - Mailing address of the company - Telephone/Fax Number	(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter (v) Copy of the telephone bill
Accounts of partnership firms - Legal name - Address - Names of all partners and their addresses - Telephone numbers of the firm and partners	(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners

<p>Accounts of trusts & foundations</p> <ul style="list-style-type: none"> - Names of trustees, settlers, beneficiaries and signatories - Names and addresses of the founder, the managers/directors and the beneficiaries - Telephone/fax numbers 	<ul style="list-style-type: none"> (i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/directors and their addresses (iv) Resolution of the managing body of the foundation/association (v) Telephone bill
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