

**PMLA POLICY**  
**Crosseas Capital Services Private Ltd.**  
**Version No:**

**First Made on 22<sup>nd</sup> December, 2008**

**Last Reviewed on 16<sup>th</sup> October, 2023**

**Reviewed by:**

The policy was first made on 22<sup>nd</sup> December, 2008 and has been later reviewed at various occasion.

The latest reviewing is being done covering the circular issued by SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023 to incorporate the amendments made to Master Circular as Guidelines on Anti-Money Laundering (AML) Standards and Combating the Financing of Terrorism (CFT) /Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002 and Rules framed there under Dt. February 03, 2023 vide Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022

The below mentioned policy on PMLA has been approved by the Board of Directors in their meeting and has been adopted by the company (broking house). All the employees are required to follow the same and take due care for its proper implementation and efforts are to be made to make this known to the clients who deal with the company.

**Procedures with respect to implementation of Anti Money Laundering Measures under the Prevention of Money Laundering Act, 2002.**

**1. Objective:**

The objective of these measures is to discourage and identify any money laundering or terrorist financing activities. These measures are intended to place a system for identifying; monitoring and reporting suspected money laundering or terrorist financing transactions to the law enforcement authorities.

**2. Appointment of Principal Officer:**

The company shall appoint a Principal Officer, as required under the Prevention of Money Laundering Act, 2002. The Principal Officer is responsible to discharge the legal obligations to report suspicious transactions to the authorities. The Principal officer will act as a central reference point in facilitating onward reporting of suspicious transactions and assessment of potentially suspicious transactions. In case of any change in the Principal Officer, the information regarding the same would be immediately informed to FIU.

PMLA Policy





**3. Appoint a Designated Director:**

As defined in Rule 2 (ba) of the PML Rules, the company shall appoint a Designated Director who should be responsible for ensuring the compliance with the PMLA requirements;

“**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 the Managing Director or a Whole-time Director duly authorized by the Board of Directors.

**4. Information's to be recorded:**

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

**5. Transactions to Record:**

- 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.
- 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 including, inter-alia, credits or debits into from any non-monetary account such as demat accounts.
- Where the CCSPL does not have records of the identity of its existing clients, it shall obtain the records forthwith, failing which the CCSPL shall close the account of the clients after giving due notice to the client.

Note: For recording all the suspicious transactions “transactions integrally connected”, “transactions remotely connected or related” should also be considered in records.

**6. Records Maintenance:**

- All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period of **05 years** as prescribed in PMLA, 2002 or in any other legislations, regulations, exchange byelaws or circulars. However, with respect to the maintenance of documents under Regulations 54 and 66 of the SEBI (Depositories and Participants) Regulations, 2018, CCSPL is





required to preserve the records and documents for a minimum period of eight years.

- In situation 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 case has been closed.
- The company should record and maintain and preserve the information regarding the transaction as provided in Rule 3 of the PML rules and the information of the same should be maintained for a period of 05 years or until the closure of the trail for the trade.

**7. Procedure and manner of maintaining information:**

- The company shall maintain information in respect of above transactions with its client in hard and soft copies and in accordance with the procedure and the Reserve Bank of India or the Securities and Exchange Board of India may specify manner as, as the case may be, from time to time.
- The company shall maintain such information in form specified above and at such intervals as may be specified by the Reserve Bank of India, or the Securities and Exchange Board of India, as the case may be, from time to time.
- The company to observe the procedure and the manner of maintaining information as specified by the Reserve Bank of India or the Securities and Exchange Board of India, as the case may be.

**8. Monitoring & Reporting of Transactions:**

- The company has a system of monitoring the transactions by the principal officer which are required to reviewed. The principal officer also considers the alerts provided by the exchanges, depository participants & SEBI and the same is reviewed so as to enquire the genuinity of the transaction. Additional alerts through back office system & manual working are made and the details for the same are enquired so as to determine the authenticity of the trade.
- The company should carry out due diligence and scrutiny of transactions to ensure that the transactions being conducted are consistent with the business and risk profile of the client and the information are periodically updated with the data / information of the clients.
- The person responsible for the department shall immediately notify to the principal officers or any other designated officer within the intermediary giving details of the alerts and the nature of suspicious activity. The principal officer would further investigate the transactions and call for further information to assess the genuinity of the transaction. If felt suspicious the principal officer would inform immediately the Financial Intelligence Unit (FIU) giving details of the transaction in the Suspicious Transaction Report (STR).





- The proper documents and supporting for the transaction should be maintained with the intermediary and forward the details as may be called by the regulators.

## 9. Customer Due diligence:

### a. Identification / Verification of clients:

The company has very strong system in place for acceptance of new client. The main measures which company has implemented for acceptance of new client keeping in view the PMLA requirements are as follows:

1. The Application forms for opening an account are issued only when the prospective client provides the valid reference & introducer for his account.
2. All accounts are opened only when the prospective client is present in person before the company official.
3. The company collects the details of location (permanent address, correspondence address and registered office address), occupation details, nature of business activities, financial details etc. before new clients is registered.
4. The company shall collect the various mandatory documents as required by law, including the proof of identity of the client. The company should check the reliability of the document by reviewing / checking the same from independent source
  1. Following documents are to be collected from individual clients:
    - i. Individual Client Registration Form;
    - ii. Member and Client Agreement;
    - iii. Risk Disclosure Document;
    - iv. All other supporting documents for identity and residence of the individual;
    - v. PAN Card copy;
    - vi. Bank Account proof.
  - vii. Photo identity proof of client should be verified against originals. In case of a non-individual client, photo identities of the directors/authorized persons should be verified against originals and taken on record.
  2. If all the documents and form are in order, client should be allotted a Unique Client Code (UCC).
  3. Clients can start transacting only after they have been allotted UCC.
5. The company has a procedure to determine whether existing / potential client are not Politically Exposed Person (PEP) and in case of any person found to be a PEP entity then approval of senior management is necessary and systems to verify the source of funds of clients.





6. The Company shall should proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPs. The additional norms applicable to PEP as contained in paragraph 14 of the Master Circular shall also be applied to the accounts of the family members or close relatives of PEPs.
7. Check that the identity of the clients 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
8. The company has a system in place to ensure that accounts are not opened in the name of anyone whose name appears in the UN or other specified list and the scan of all existing accounts has been carried out and the same is to be regularly reviewed.
9. The company periodically reviews the trading volumes of the clients and their financial strength in terms of annual income, net worth etc.
10. The company also monitors the financial transactions with clients for pay in payout of funds and securities.
11. The company has the policy not to deal in cash with any of the clients, all transactions, receipt or payment, are carried out only through account payee cheque or Electronic Fund Transfer only.
12. The company transacts only in Indian Rupees and no other currencies are being used for trades with clients.
13. All funds are released to the client by account payee cheques and with details of the bank account of the client written on the cheque so as to restrict the client to deposit cheques in only those bank accounts for which details are provided to us.

**b. Policy for acceptance of Customers**

Company has developed customer acceptance policies and procedures which aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. The following safeguards are followed while accepting the customers.

- i. No Trading account is opened in a fictitious / benami name, Suspended / Banned Organization and person.
- ii. Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to Customers' 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. These parameters enable

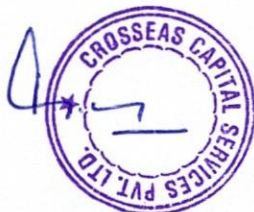




classification of Customers into low, medium and high risk. Customers of special category (as given below) are classified under higher risk. Higher degree of due diligence and regular update of Know Your Clients profile are carried for these Customers.

Clients of special category (CSC) include the following:

- Non-resident clients
- High net-worth clients,
- Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations,
- Companies having close family shareholdings or beneficial ownership
- Politically Exposed Persons (PEP) shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in the subsequent paragraph 14 of the master circular shall also be applied to the accounts of the family members or close relatives / associates of PEPs.
- Companies offering foreign exchange offerings
- Clients in high risk countries where existence / effectiveness of money laundering controls is suspect, where there is unusual banking secrecy, countries active in narcotics production, countries where corruption (as per Transparency International Corruption Perception Index) is highly prevalent, countries against which government sanctions are applied, countries repute any of the following – Havens / sponsors of international terrorism, offshore financial centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high-risk countries where the existence/effectiveness of money laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries 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)), shall also independently access and consider other publicly available information The CCSPL shall specifically apply EDD measures, proportionate to the risks, to business relationships and transactions with natural and legal persons (including financial institutions) form countries for which this is called for by the FATF
- Non face to face clients - means who have opened Account without visiting the office/branch or meeting the officials of CCSPL. video based customer identification process is treated as face-to-face onboarding of clients
- Clients with dubious reputation as per public information available etc.

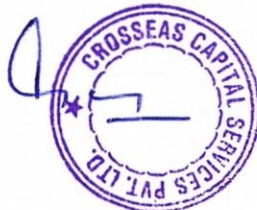




- iii. It should be specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent-client registered with Company).
- iv. 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/ regulatory agency.
- v. In case of non-individual clients the intermediary would call for information regarding the shareholding / ownership of the entity and also the details regarding the persons operating the account so as to identify the persons who are the decision makers and who are the beneficiary of the account.
- vi. We shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process such that the information or data collected under client due diligence is kept up-to-date and relevant, particularly for high risk clients.
- vii. No transaction or account-based relationship shall be undertaken without following the CDD procedure."

**c. Know your Customer information**

- i. Know Your Customer information should be obtained prior to commencing the relationship and should be updated on a regular basis during the course of the business relationship. A risk based approach should be applied depending on the type of customer, nature of the business relationship, product and any other risk factor that may be relevant, as well as any specific local requirements.
- ii. The client should be identified by the Company by using reliable sources including documents/ information. Adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship should be obtained by the Company.
- iii. The information to be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the Company in compliance with the SEBI Guidelines. Each





original document should be seen prior to acceptance of a copy and all copies of the documents should be self certified by the customer.

- iv. The information would be shared within the group and with the regulators as required to the extent permitted as per law.
- d. **Identification / Verification Measures** - Where a potential client has not dealt with the Company in the past and wishes to open a trading account, the procedure is that:
  - i. The client provides the necessary information required, including relevant documents
  - ii. The client account opening form / client registration form is duly completed by the dealer / sales executive / client (for private clients)
  - iii. The client account opening form is approved by Dealing (for institutional Customers)
  - iv. Information on the new client is given to Operations who will only effect settlement if the KYC form duly filled and signed, is in place.
  - v. The client registration form together with the Risk Disclosure Document duly filled and signed.
  - vi. All material amendments or alterations to client data (e.g. financial information or standing instructions) are in writing.

Note: Photo proofs for identification of the client to be verified against originals and taken before opening a trading account with a new individual client. In case of non individual client, photo identities of the directors / authorised persons are to be verified against original and taken on record.

### **Risk Profiling of Customers**

- vii. Customer's acceptance to the potential money laundering risk associated to it. Based on the risk assessment, customers should be grouped into the following three categories viz:
  - 1. Low Risk
  - 2. Medium Risk
  - 3. High Risk
- viii. All customers should be assigned one of these categories.
- ix. The category of risk assigned to an account/customer will determine the applicable Customer Identification Procedures, subsequent monitoring & risk management.
- x. Customers who may pose risk to the Company or to Money Laundering Deterrence Programme and can affect the Company's reputation, should





be treated as high risk and should be subject to enhanced Customer Due Diligence, include, but are not limited to the following: -

Members of the Company must not establish accounts or relationships involving unregulated money service businesses or unregulated businesses involved in aiming / gambling activities.

- Offshore Trusts, Special purpose Vehicles, International Business Companies which are established in locations with strict bank secrecy or confidentiality rules, or other legislation that may impede the application of prudent money laundering controls.
- Private companies or public companies not subject to regulatory disclosure requirements that are constituted in full or in part by bearer shares.
- Customers with complex account relationships - e.g. multiple accounts in one, customers with high value and/ or high frequency transactional behavior.
- No account should be opened in anonymous or fictitious/benami name(s) i.e. to say the anonymous or fictitious / benami customers shall not be accepted.
- No account should be allowed to do further transactions if any judgment has been issued by SEBI or FIU regarding any order against them and thus will Effectively and expeditiously implement the order.
- No account should be opened if appropriate due diligence measures cannot be applied to a customer for want of verification documents on account of non co-operation of the customer or non-reliability of the data/information furnished of the Company.

**e. Reliance on third party for client due diligence**

The Client Due diligence & In - Person verification of the clients will be done by the staff of the Group / Company, however in the future if any support will be taken from third party agency then company will carry various test before passing on the responsibility to the third party as the company understand that the Reliance on the third party will be on their own risk and thus will authorize any third party to do the activity only after through due diligence has been done of that third party agency before appointing any third party agency.

- f. Non Face to Face Businesses** Members of the Company should apply Customer Due Diligence procedures which ensure that the process is equally as effective for non face to face customers as for face to face customers. Financial services and products are now frequently provided to non face to face customers via postal, telephone and electronic facilities including the Internet. Customer identification procedures in these circumstances should include





appropriate measure to mitigate the risks posed by non face to face business. Ongoing due diligence and scrutiny of transactions and trading account should be conducted.

- g. **Correspondent Accounts** The Company is not permitted to open or maintain "payable through accounts", (being correspondent accounts that are used directly to transact business on their own behalf) without the written and ongoing annual approval of the Head of Compliance.

#### **10. Hiring of Employees:**

The company has a sufficient system of screening the employees before their appointment so that they are suitable and competent to perform their duties. The company would also carry out on going employee training programme so that the members are adequately trained in AML and CFT procedures.

#### **11. Training**

All new and existing staff who are involved in customer business must receive suitable and timely induction training and further ongoing training to ensure that they understand the Company's approach to money laundering deterrence to provide them clarity on some points like:

- What money laundering is?
- The Company's requirements under the Policy, Company Policies & Procedures and additional policy and standards issued under the Company's Money Laundering Deterrence Programme, as appropriate.
- Legal or regulatory requirements and the risk of sanctions for themselves, the Company.
- Reporting requirements as prescribed by SEBI.
- The role played by their Principal / Compliance Officer in money laundering deterrence.
- The need to protect the Company's reputation.
- The company should also carryout Investors' Education by preparation of AML and CFT specific literature / pamphlets which would be forming a part of the KYC or will be separately give to the clients for their educate about PMLA.
- Updation on the PMLA requirements after considering the circulars issued by the Financial Action Task Force (FATF), SEBI, Exchanges, DP's, etc as applicable to the broking operations.
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Staff in high-risk areas should receive appropriate training to enable them to understand the money laundering techniques which are likely to be used in their area, and to remind them of their personal responsibilities under the Policy, Company Policies & Procedures other applicable Company Policy and standards and local legal requirements.





Refresher training should be provided as appropriate and should as a minimum remind staff in high-risk areas annually of their responsibilities and alert them to any amendments to the Company's Money Laundering Deterrence Programme or local legal and / or regulatory requirements, as well as any new money laundering techniques being used.

## **12. Reporting to Financial Intelligence Unit-India**

Principal Officer of the Company shall act as a central reference point in facilitating onward reporting of transactions to FIU-IND and for playing an active role in the identification and assessment of potentially suspicious transactions. Principal Officer of the Company shall submit Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) as prescribed under Rule 3, notified under the PMLA to

Director, FIU-IND,  
Financial Intelligence Unit-India,  
6th Floor Jeevan Bharat building,  
Connaught Place,  
New Delhi-110001.INDIA  
Telephone: 91-11-23314429, 23314459 ,91-11-23319793(Helpdesk)  
Email: helpdesk@fiuindia.gov.in (For FINnet and general queries),  
ctrcell@fiuindia.gov.in (For Reporting Entity / Principal Officer Registration related queries)  
compliance@fiuindia.gov.in  
Website: <http://fiuindia.gov.in>

and shall adhere to the following instructions given in SEBI Master Circular no. SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 while reporting

- a. Cash Transaction Reports (CTRs):
  - The CTRs (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month;
- b. Suspicious Transaction Reports (STRs):
  - All suspicious transactions shall be reported by the Principal Officer to Director, FIU-IND within 7 working days of establishment of suspicion at the level of Principal Officer. 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 such a conclusion.
- c. The Principal Officer will be responsible for timely submission of CTRs and STRs to FIU-IND;





- d. Utmost confidentiality should be maintained in filing of CTRs and STRs to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.
- e. No NIL reporting needs to be made to FIU-IND in case there are no cash/suspicious transactions to be reported.

Every control system should be established in the organization to take care that the reporting of suspicious activity should be done to the regulators only and no client should be informed to the suspicious reporting being done about themselves or about anybody else. The Company and its staff are strictly required to ensure that there is no 'tipping-off' to any customers about any suspicious transaction reporting that has been made to the regulators. The organization may use the learning from the suspicious activity to train the staff for controlling any suspicious activity and use the information for investor / clients awareness about the suspicious transactions

**13. Procedure for freezing & unfreezing of funds, financial assets or economic resources or related services of individuals or entities engaged in or suspected to be engaged in terrorism:**

Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA), relating to the prevention of, and coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government had issued an Order dated March 14, 2019 detailing the procedure for the implementation of Section 51A of the UAPA, in view of the reorganization of Divisions in the Ministry of Home Affairs and allocation of work relating to countering of terror financing to the Counter Terrorism and Counter Radicalization (CTCR) Division. 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 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/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, Further SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023 which needs to be complied with scrupulously. Accordingly, in order to ensure compliance with the





Order the company shall follow the following procedure  
In case if any client is found to be guilty under the PMLA provisions then the following procedure to be followed by the Company, will be as under:

1. If the particulars of any of customer/s match the particulars of designated individuals/entities, the Company shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Central [designated ] Nodal officer for UAPA, at Fax No.011-23092551 and also convey over telephone on 011-23092548. The intermediary would also convey the information through e-mail at jsctcr-mha@gov.in.
2. The Company shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and to SEBI and FIU-IND, without delay. The communication shall be sent to SEBI through post and through email (sebi\_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Deputy General Manager, Division of FATF, Market Intermediaries Regulation and Supervision Department, Securities and Exchange Board of India, SEBI Bhavan II, Plot No. C7, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. The consolidated list of UAPA Nodal Officers is available at the website of Government of India, Ministry of Home Affairs
3. The intermediary would inform the UAPA Nodal Officer of Sate/UT so that they may take effective action like informing the State Police and /or the Central Agencies for conducting the verification of the individuals/ entities identified by the registered intermediaries.
4. The Company to provide full support to the appointed agency for conducting of the verification so that the verification gets completed within a period of 5 working days. The Company would not provide any prior notice to the designated individuals/entities.

**Procedure for unfreezing** of funds, financial assets or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person

- i. Any individual or entity, if it has evidence to prove that the freezing of funds, financial assets or economic resources or related services, owned/held by them has been inadvertently frozen, shall move an application giving the requisite evidence, in writing, to the concerned stock exchanges/depositories and UAPA Nodal Officer of Sate/UT.
- ii. The stock exchanges/depositories and registered intermediaries shall inform and forward a copy of the application together with full details of the asset frozen given by any individual or entity informing of the funds, financial assets or economic resources or related services have been frozen inadvertently, to the nodal officer of IS-I Division of MHA as per the contact details given in





paragraph 3.1 of Annexure 1 of Circular SEBI/ HO/ MIRSD/ MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023 within two working days

- iii. The Central [designated] Nodal officer for UAPA, shall cause such verification as may be required on the basis of the evidence furnished by the individual/entity and if he is satisfied, he shall pass an order, within fifteen working days, unfreezing the funds, financial assets or economic resources or related services, owned/held by such applicant under intimation to the concerned stock exchanges, depositories and registered intermediaries
- iv. However, if it is not possible for any reason to pass an order unfreezing the assets within five working days, the Central [designated] Nodal officer shall inform the applicant expeditiously.

#### **14. Identification of Beneficial Ownership:**

For determining Beneficial Ownership, following approach is followed as specified in SEBI master circular no SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 date June 16, 2023. & SEBI/HO/MIRSD/SEC-FATF/P/CIR/2023/0170 dated October 13, 2023

##### **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, CCSPL 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 10 % 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 10% 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*, CCSPL 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 10% 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. CCSPL shall ensure that trustees disclose their status at the time of commencement of an account based relationship

Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, the registered intermediary shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.

**C. Exemption in case of listed companies:**

Where the client or the owner of the controlling interest is an entity listed on a stock exchange in India, or it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions notified by the Central Government, or it is a subsidiary of such listed entities, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities

**D. Applicability for foreign investors:**

Dealing with foreign investors' viz., 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.

**E. For client which is a Non Profit Organisation :**

Every registered intermediary shall register the details of a client, in case of client being a non-profit organisation, on the DARPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the





business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.

**Other Mandatory Checks:**

Before opening an account it must be ensured that the identity of the prospective client does not match with a person having known criminal background and that there are no prohibitory orders / sanctions against the prospective client by any enforcement/ regulatory agency.

Before accepting any person as a client, it must be ensured that such person's name does not appear and is not linked in anyway to the individuals and entities listed in the consolidated list of individuals and entities maintained by Security Council Committee established pursuant to United Nations Security Council Resolution 1267 (1999). The consolidated list can be accessed from the UN website 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>. All existing accounts should be scrutinized to ensure that no account is held by or linked to any of the individuals or entities included in the aforesaid consolidated list. The Company shall intimate full details of accounts bearing resemblance to any of the individuals/entities in the aforesaid consolidated list to SEBI and FIU-IND.

F. Where registered intermediary is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIU-IND

## **15. Applicability of Aadhaar**

**Definitions:**

- "Aadhaar number" means an identification number as defined under sub-section (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;
- "Authentication" means the process as defined under sub-section (c) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;
- "Resident" means an individual as defined under sub-section (v) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;





- "Identity information" means the information as defined in sub-section (n) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016;
- "e - KYC authentication facility" means an authentication facility as defined in Aadhaar (Authentication) Regulations, 2016;
- "Yes/No authentication facility" means an authentication facility as defined in Aadhaar (Authentication) Regulations, 2016;

### **Implementation of Aadhaar**

As per notification given by the MINISTRY OF FINANCE (Department of Revenue) on 1st June, 2017 under Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017, "Aadhaar" has become mandatory and we have a policy to collect Aadhaar number along with supporting documents from all the clients.

The Organization is required to comply with important requirements as mentioned in the notification on two types of clients:

- i. Individual
- ii. Other than Individual i.e. Entities

#### **In case of Individual**

The client shall submit to us the Aadhaar number issued by the Unique Identification Authority of India;

#### **In case of other than Individual i.e. Entities**

Client is a Company/Partnership firm/Trust/ Unincorporated association or body of individuals, shall submit to us certified copies of **Aadhaar Numbers**; Issued to managers, officers or employees in case of company and the person in case of partnership firm/trust/unincorporated association or a body of individuals holding an attorney to transact on behalf of the client entity.

At the time of receipt of the Aadhaar number under provisions of this rule, shall carry out authentication using either e-KYC authentication facility or Yes/No authentication facility provided by Unique Identification Authority of India (UID).





If the client does not submit the Aadhaar number, at the time of commencement of an account based relationship with M/S Crosseas Capital Services Pvt. Ltd., then they submit the same within a period of six months from the date of the commencement of the account based relationship.

For existing clients already having an account based relationship with reporting entities prior to date of this notification i.e. June 1, 2017, the client shall submit the Aadhaar number by December 31, 2017.

If client fails to submit the Aadhaar number within the aforesaid time limits the said account shall cease to be operational till the time Aadhaar number is submitted by the client.

In case the identity information relating to the Aadhaar number submitted by the client does not have current address of the client, the client shall submit an officially valid document to the M/S Crosseas Capital Services Pvt. Ltd.

*However In view of the Supreme Court judgement dated 26.09.2018 regarding Aadhar Card not being mandatory for registration of clients in the Capital Market, the provision of the above points is not applicable and hence the above point is no longer valid*

#### **16. Monitoring and Review of the Company's AML Policy & Procedures**

- 1) The Company shall undertake regular monitoring of its operations through line management and/or Compliance to check that all businesses are complying with the Company's AML Policy & Procedures as well as local legal and regulatory requirements as prescribed under the PMLA and by SEBI.
- 2) Operational and functional review work shall be undertaken by Compliance and/or Audit functions, as appropriate. Compliance Officer shall liaise with their relevant Audit function counterpart to arrive at appropriate review programme and responsibility.
- 3) The level and frequency of monitoring and review work shall be undertaken having regard to materiality and risk in relation to the business and customer base.
- 4) The review of the policies and procedures, should be done by a person who is different than the one who has framed such policies and procedures so as to check the effectiveness.





## **17. Obligation To Establish Policies And Procedures**

Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need for financial institutions, , to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates that all registered intermediaries ensure the fulfilment of the aforementioned obligations.

CCSPL shall be required to implement group wide programmes for dealing with ML/TF, which shall be applicable, and appropriate to, all branches and majority owned subsidiaries of the financial group as under:

a. policies and procedures for sharing information required for the purposes of CDD and ML/TF risk management;

b. the provision, at group level compliance, audit, and/or AML/CFT functions, of customer, account, and transaction information from branches and subsidiaries when necessary for AML/CFT purposes. This shall include information and analysis of transactions or activities which appear unusual (if such analysis was done);

similar provisions for receipt of such information by branches and subsidiaries from these group level functions when relevant and appropriate to risk management; and

c. adequate safeguards on the confidentiality and use of information exchanged, including safeguards to prevent tipping-off.

## **18. Further Information**

Any queries or doubts concerning Company AML Policy & Procedures or any local legislation or regulation or Circulars or Guidelines relating to Anti Money Laundering and/or Combating Financing of Terrorism shall be referred to the Principal Officer of the Company.

## **19. Others Points:**

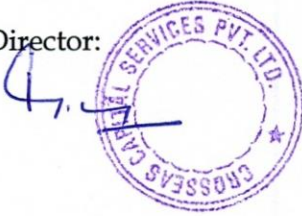
The Policy / documents in relation to CDD will be reviewed once in a year or as per any regulatory changes as an when required and will be presented before the board in the board meeting. The company has made the PMLA policy which is informed to the Investors through the company's website





Any queries or doubts concerning Company AML Policy & Procedures or any local legislation or regulation or Circulars or Guidelines relating to Anti Money Laundering and/or Combating Financing of Terrorism shall be referred to the Principal Officer of the Company.

Director:



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