

**Pragya Equities Pvt. Ltd.**

CIN No.: U51420MH1995PTC085262

Regd. Off.: 504 Kailash Plaza, 5th Floor,

Vallabh Baug Lane, Ghatkopar (E), Mumbai - 400 075.

T. 91.22.2501 7901 / 02 / 03

F. 91.22.2501 7904

E. [pragyaequities@gmail.com](mailto:pragyaequities@gmail.com)



Pragya Equities

**POLICY FOR PREVENTION OF MONEY LAUNDERING (PMLA POLICY)**  
(As envisaged under the Prevention of Money Laundering Act, 2002)  
(As reviewed and revised on 31.10.2020)

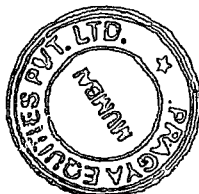
**Preface:**

This document shall be considered as official guidelines, policies and procedures to be followed PRAGYA EQUITIES PVT. LTD, Member of National Stock Exchange of India Ltd. (NSE), BSE Ltd. (BSE). This shall be applicable to any such business activities existing or to be undertaken in future by PRAGYA EQUITIES PVT LTD whether existing or to be formed in future and which are covered under the provisions of Prevention of Money Laundering Act, 2002 prevailing from time to time.

The objective of this document is to effectively implement the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and all the Rules and Regulations made there under, with a view to discharge its obligations under the said Act, Rules and Regulations. This document may be amended from time to time in line with the future amendments under the said Act, Rules and Regulations. Rules under PMLA Act were notified and came into effect from 1<sup>st</sup> July 2005 are being amended from time to time.

**Manner of usage:**

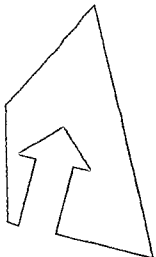
This document shall be used as guidelines and reference by the key personnel in charge of the activities namely client identification and introduction, surveillance, record keeping and the personnel in charge of executing and authorizing the day to day transactions apart from the business associates such as Authorised Persons, etc. who are involved in the activities as mentioned above. The Principal Officer (PO) shall provide the copy of this document to all such existing as well as new key Personnel and Business Associates from time to time and explain the contents in the context of PMLA and their responsibilities in this regard.



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SEBI Registration No.: INZ000236538 GST No : 27AAACP3249H1ZG

MEMBER: NATIONAL STOCK EXCHANGE OF INDIA LTD. - CLG NO. 12202 BOMBAY STOCK EXCHANGE LIMITED - CLG NO. 6154



## Introduction to PMLA:

### **What is Money Laundering?**

Money Laundering defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds. This is done three phases- placement Phase, Layering Phase & Integration Phase.

**Objective:** The objective of PMLA is to discourage and identify any money laundering and terrorist financing activities and curb or block the financing of those illegal and disruptive activities. The PMLA has come into force as result of international efforts to combat the terrorism and allied activities such as drug trafficking and other organized and serious crimes.

**Nodal Agency:** Financial Intelligence Unit – India (FIU-IND), set up by the Government of India 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 strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. FIU-IND is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance Minister. The contact details of FIU-IND are as under:

### Address

Director, FIU-IND

Financial Intelligence Unit - India

6th Floor, Hotel Samrat, Kautilya Marg, Chanakyapuri New Delhi -110021, India

Telephone: 91-11-26874473 (For Queries) FAX:91-11-26874459

Email: [feedbk@fiuindia.gov.in](mailto:feedbk@fiuindia.gov.in) (For feedback), [query@fiuindia.gov.in](mailto:query@fiuindia.gov.in) (For general queries)

PRAGYA EQUITIES PVT LTD has adopted these written procedures to implement the anti- money 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).



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**Applicability:** The provisions of the PMLA are applicable to every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992)

**Obligations under PMLA:** All those entities who are covered under PMLA shall;

- Designate one person as 'Principal Officer' and intimate his name address and contact details to FIU-IND.
- Designate one person as 'Designated Director' and intimate his name address and contact details to FIU-IND.
- Evolve an internal control mechanism to verify and maintain the records of identity of the clients as prescribed in the Rules notified under PMLA.
- Evolve an internal control mechanism to maintain the records, and report to the FIU-IND, all the transactions; the nature and value of which has been prescribed in the Rules notified under PMLA.

**Nature and Value of Transactions:** As per the provisions of PMLA, the nature and value of transactions, which are required to be reported and for which the records are to be maintained in the prescribed format are as under;

- 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 and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency;
- C. All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as demat account, security account maintained by the registered intermediary.

It may, however, be clarified that for the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' should also be considered and In case there is a variance in CDD/AML standards prescribed by SEBI and the regulators of the host country, branches/overseas subsidiaries of intermediaries are required to adopt the more stringent requirements of the two.



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**“suspicious transaction”** means a transaction whether or not made in cash which, to a person acting in good faith –

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

Broad categories of reason for suspicion and examples of suspicious transactions for an intermediary are indicated as under:

#### **Identity of Client**

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Clients in high-risk jurisdictions as per FATF guidelines or client having similarity of names appearing the list maintained by UNSC and other local agencies or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- clients appear not to cooperate

#### **Suspicious Background**

- Suspicious background or links with known criminals

#### **Multiple Accounts**

- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale
- Unexplained transfers between multiple accounts with no rationale

#### **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
- Account used for circular trading

#### **Nature of Transactions**

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



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- Suspicious off market transactions
- Unusually large cash deposits made by an individual or business;
- 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.

**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

**POLICY AND PROCEDURES:**

**Customer Due Diligence (CDD): -**

The CDD measures comprise the following:

A) Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using client identification and verification procedures. The beneficial owner is the natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

B) Verify the client's identity using reliable, independent source documents, data or information.

C) Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted –

I. 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:

aa) 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.

bb) In cases where there exists doubt under clause (aa) 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.

cc) Where no natural person is identified under clauses (aa) or (bb) above, the identity of the relevant natural person who holds the position of senior managing official.

II. 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.

III. 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.

IV. Applicability for foreign investors: Intermediaries dealing with foreign investors' may be guided by the clarifications issued vide SEBI circulars CIR/MIRSD/11/2012 dated September 5, 2012 and CIR/ MIRSD/ 07/ 2013 dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

V. The Stock Exchanges and Depositories shall monitor the compliance of the aforementioned provision on identification of beneficial ownership through half yearly internal audits. In case of mutual funds, compliance of the same shall be monitored by the Boards of the Asset Management Companies and the Trustees and in case of other intermediaries, by their Board of Directors.

D) Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (C).

E) Understand the ownership and control structure of the client.

F) Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to



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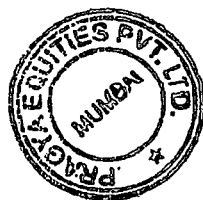
ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and

G) Periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

**Policy for acceptance of clients:**

Identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. Customer due diligence to be on a risk sensitive basis depending on the type of customer business relationship or transaction. In this regard, the following safeguards are to be followed while accepting the clients:

- No account is opened in a fictitious / benami name or on an anonymous basis.
- Risk perception of the client to be judged by taking into account 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. Taking into account these factors, the clients shall be classified into low, medium and high risk category. The clients of special category as defined by the relevant authorities may be classified as high risk or even higher, if necessary, and higher degree of due diligence and regular update of KYC profile may be carried out for such clients.
- As a part of Risk Based Approach, apart from the normal documentation, some additional documentation and other information are to be collected in respect of different classes or category of clients depending on perceived risk and having regard to the requirement to the PMLA Rules, directives and circular issued by SEBI and other the relevant authorities from time to time.
- No account shall be opened where we are unable to apply appropriate clients due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided is suspected to be non genuine, non co-operation of the client in providing full and complete information. Any such event may be evaluated as possible case for submission of suspicious transaction report to the relevant authorities.
- In case of client being artificial judicial person or client operating under POA, the validity and authority of the person operating account, the manner of operation and limitation of authority, if any is to be verified with the relevant documents of authority.
- Where ever necessary, the name of client and the connected persons shall be scanned with the available data of the persons having known criminal background or banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide. The CDD process shall be reviewed and revisited when there are suspicions of money laundering or financing of terrorism (ML/FT)



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**Risk Assessment:**

- I. Risk assessment shall be carried out to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions (these can be accessed at [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml) and <http://www.un.org/sc/committees/1988/list.shtml>).
- II. The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required. Low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk

**Clients of special category (CSC):**

Such clients may include the following category;

- Non resident clients
- High net worth clients,
- 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 offerings
- Clients in high risk countries .While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, apart from being guided by the Financial Action task Force (FATF) statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website ([www.fatf-gafi.org](http://www.fatf-gafi.org)) from time to time, other publicly available information along with any other information which is accessible shall be independently accessed and considered. However, the genuine client from such high-risk countries shall not be precluded from entering into legitimate transactions merely on the ground of their location.
- Non face to face clients
- Clients with dubious reputation as per public information available etc.



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**Client identification procedure:**

A suitable Client Identification Policy and Programme shall be formulated and updated from time to time which shall be commensurate to the size and nature of the business being carried out by the company to enable itself to discharge its obligation under the PMLA and/or any other relevant rules and regulations. There shall be no minimum threshold or exemptions in CDD measures.

**Reliance on Third Party for Carrying out Client Due Diligence:**

We may rely on third party for carrying out Client Due Diligence 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 third party 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. However, the ultimately responsibility for CDD and undertaking enhanced due diligence measures, as applicable shall rest with us.

**Record Keeping**

Records of all the documents relating to client identification as well as transactions shall be maintain in the manner as prescribed from time to time in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

The records shall be maintained in a manner which is sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

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, the following information for the accounts of the customers shall be maintained in order to build a satisfactory audit trail:

- the beneficial owner of the account;
- the volume of the funds flowing through the account; and
- for selected transactions:
  - the origin of the funds;
  - the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;
  - the identity of the person undertaking the transaction;
  - the destination of the funds;



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- the form of instruction and authority.  
It shall be ensured that all customer and transaction records and information are available on a timely basis to the competent investigating authorities. Where appropriate, certain records, e.g. customer identification, account files, and business correspondence etc. may be retained for periods which may exceed that required under the SEBI Act, Rules and Regulations framed there-under PMLA 2002, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

More specifically, a system shall be put in place to for maintaining proper record of transactions prescribed under Rule 3, notified under the Prevention of Money Laundering Act (PMLA), 2002 as mentioned below:

- all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- 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;
- all suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

#### **Information to be maintained**

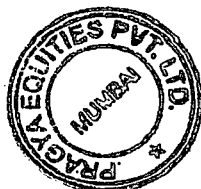
The following information shall be maintained and preserved in respect of transactions referred to in Rule 3 of PMLA Rules:

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

#### **Retention of Records**

An appropriate step shall be taken to evolve an internal mechanism for proper maintenance and preservation of records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. The Records have to be maintained and preserved for a period of five years from the date of transactions between the client and intermediary. Further, Records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later. The following document retention shall be observed:

- All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period prescribed under the relevant Act



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(PMLA, 2002 as well SEBI Act, 1992) and other legislations, Regulations or exchange bye-laws or circulars.

- Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence should also be kept for the same period.

In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed.

Maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, for a period of five years from the date of the transaction between the client and the intermediary.

#### **Monitoring of transactions**

Regular monitoring of transactions is vital for ensuring effectiveness of the Anti Money Laundering procedures. A system shall be devised to filter out abnormal, complex, unusually large transactions / patterns which appear to have no economic purpose.

The system shall be set in a manner which generate alerts for deviations from normal activity of the client and special attention is to be given to the transactions which exceeds various threshold limits as set from time to time for various type of transactions.

Further the compliance department shall 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.

#### **Suspicious Transaction Monitoring & Reporting**

A system shall be established to take appropriate steps to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions.

While determining suspicious transactions, guidance is to be taken from definition of suspicious transaction contained in PML Rules as amended from time to time.

A list of circumstances which may be in the nature of suspicious transactions is given in the beginning of this document. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

Any suspicion transaction should be immediately notified to the Money Laundering Control Officer or any other designated officer in this regard. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature/reason of suspicion. However, it should be ensured that



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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 may be taken. It is likely that in some cases transactions are abandoned/aborted by customers on being asked to give some details or to provide documents. It is clarified that report all such attempted transactions in STRs, even if not completed by customers should be submitted, irrespective of the amount of the transaction.

**Procedure for freezing of funds, financial assets or economic resources or related services under section 51A of Unlawful Activities (Prevention) Act. 1967.(UAPA)**

Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the designated individuals or entities 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 such individuals or entities or persons. Certain obligations are casted on us as financial market intermediary to ensure the effective and expeditious implementation of any such Orders issued under the said Act as per the procedures prescribed in the SEBI Circular ref. no: ISD/AML/CIR-2/2009 dated October 23, 2009. The Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA. The said order was modified vide the order dated March 14, 2019 and responsibility to implement the said Sec.51A of UAPA is assigned to Counter Terrorism and Counter Radicalization (CTCR) Division under Ministry of Home Affairs and Nodal Officers are appointed at various level of Regulators, State and Central Government. The procedures of communications to/from and orders of all such authorities in this regard shall be implemented and followed in within the prescribed time schedules by the Principle Officer.

**Reporting to Financial Intelligence Unit-India**

In terms of the PMLA rules, the information relating to cash and suspicious transactions shall be reported to The Director, Financial Intelligence Unit-India (FIU-IND) at FIU-IND,

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

- The reporting shall be done in a manner, format within the time as prescribed by the relevant authority from time to time.
- The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at conclusion as to the reportable transactions and its reporting.



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- The Cash Transaction Report (CTR) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- 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 will be responsible for timely submission of CTR and STR to FIU-IND;
- Utmost confidentiality shall be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- No nil reporting needs to be made to FIU-IND in case there are no eligible cash/suspicious transactions.
- No restrictions shall be placed on operations in the accounts where an STR has been made.
- All the directors, officers and employees (permanent and temporary) are prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIUIND.

**Designation of an officer for reporting of suspicious transactions:**

**Appointment of a Principal Officer**

A senior office of the company having sufficient knowledge and experience shall be designated as 'Principal Officer' from time to time to effectively discharge the obligation of the company under PMLA.

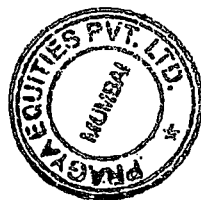
The Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions. Names, designation and addresses (including e-mail addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, the 'Principal Officer' shall be of a sufficiently higher position and it shall be ensured that he is able to discharge his functions with independence and authority.

**Role of the Principal Officer:**

It shall be the responsibility of Principal Officer to ensure that the organization's obligation under the PMLA are discharged in effective and timely manner.

The Principal Officer shall;

- Provide the copy of this documents, explain its content and educate the key personnel heading the departments namely;
  - Client Introduction, Identification and Account opening dept.
  - Accounts Dept.
  - Clearing & Settlement Dept.
  - Surveillance & Risk Management Dept.
  - In charge officer of Authorized Persons Office.



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- Provide the copy of this document to Authorized Person, explain its contents and educate them about their responsibilities under PMLA and advised to register name of their P.O. under intimation to us.
- Maintain the record of AP's contact person who is designated to monitor the requirements under PMLA at the respective business locations.
- Evolve the mechanism to get the details of transactions required to be reported under PMLA and ensure the timely reporting and maintain the records of such transactions.

#### **Appointment of a Designated Director**

One of the Whole Time Director shall be appointed 'Designated Director' in terms of Rule 2 (ba) of the PML Rules who shall be responsible to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules. The details of the Designated Director, such as, name, designation and address shall be communicated to the Office of the Director, FIU-IND.

#### **Hiring of Employees**

As far as possible the key operational positions shall be filled up from existing staff within the organization having at least two years of association. In case of new requirement from outside, recommendation from the common known contact and/or the back ground check from professional service provider shall be obtained.

#### **Employees' Training**

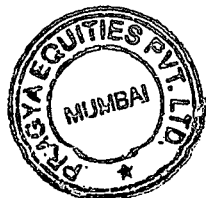
A periodic training session shall be conducted for the front office staff, back office staff, compliance staff, risk management staff and staff dealing with new customers. It shall be ensure that staff at the key operational positions fully understand the rationale behind these guidelines, obligations and requirements of AML and CFT, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

#### **Investors Education**

To sensitize the clients about PMLA requirements and to prepare them to co-operate to provide the additional information wherever required, a literature giving brief introduction and do's and don't shall be prepared and communicated periodically to the clients. Such literature may also be made part of the KYC documents and may be place on the website for the ready reference.

#### **Other Operational Procedure**

- Back office software to give alert and restrict the entry of received cheques and demat deliveries if source details is not matching with the master records.
- Deliveries of demat shares shall be given only to the demat account Id registered in the master records. Payment of funds shall be given only by account payee cross cheques in favour of the account holder.
- Third party payment of funds and delivery shall not be accepted or given.



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- No cash shall be received from or paid to the clients towards the settlement obligation except under the abnormal and special circumstances and with the written permission of any of the director.
- In case of payment being received by way of demand draft, pay order or any other mode where the identity of the account holder effecting the payment is not available, such payment instrument shall be accepted along with the covering letter from the person tendering the payment.
- The personnel in charges of processing day to day transactions in the key departments mentioned in this document shall report the details of those transactions which falls under the category or appears to be of the nature as mentioned above in this document.
- The assignment may be given to the Internal and/or Statutory Auditors to review the appropriateness and adequacy of the internal control policy and procedures in the context of the size and nature of our business.
- The Principal Officer shall periodically visit the website of FIU-IND at [fiuindia.gov.in](http://fiuindia.gov.in) and keep himself updated about the amendments in Rules, Regulations and manner and format of Reporting requirements under PMLA. The Principal officer shall also take the necessary steps to update and amend the policy and procedures in the context of changed Rules and Regulations and in the context of changed business circumstances from time to time.
- The Designated Director (or any senior officer other than the one who has drafted this policy) shall regularly review this policy and procedures to ensure their effectiveness. In general, such review shall be carried out once in a year in the month of April based on the data of previous financial year or at any time during the year if felt necessary to do so.

In case of further information/clarification is required in this regard, the following 'Principal Officer/ Designated Director may be contacted.

**Principal Officer & Designated Director**

Mr. Chetan Cholera,

504, Kailas Plaza, V. B. Lane, Ghatkopar(E), Mumbai-400075.

Phone: 022-25017901, 98212 45262

Email: [chetancholera@pragayaequities.com](mailto:chetancholera@pragayaequities.com)

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