



Adopted and approved by the Board in its meeting held on 17.03.2018.

POLICY FOR PREVENTION OF MONEY LAUNDRING

1) Background

1.1 In pursuance of the recommendations made by FATF (Financial Action Task Force) to prevent and stamp out money-laundering activities, SEBI has come out with AML (Anti Money Laundering) standards vide circular No. CIR/ISD/AML/3/2010 dated 31.12.2010. These SEBI guidelines require intermediaries to put in place policy framework to ensure complete integrity in respect of intent of money and money-related transaction being put through by SEBI-registered intermediaries.

2) What is Money Laundering?

2.1 Money Laundering is nothing but a transaction or a series of transactions undertaken with a view to switching around proceeds received or earned from unlawful activities and/ or to concealing the true identity of the person/ entity who has earned such proceeds. Financial institutions and intermediaries have been largely used by criminal and terrorist outfits to launder money for their unlawful activities. A financial intermediary must therefore institute measures at (a) client induction level (b) transaction level and (c) Surveillance level in order to combat money laundering for unlawful activities.

3) Prevention of Money Laundering Act 2002 (PMLA 2002)

3.1 PMLA 2002 forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and rules notified there under came into force with effect from July 1, 2005.

3.2 PMLA 2002 and rules framed there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to Financial Intelligence Unit (FIU) INDIA.

4) Financial Intelligence Unit (FIU) INDIA.

4.1 The Government of India set up Financial Intelligence Unit-India (FIU-INDIA) on November 18, 2004 as an independent body to report to Economic Intelligence Council headed by Finance Minister.

4.2 FIU-IND has been established as a nodal national agency for receiving, processing, analyzing and disseminating information relating to suspicious transactions. FIU-IND is responsible for co-ordinating and enhancing efforts of national and international intelligence and enforcement agencies that are tasked with the responsibility to detect and deter money-laundering and related crimes.

5) Policy of SKSE SECURITIES LIMITED(hereinafter known as SKSESL)

5.1 SKSESL has therefore resolved that it would institute measures to detect and deter money laundering and shall, therefore, devise a framework to report suspicious transactions to FIU-IND in adherence to the guidelines of PMLA Rules, 2002. This policy is applicable to SKSESL employees, Sub-brokers and Authorized Persons.

6) Objective of the guideline

6.1 The purpose of this document is to instruct and educate employees of SKSESL and its associates about the efforts needed on their part to detect and deter money laundering and/ or terrorist financing activities. It shall be the responsibility of all employees of SKSESL and associates to ensure that their efforts do live upto the spirit and intent of requirements spelt out in Prevention of Money Laundering Act 2002.

6.2 Not all the measures spelt out herein may be applicable to all the people, associates and situations. Each person/ entity should consider carefully the special situation of its business, type of customer and transaction to ensure that the measures initiated for detecting and deterring money-laundering are adequate and appropriate.

7) Implementation of this Policy

7.1 Mr. Satishkumar Nedungadi –Chief Executive Officer shall be the Principal Officer responsible for:

- (a) Compliance of the provisions of PMLA and AML guidelines
- (b) Acting as a central reference point for identification and assessment of suspicious transactions
- (c) Ensuring that SKSESL discharges its obligation to report suspicious transactions to FIU-IND and other designated authorities.

7.2 Central aspect of the policy is Customer Due Diligence which is aimed at

- (a) obtaining sufficient information about a client in order to identify who is actual beneficial owner of the asset or on whose behalf the transaction is being conducted.
- (b) verifying customer's identify using reliable information, data and/or document
- (c) conducting on-going scrutiny of client's account and the pertinent transactions to verify that the transactions are consistent with client's financial status.

7.3 Customer Due Diligence process comprises the following three specifics.

- (a) Policy for Acceptance of clients
- (b) Client Identification Procedure
- (c) Suspicious Transactions identification and its reporting.

8) Customer Acceptance Policy

8.1

- a) Each client should be met in person: Accept client who we are able to meet in person. Either the client should visit our office or sub-broker or authorized person or the concerned staff should visit the client at his/ her residence/ office address, to get the necessary documents filled in and signed. It should be a preferred practice to accept clients who live within the jurisdiction of the office and/ or sub-broker or authorized