

Policy regarding the monitoring of transactions and filing of STRs

Last Reviewed on 01st February, 2023

Monitoring of transactions:

- a) As Member, we regularly monitor the transactions to identify any deviation in transactions / activity for ensuring effectiveness of the AML procedures.
- b) As Member, we shall pay special attention to all unusually large transactions / patterns which appears to have no economic purpose.
- c) As Member, we may specify internal threshold limits for each class of client accounts on the basis of various plans and pay special attention to transactions which exceeds these limits.
- d) The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIU-IND/other relevant Authorities, during audit, inspection or as and when required. These records are required to be maintained and preserved for a period of five years from the date of transaction between the client and intermediary as is required under the PMLA.

4.6 Suspicious Transaction Monitoring and Reporting:

As member, we analyze and furnish details of suspicious transactions, whether or not made in cash. Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary. We shall ensure that appropriate steps are taken to enable suspicious transactions to be recognized and have appropriate procedures for reporting. It should be ensured that there is no undue delay in analysis and arriving at a conclusion. While determining suspicious transactions,

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intermediaries shall be guided by the definition of a suspicious transaction contained in PML Rules as amended from time to time. Indicative types of Suspicious Transactions, Abandoned Transactions, TAT for reporting Suspicious Transactions and additional due diligence for transactions from clients from high-risk countries are also given in the FMC / SEBI circular.

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 circumstance of unusual or unjustified complexity; or appears to have no economic rationale or bonafide purpose.

A list of circumstances which may be in the nature of suspicious transactions is given below:

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non-face to face client
- Clients in high-risk jurisdiction
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Receipt back of welcome kit undelivered at the address given by the client
- Suspicious background or links with criminals

Any suspicious transaction shall be immediately notified to our designated officer within the intermediary. 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 shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer/ Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that we shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction

Clients of high-risk countries, including countries where existence and effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, as 'CSC'. We as member, are directed that such clients shall also be subject to appropriate counter measures. These measures may include a further enhanced scrutiny of transactions, enhanced relevant reporting mechanisms or systematic reporting of financial transactions, and applying enhanced due diligence while expanding business relationships with the identified country or persons in that country etc



Reporting to Financial Intelligence Unit-India:

- In terms of the PML Rules, we, as member, are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:
- Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021.
Website: <http://fiuindia.gov.in>
- a. **Cash Transaction Reports (CTRs):** All cash transactions identified as per clause 7(iii) of this policy should be reported to the FIU-IND in Cash Transaction Reports.
- The CTRs (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month;
 - The Company shall submit the CTRs in electronic format;
 - The CD should be accompanied by Summary of Cash Transaction Reports in physical form duly signed by the Principal Officer.
- 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.
 - The Principal Officer shall submit the STRs in electronic format;
- 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.

