



PMLA POLICY FOR AMOL GROUP OF COMPANIES

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Member:

AMOL CAPITAL MARKETS PVT.LTD.-Bombay Stock Exchange Ltd. (BSE),

AMOL FINANCIAL SERVICES PVT. LTD. - National Stock Exchange (NSE);

***KOMAC INVESTMENT & FINANCE PVT. LTD.-Multi Commodity Exchange
(MCX)***

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The Prevention Of Money - Laundering Act, 2002 came into effect on 1 July 2005. Section 3 of the Act makes the offense of money-laundering cover those persons or entities who directly or indirectly attempt to indulge or knowingly assist or knowingly are party or are actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property, such person or entity shall be guilty of offense of money-laundering.

Section 4 of the Act prescribes punishment for money-laundering with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine which may extend to five lakhs rupees and for the offences mentioned [elsewhere] the punishment shall be up to ten years.

Section 12 (1) prescribes the obligations on banks, financial institutions and intermediaries (a) to maintain records detailing the nature and value of transactions which may be prescribed, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month; (b) to furnish information of transactions referred to in clause (a) to the Director within such time as may be prescribed and t records of the identity of all its clients. Section 12 (2) prescribes that the records referred to in sub-section (1) as mentioned above, must be maintained for ten years after the transactions finished.

COMPLIANCE OF PREVENTION AND MONEY LAUNDERING ACT (PMLA)

Overview

This Policy describes the documents to be submitted by the client and maintaining of the records by the Organisation. Further it also describes the monitoring process of the Principal Officer in case of any suspicion.

Scope

This policy applies to all the employees of the Organisation including temporary employees, employees on contract etc.

OBJECT OF THE ACT AND RULES FRAMED

The act and rules framed there under has been implemented pursuant to followings:

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1. Political declaration and global programme of action as annexed to resolution S-17/2 which was adopted by the General Assembly of the United Nations at its seventeenth special session held on the twenty-third day of February, 1990.
2. Political declaration adopted by the special session of the United Nations General Assembly held on September 8th to 10th June, 1998 calling upon Member States to adopt national money-laundering legislation and programme.

Obligations of Intermediaries

Chapter IV Section 12 of The Prevention of Money Laundering Act, 2002 requires every banking company, financial institution and intermediary to:

- a. Maintain a record of all transactions as per the prescribed nature and value and such transactions may comprise of, a single transaction, or a series of interconnected transactions that have taken place within a span of a month.
- b. Furnish information of such transaction to the director within such prescribed time.
- c. To verify and maintain records of the identity of all its clients as prescribed
- d. To furnish such information to the director where the principal officer has reason to believe that a single transaction or a series of related transactions have been valued below the prescribed value so as to avoid the provisions of this section.

COMPANY GUIDELINES FOR ANTI MONEY LAUNDERING

RECORD TO BE MAINTAINED IN RESPECT OF CLIENTS VIZ DOMESTIC OR NRI/PIO/COMPANIES/FIRMS

- Cash transactions of the value more than Rs. 10 lakhs or its equivalent in foreign currency
 - All series of cash transaction integrally connected to each other which are below 10 lakhs or its equivalent in foreign currency in one month
- Policies and procedures
- Policy of acceptance of clients
 - Procedure for identifying the clients
 - Suspicious transaction reporting and customer due diligence.

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➤ Policy and procedure of identifying /acceptance of clients

1. The clients such as individuals, HUF's, Firms (registered or unregistered), Public Limited Companies, Private Limited Companies, Non Resident Indians, Persons of Indian Origin, Trust and Politically Exposed Person of foreign origin (PEP) get registered as a client after strictly following Know Your Client formalities prescribed by SEBI / Exchanges in this regard. In person verification will be carried out by our employees to verify the Proof of Identity & Proof of Address of client as provided in KYC form.

All attachment with KYC should be duly verified with originals by the respective sub-brokers or the branch head respectively.

2. The highlights of some of the guidelines in this regard are as under:

- The company will not allow benami or fictitious accounts where the client is desirous of keeping his/its identity confidential or secret.

Ensure this client account will not be opened without proper introduction by existing client/sub-broker/branches. Client will have to personally visit to our office/branch office /sub-broker office.

Policy

KYC Document collection

The Back Office Department shall classify the clients from whom the KYC Documents are to be collected. The client shall be classified on the basis of Type of Customer, Nature of the business, Risk asserted by the client etc.

The Back Office Department shall provide the necessary details to the clients regarding registration procedure and submission of relevant documents.

1. In case the requisite documents are not submitted by the prospective client, the department shall follow up with such client through email. The client shall be intimated that the registration shall not be allowed until minimum required documents are submitted.
2. On any default by the client and/ or failure in the submission of the documents the department shall inform the same to the Compliance Officer.

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3. The Back Office Department shall request the client to submit the requisite documents within specified period of time. In case the requested document is not submitted by the client, the Back Office Department shall follow up with the client to submit the documents immediately within the grace period.

4. Documents required to be submitted by different client shall include:

A) Documents needed for verification of an individual:

- a) One certified copy of an officially valid document containing details of his/her permanent address or addresses, current address or addresses; and
- b) One copy of his/her recent photograph; and
- c) All other documents including in respect of the nature of business and financial status of the client as may be required

Officially valid document includes the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's Identity Card issued by the Election Commission of India or any other document as required.

B) Documents needed for verification of Company

- a) Certificate of incorporation;
- b) Memorandum and Articles of Association;
- c) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf; and
- d) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.

5. Back Office Department shall maintain Document Inward Register in which the documents received from the client shall be entered along with the description of the document, date and time. The designated personnel shall update the register on receipt of the document.

6. The designated personnel of the Back Office Department shall verify all the documents submitted by the client to confirm its authenticity. Further such personnel shall ensure that all the documents are attested by the client by signature or thumb impression.

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7. In case the address as specified in the application is different from that specified in the address proof, the Back Office Department shall thoroughly scrutinize the address proof. The designated personnel shall enquire the reason for above with the Customer. If required, the client shall be insisted to provide the proof for address specified in the application form.
8. Back Office Department shall follow a risk based approach towards certification of documents. In case of low risk customers self attested copies shall be considered sufficient. In case of high-risk customers, the identification documents shall be required to be attested by the gazette officers or notarized by the Notary Public.
9. After verification of the documents, it may be noticed that all the documents may not be provided by the client / prospective client or erroneous documents have been provided by the client. In such case the designated personnel shall immediately intimate the same to the Client by email and telephonic communication.
10. In case the requested document is not submitted by the client, the department shall follow up with the client to submit the documents immediately with the grace period. In case the documents are not submitted by the client, the department shall report the same to the Compliance Officer.

Maintenance of Documents and Records

1. All suspicious transactions whether or not made in cash by way of credits or debits into or from any demat account, money transfer from or remittance etc shall be maintained.
2. All records maintained by the Back Office Department shall contain details such as the nature of transactions, amount and date of the transactions, details of the parties to the transactions etc. Such records should maintain in soft copy as well as hard copy.
3. All the records shall be maintained for the period of ten years from the date of cessation of the transaction.

Submission of Reports

1. The Back Office Department shall maintain and submit reports for suspicious transaction reports etc to the prescribed authority. Suspicious transaction report may include false identification documents of the client, unusual activity as compared to the past transactions, sudden activity in the dormant account etc.

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2. Submission of such reports shall be made within the time limit prescribed as follows -
 - Suspicious transaction reports shall be submitted in writing or by fax or electronic mail within three working days from the date of occurrence of the transactions.
 - Notifications issued by SEBI require STR to be reported within 7 working days of establishment of suspicion at the level of Principal Officer.

3. Report shall be submitted in the form specified as follows:

Suspicious Transaction Reports in manual format consists of following forms:

Form	Information	To be submitted by
Suspicious Transaction Report	Details of suspicious transactions, accounts and persons/entities linked to such transactions	Principal officer of the intermediary
Individual Detail Sheet	Identification details of individual	Reporting branch
Legal Person/ Entity Detail Sheet	Identification details of legal person /entity	Reporting branch
Account Detail Sheet	Details of the account, account holder and related persons.	Reporting branch

Monitoring Process

1. Compliance Officer shall ensure continuous monitoring of the transactions of the Customers to identify suspicious transactions. Following transactions / activities may be identified as Suspicious transactions as notified by SEBI
 - Cheque towards the investment is issued by payer other than the account holder and the account holder refuses to give declaration that the source of fund is legitimate.
 - Client is reluctant in providing information.
 - Investor induces towards non filing of returns or forms to regulatory bodies.

- Unusual request is made from the client like not sending account statements.
- Sudden increase \ decrease in the number of transactions by the client.
- Inoperative accounts suddenly become operative.
- There are frequent changes in the address of client.
- Documents sent to the client are returned undelivered frequently.
- Off Market Transactions insist by the client.

2. Such activities shall be informed to Financial Intelligence Unit (FIU) by the Compliance Officer within seven days of such confirmation. Such intimation shall include Client name, Account number, Reason for suspicion etc in the specified format through courier/ post or email.

Inactive Client Account:

Client account will be considered inactive if the client does not trade for a period of one year. The shares/credit ledger balance if any will be transferred to the client within one week of identifying the client as inactive. The client has to make written request for reactivation of their account.

Disciplinary Action

A violation of standards, procedures or guidelines established pursuant to this policy shall be presented to Compliance Officer for appropriate action and could result in disciplinary action, including expulsion, dismissal, and/or legal prosecution

Generation of Alerts will be taken on the basis of daily turnover by clients as under

▪ For Capital Market Segment:-Intra-day Turnover

The clients will be placed under low, medium and high risk category based on their intra-day turnover per day and regularity of Pay-In & Pay-Out of Funds. The client's transaction in a single day for less than 10 lakhs will be placed under the low risk category, more than 10 lakhs and less than 1 crore will be under the medium risk and more than 1 crore transaction on a single day will be high risk category.

▪ For Capital Market Segment: - Delivery base Turnover

The clients will be placed under low, medium and high risk category based on their delivery turnover per day and regularity of Pay-In & Pay-Out of shares & Funds. The client's transaction in a single day for

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less than 10 lakhs will be placed under the low risk category, more than 10 lakhs and less than one crore will be under the medium risk and more than one crore transaction on a single day will be high risk category.

▪**For Futures & Option Segment :**

The clients will be placed under low, medium and high risk category based on their turnover per day and regularity of Pay-In & Pay-Out of Funds. The client's transaction in a single day for less than 1 crore will be placed under the low risk category, more than 1 crore and less than 5 crores will be under the medium risk and more than 5 crores transaction on a single day will be high risk category.

▪The High Networth Clients account having turnover of more than 5 crores per day will be specifically monitored and separate watch will be kept on the flow of funds, securities, the trail of funds etc.

INVESTOR/STAFF AWARENESS ABOUT PMLA ACT

The principal Officer imparts training, guidelines & road map to be followed by front office/back office/risk management staffs. Any updation is regularly reviewed and discussed every fortnightly.

The clients are made aware about the significance of the act. In their own interest they are informed about the stages or process under which proceed of crimes can be introduced through them. They are informed to use their own fund and from their own source of income and securities. NO OFF Market transaction are routed by them. No cash dealing should be done by client on behalf of other entity.

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