

Know Your Customer & Anti-Money Laundering Policy

Related regulations	<p>AML/CFT Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act (PMLA), 2002 and Rules framed there under, 2010</p> <p>SEBI Master Circular - SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October 15, 2019.</p> <p>Pension Fund Regulatory and Development Authority (PFRDA) (Point of Presence) Regulations, 2018 - No. PFRDA/12/RGL/139/3 dated June 25, 2018</p> <p>SEBI Master Circular no. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023</p>
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Approver	The Board of Directors

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1. Introduction

This policy is framed by KJMC CAPITAL MARKET SERVICES LIMITED to ensure effective implementation of AML and CFT Procedures and guidelines. It aims at creating a program to prohibit and actively prevent the money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities or flow of illegal money. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets.

This policy provides a detailed account of the procedures and obligations to be followed to ensure compliance with issues related to KNOW YOUR CLIENT (KYC) Norms, ANTI MONEY LAUNDERING (AML), CLIENT DUE DILIGENCE (CDD) and COMBATING FINANCING OF TERRORISM (CFT). This policy specifies the requirements applicable to SEBI registered entities, ranging from client acceptance, risk based client due diligence measures, identifying, monitoring and reporting suspicious transactions to FINANCIAL INTELLIGENT UNIT (FIU-IND) and staff training for awareness and vigilance against money laundering and terrorist financing. This Policy also takes into account the provisions of the PML Act and other Rules laid down by FIU-IND, SEBI and any other financial regulator.

As per PMLA, all reporting entities which include 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 Depository Participants, 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) shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the Rules notified under the PMLA. For the purpose of PMLA, transactions include:

- i. All cash transaction of the value of more than Rs.10 Lakhs or its equivalent in foreign currency.
- ii. All series of cash transactions integrally connected to each other, which have been valued below Rs.10 Lakhs or its equivalent in foreign currency, such series of transactions within one calendar month.

- iii. All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as DP account, security account maintained by the registered intermediary.

“Suspicious Transactions” means a transaction whether or not made in cash which to a person acting in good faith –

- i. Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
ii. Appears to be made in circumstances of unusual or unjustified complexity; or
iii. Appears to have no economic rationale or bonafide purpose.

2. Background

KJMC CAPITAL MARKET SERVICES LIMITED is a SEBI registered Stock broker with registration no. INZ000221631 and is approved as Trading and Clearing member with BSE Limited (0196) and National Stock Exchange of India Limited (07199) and also is registered Depository Participant of CDSL having SEBI registration number IN- DP -615-2021.

3. Objectives

The policy aims to develop a diligent and compliance sensitive culture through a focused approach for customer acceptance and identification procedures for risk categorisation and identification of suspicious transactions. The key objectives of the policy are as follows:

- Put in place appropriate procedures for customer acceptance based on their risk category and customer identification based on due diligence at the time of client on-boarding
- To know / understand its customers and their financial dealings better and manage its risks in a prudent manner.
- Make prudent policies which will prevent KJMC CAPITAL MARKET SERVICES LIMITED from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities, through the various channels, products and services it offers
- Develop a comprehensive Anti-Money Laundering (AML) / Combating Financing of Terrorism (CFT) programme in line with the regulatory requirements, covering systems and controls, training of staff and management oversight and ensure its implementation

- Facilitate a robust controls environment for detection and reporting of suspicious activities in line with applicable laws
- Ensure that relevant staff are appropriately trained on KYC / AML norms and procedures including identification and acceptance of customers, monitoring their day-to-day financial dealings and report any suspicious dealing to appropriate authorities
- Follow the KYC norms laid down by FIU-IND and the concerned Regulators of the reporting entity
- Develop a comprehensive system with defined rules to identify suspicious transactions and report them to FIU-IND without disclosing (“tipping off”) the client
- Periodically review the policy and approval of the Board.

4. Applicability

This policy will be applicable to all customers who avail any of the products and services offered by the KJMC CAPITAL MARKET SERVICES LIMITED for broking services, depository services. In case KJMC CAPITAL MARKET SERVICES LIMITED takes up any other business or activity the same shall be included in the Policy automatically and the provisions of the policy made applicable to the said business/ activity unless specific business wise provisions are included in the policy by way of amendments’ captures the details of the AML/ CFT framework including customer acceptance, customer identification, transaction monitoring, roles and responsibilities of Principal Officer, training and reporting requirements.

5. Governance Structure

The Board of Directors and Senior Management including the Operations Committee appointed by the Board will monitor compliance with KYC/AML/CFT guidelines across all functions / business units.

A senior executive of KJMC CAPITAL MARKET SERVICES LIMITED shall be appointed as Principal Officer for proper discharge of legal obligations and report suspicious transactions to authorities. Principal Officer would act as a central reference point in framing procedures for reporting of suspicious transactions and shall play an active role in the identification and assessment of potentially suspicious transactions. Any change in name, designation and addresses including email addresses of the Principal Officer shall be intimated to the office of the Director –FIU. The Principal Officer will facilitate and monitor compliance with regulatory

guidelines with respect to customer acceptance, customer identification, and transaction monitoring and risk management. The Principal Officer will also ensure that the suspicious transactions reporting are done in a timely manner and accurately to the regulator. The Principal Officer along with Compliance Team will also ensure appropriate dissemination of regulatory updates, pertaining to KYC/AML/CFT, to business units and guide these business units on compliance requirements. The Principal Officer will also identify emerging risk areas of non-compliance with PMLA guidelines.

The Designated Director would be responsible to ensure overall compliance with the obligations imposed under chapter IV of the PMLA Act & Rules.

The internal auditor shall inter alia, oversee the implementation of the KYC/AML/CFT framework and compliance of the guidelines issued by the respective regulators.

6. Client Due Diligence (CDD)

The CDD measures comprise the following -

- i. 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 should 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 or who gets the benefit of the transaction. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
- ii. Verify the client's identity using reliable, independent source documents, data or information where ever available;
- iii. KJMC CAPITAL MARKET SERVICES LIMITED shall make all efforts to verify the KYC documents from the issuing authority.
- iv. Make an effort to obtain from the clients the details of 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;

Following are the requirements for clients other than individuals:

- i. **For clients other than individuals or trusts:** The general Rule when the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals, 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/ exercises control over:

- 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.
- b. In cases where there exists doubt under clause (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 would be considered.

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 (a) or (b) 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 private trust, identify the beneficiaries of the trust and take reasonable measures to verify the identity of such persons with beneficial ownership of 15% or more and any other natural person

exercising ultimate effective control over the trust through a chain of control or ownership.

In case of a public trust, the identity of the settler of the trust, the trustee, the protector shall be established

For the purpose of client identification the following will be considered:

- i. Verify the identity of the ultimate beneficial owner of the client and/or the person on whose behalf a transaction is being conducted;
- ii. Understand the ownership and control structure of the client;
- iii. Conduct ongoing due diligence based on available facts disclosed by the clients and scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions are consistent with KJMC CAPITAL MARKET SERVICES LIMITED 's knowledge of the client, its business and risk profile, taking into account where necessary, the client's source of funds.
- iv. Periodically (once in 2 years) request clients and collect from them updated information about beneficial owners under the CDD process. In case the client does not submit the said updated information the KJMC CAPITAL MARKET SERVICES LIMITED shall use the available information for CDD process

7. Customer Acceptance and Monitoring

In order to ensure that the guidelines are complied, KJMC CAPITAL MARKET SERVICES LIMITED will implement a Comprehensive System of Internal Control across the company. KJMC CAPITAL MARKET SERVICES LIMITED will ensure client profiling and monitoring system, at the time of on-boarding process, monitoring of trading pattern of the clients, depository transactions and other financial transactions maintained with KJMC CAPITAL MARKET SERVICES LIMITED are followed.

i. Client Identification:

The customers may approach KJMC CAPITAL MARKET SERVICES LIMITED to avail the products and services offered through the Mobile/Web Application. In case of a new customer who whose KYC is not available in the KRA system, KJMC CAPITAL MARKET SERVICES LIMITED will use the KYC details entered by the customer on the Mobile/Web Application for carrying out the KYC verification process. Once a new customer's KYC details and documents are verified by KJMC CAPITAL MARKET SERVICES LIMITED, the same will be shared with KRA and the Central KYC (CKYC).

In case the investor's KYC is available in the KRA system, his/her KYC details and documents will be fetched from KRA. KJMC CAPITAL MARKET SERVICES LIMITED will also check and the same will be uploaded to CKYC for registration.

Customer identification means undertaking due diligence of the prospective client before commencing an account-based relationship. This includes identifying the customer and his/her address on the basis of one of the Officially Valid Documents (OVDs) which may be obtained digitally or accept the customer's details by following e-KYC procedure through KRA/CKYC or any other authentic channels.

KJMC CAPITAL MARKET SERVICES LIMITED will ensure that an account is not opened where appropriate CDD/KYC measures cannot be applied. This shall apply in cases where it is not possible to ascertain the identity of the client, or the information provided is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information.

KJMC CAPITAL MARKET SERVICES LIMITED will accept the following information/OVDs from the Individual customer in order to carry his/her KYC unless KYC details are available with KRA or CKYC:

- i. Photo of the original PAN Card (This will be a mandatory document for the purpose of Proof of Identity (POI))
- ii. Photo of the valid Original Address Proof (POA). (Any one of Passport, Aadhaar Card, Driving License [except issued by Govt. of NCT] or Voter ID); Bank statement or Passbook/ Demat account statement/ Telephone bill (Not older than 3 months from account opening) or any other document permitted by FIU/SEBI.
- iii. Personal Details (Mobile Number, E-mail Address, Address etc.)

- iv. Bank Details
- v. Other Details (Occupation, Income Range, Tax Residency Declaration, PEP Declaration etc.)
- vi. IPV video for In-person verification
- vii. Residential Status
- viii. Photo
- ix. Additional documents may be sought from client for enhanced due diligence*: (Any one of the below) –
 - a. Copy of ITR Acknowledgement(Latest assessment year)
 - b. Copy of Annual Accounts
 - c. In case of salary income - Salary Slip(Last 3 months), Copy of Form 16 (Latest assessment year)
 - d. Net worth certificate (latest financial year)
 - e. Copy of depository participant account holding statement (Last 3 months))
 - f. Bank account statement for last 6 months
 - g. Self-declaration by customer while on-boarding

** any one of the above listed documents would be mandatory in case client opts for trading in derivatives segment, which is as per SEBI requirement to determine client acceptance for trading in derivatives segment. These documents will also be taken from the client as part of enhanced due diligence*

The customer information will be verified by KJMC CAPITAL MARKET SERVICES LIMITED in order to carry due diligence at the time of on-boarding to establish his/her identity. The verification process shall include the following:

- i. Verifying the PAN with CBDT (using third party services).
- ii. Matching the name of customer with his/her PAN.
- iii. Matching the address mentioned in the OVD document with the address provided by the customer.
- iv. Verifying if the bank account mentioned belongs to the respective client using Penny Drop Services viz., digital verification of bank account. Further if it fails, the customer is required to provide his/her bank statement (dated back to maximum 3 months) or cancelled cheque.
- v. Verifying the Photo/IPV video of the customer with the photo on the Pan card.
- vi. Verifying the DOB and father's name with the PAN card.

- vii. Verifying Mobile Number and E-mail address using One Time Password (OTP).

ii. Customer Acceptance

At the time of on-boarding, the PAN and Name of the new client will be screened against various database viz: UNSC, OFAC, SEBI Watchout, PEP list, RBI Defaulter's List and other list as applicable/ notified from time to time.

- I. If there is a PAN match, then account of such individual will not be opened (category R)
- II. Apart from debarment if any other regulatory action is observed against the concerned individual then the account will be opened and move to EOD verification (category Y)
- III. For other individuals with no PAN match, we will go ahead with on-boarding process (category G)
- IV. In case of exact or near Name match, we will open the account and move to EOD verification (category Y)
- V. For other individuals with no Name match, we will go ahead with on-boarding process (category G)
- VI. On a time to time basis any client in category Y are identified/matched with the PAN /Name in the above sanction list, the client shall be marked for monitoring/deactivation

On a time to time basis KJMC CAPITAL MARKET SERVICES LIMITED will perform end of day verification to identify for any changes in customer acceptance. Existing database of Investment Ready clients (Category Y and G) as well as previously debarred customers (category R) in KJMC CAPITAL MARKET SERVICES LIMITED system will be scanned for change in status.

- I. Category Y clients will be revisited on the basis of risk parameters to check if they can be converted into exact match with the help of any additional information viz as Order details, Date of Birth, City, Pin code or any identification number and take suitable remedial action
- II. Category R clients will be rechecked to confirm if the debarment status still continues
- III. Category G clients will be rescanned for any new regulatory action

iii. Risk Profiling:

KJMC CAPITAL MARKET SERVICES LIMITED will put in place appropriate measures for customer acceptance which differentiate the on-boarding of customers based on their risk profiling. KJMC CAPITAL MARKET SERVICES LIMITED will continuously perform CDD as an essential part of this policy, with minimum inconvenience to the customers.

The customers shall be categorized as high, medium and low risk depending on risk perception and due diligence on customers shall be based on the risk profile of the customer. The risk profiling of customer shall be done depending on the nature of business activity, source of funds, financial status, and such other factors as per regulatory guidelines.

KJMC CAPITAL MARKET SERVICES LIMITED plans to have the categorisation based on following customer profile:

Risk Category	Customer Profile	Periodicity of review, once in
High	Customers requiring very high level of monitoring, e.g., those involved in cash intensive business, Politically Exposed Persons (PEPs) or persons of foreign origin. Including all types of clients based on the risk foot print matrix as attached in Annexure I.	1 year
Medium	Customers who are likely to pose a higher than average risk will be categorised as medium risk depending on the background, , country of origin, sources of funds, customer profile, etc.	5 years
Low	Individuals (other than High Net Worth) and entities, whose identity and source of income can be easily identified, and customers in whose accounts the transactions confirm to the known profile.	5 years

***- The detailed understanding of each Risk Foot Print is given in Annexure I**

If the proposed customer's PAN details matches with the available data in the risk profiling categories mentioned above, the actions will be taken according to the parameters mentioned above. In case of Name match for a prospective customer, further due diligence would be initiated before on-boarding to conclude if it's a genuine match. Same rules will be followed if an existing client falls in any of the risk categories.

Additionally, Clients of Special Category shall be categorized as High Risk Clients and their financial details and nature of business would be updated on a periodical basis. Ongoing due diligence would be carried out for the clients based on their risk profiling. Video based in – person verification is to be considered as a Face to Face interaction and hence all individual client of KJMC CAPITAL MARKET SERVICES LIMITED will not fall under CSC

Clients of Special Category (CSC) as defined for this policy -

- i.** Non-Resident clients
- ii.** High net-worth clients,
- iii.** Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations.
- iv.** Companies having close family shareholdings or beneficial ownership
- v.** “Politically Exposed Persons” (PEPs) are individuals who have been entrusted with prominent public functions by a foreign country, including the heads of States or Governments, senior politicians, senior government or judicial or military officers, senior executives of state-owned corporations and important political party officials.
- vi.** Companies offering substantial foreign exchange offerings.
- vii.** 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 reputed to be any of the following – Havens / sponsors of international terrorism, offshore financial centres, tax havens, countries where fraud is highly prevalent.
- viii.** Clients with dubious reputation as per public information available etc.

Dormant/Inactive Account

KJMC CAPITAL MARKET SERVICES LIMITED will classify accounts as dormant / inactive as per Dormant / Inactive Policy as defined under the KJMC CAPITAL MARKET SERVICES LIMITED Dormant Policy. Reactivation of such accounts will be done as per the KJMC CAPITAL MARKET SERVICES LIMITED Dormant Policy

8. Maintenance and Preservation of Records

Record Keeping / Information to be Obtained / Retention of Records

Steps will be taken to comply with the record preservation and maintenance requirements as per regulatory guidelines. The following information as regards to the accounts of the customers is retained in order to maintain satisfactory audit trail:

- i. The beneficial owner of the account
- ii. The identification documents of the clients
- iii. The volume of the funds flowing through the account
- iv. Communication with the clients regarding their transactions and identification
- v. Ledger details of the clients
- vi. Any other documents/files as mandated by the regulators from time to time

The original documents shall be stored in both physical and tamper proof electronic mode in a manner which can be retrieved as required time to time. The documents are maintained for a minimum period of 5 years from closure of account (as specified by SEBI) or more in case specified by other regulators. In the case of on-going investigation, the documents should be maintained till it is confirmed that the case under investigation is closed. Proper back-up of the electronic data shall also be preserved. These will be governed by the KJMC CAPITAL MARKET SERVICES LIMITED 's record Keeping policy.

Records of information reported to the Director, Financial Intelligence Unit – India (FIU – IND): KJMC CAPITAL MARKET SERVICES LIMITED shall maintain and preserve the records of information related to transactions, whether attempted or executed, which are reported to the Director, FIU – IND, as required under Rules 7 and 8 of the PMLA Rules which lays down the procedure and manner of furnishing information and specifies the time limits of various kinds of reports to be submitted to Director, FIU-IND, for a period of five years from

the date of the transaction between the customer and KJMC CAPITAL MARKET SERVICES LIMITED .

9. Monitoring Of Transactions And Reporting Of Suspicious Transactions

Transaction monitoring is an essential and critical aspect of the PMLA regulations and is required in order to monitor and report potential money laundering and terrorist financing exposure of KJMC CAPITAL MARKET SERVICES LIMITED. It involves identifying and reviewing unusual or unrelated or suspicious transactions on an ongoing basis based on risk categorization of customers. All the transactions will be monitored to ensure that they are consistent with customer's profile and source of funds. For the purpose of suspicious transactions reporting, 'transactions integrally connected', 'transactions remotely connected or related' should also be added. A record of all transactions would be preserved and maintained in line with regulatory requirements and reported to the Director, FIU-IND where suspicious.

In addition to the above mentioned, this policy seeks to establish the following aspects of transaction monitoring:

1. Adopt a continuous approach towards due diligence for monitoring customer for:
 - a. Large and complex transactions and those with unusual patterns, which have no apparent economic rationale or legitimate purpose.
 - b. Transactions which exceed the thresholds prescribed for specific categories of accounts
2. Develop systems for periodical review of risk categorization of customers and the need for applying due diligence measures. Such reviews will be conducted on an annual basis
3. Develop appropriate procedures for reporting suspicious transactions. The procedures to incorporate the list of circumstances as a guidance to identify suspicious transactions in line with the regulatory guidelines.

4. Develop mechanism to report suspicious transactions to the Principal Officer. After due review, Principal Officer will report such instances to the Board of Directors and relevant regulatory authorities.

Depository Alerts

The alerts sent by depositories and stock exchanges shall be treated as red flag alerts and taken up for further scrutiny. KJMC CAPITAL MARKET SERVICES LIMITED shall scrutinize every alert based on parameters defined and the data of client profile available and decides whether the same is suspicious or not.

Internal alerts

Internal alerts shall also be generated based on the various criteria mentioned below and the same is scrutinized to determine if they are suspicious. Complex and unusually large transactions shall also be monitored and analysed. The alerts will be reviewed by designated KJMC CAPITAL MARKET SERVICES LIMITED officials based on nature of the transaction. Based on the review by Principal Officer, who will be final authority, shall decide on reporting to Board of Directors, regulatory authorities and external stakeholders. Principal Officer shall have full access to all the data and information related to the matter.

From the date of generation of an alert, KJMC CAPITAL MARKET SERVICES LIMITED will make all efforts to determine if it's suspicious or not. KJMC CAPITAL MARKET SERVICES LIMITED will ensure that the suspicious transactions shall be reported within 7 days from the date of determining that the same is suspicious and records of all the alerts with observations are preserved for at least 5 years or any period as decided by FIU (IND) from time to time.

For identification of suspicious transactions, the activities in clients' accounts shall be regularly monitored based on the parameters set in **Annexure II**. An illustrative list of circumstances which may be in the nature of suspicious transactions is given below:

- Substantial increase in activity without any apparent cause
- Transactions with no apparent economic or business rationale
- Sudden activity in dormant accounts;
- Source of funds are doubtful or inconsistency in payment pattern;
- Transfer of investment proceeds to apparently unrelated third parties;

- Multiple transactions of value just below the threshold limit so as to avoid possible reporting;
- Unusual transactions by CSCs;
- Purchases made on own account transferred to a third party through off market transactions through DP Accounts;
- Suspicious off market transactions;
- Large deals at prices away from the market.
- Trading activity in accounts of high risk clients based on their profile, business pattern and industry segment.

Attempted, abandoned or aborted transactions by clients on being asked to give some details or to provide documents that give rise to suspicion. If not clarified is also a suspicious transaction and must be reported.

KJMC CAPITAL MARKET SERVICES LIMITED shall ensure that there is continuity in dealing with the client as normal until told otherwise and the client should not be informed of the report/suspicion.

In exceptional circumstances, in order to control business and financial risk, KJMC CAPITAL MARKET SERVICES LIMITED may decide that the client should not be permitted to continue to operate the account, and transactions may be suspended.

In order to identify Suspicious transactions the provisions laid down in the Surveillance policy will be applicable

10. Combating Financing of Terrorism

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as declared by SEBI or as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website at <http://www.un.org/sc/committees/1267/consolist.shtml> shall be maintained by KJMC CAPITAL MARKET SERVICES LIMITED. For this purpose KJMC CAPITAL MARKET SERVICES LIMITED will currently rely on the updates given by third party service provider

KJMC CAPITAL MARKET SERVICES LIMITED will scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of the accounts bearing any resemblance with any of the individuals / entities in the list will be furnished to SEBI and FIU-IND.

Freezing of Assets under Section 51 A of the Unlawful Activities Prevention Act (UAPA), 1967

The Unlawful Activities (Prevention) Act, 1967 (UAPA) has been amended by the Unlawful Activities (Prevention) Amendment Act, 2008. Government has issued an Order dated August 27, 2009 detailing the procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 for prevention of, and for coping with terrorist activities. In terms of Section 51A, 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 and 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. For this purpose, KJMC CAPITAL MARKET SERVICES LIMITED will currently rely on the List updated by third party service provider.

KJMC CAPITAL MARKET SERVICES LIMITED will adopt the below approach to follow the procedure laid down in the Order and ensure meticulous compliance to the Order:

1. On receipt of list of individuals and entities subject to UN Sanctions from SEBI, procedure prescribed in Section 51 A of Unlawful Activities Prevention Act (UAPA), 1967 with respect to freezing / unfreezing of financial assets, would be implemented expeditiously for prevention of and coping with terrorism finance.
2. Updated designated lists will be maintained in electronic form and a check will be run on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds, financial assets or economic resources with them.
3. In case, the particulars of any of its customer match with the particulars of designated individuals/entities KJMC CAPITAL MARKET SERVICES LIMITED will report

immediately, not later than 24 hours from the time of finding out such customer, full particulars of the funds, financial assets or economic resources or related services held in the form of securities held by such customer on its books to the Joint Secretary (CTCR Division), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsctcr-mha@nic.in.

4. A copy of the communication mentioned in (3) will be sent/reported online or through e-mail (sebi_uapa@sebi.gov.in) to the UAPA nodal officer of SEBI, Officer on Special Duty, Integrated Surveillance Department, Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051 as well as the UAPA nodal officer of the State/UT where the account is held and FIU-IND.
5. In case, the match of any of its customer with the particulars of designated individuals/entities is beyond doubt, KJMC CAPITAL MARKET SERVICES LIMITED would prevent designated persons from conducting financial transactions, under intimation to Joint Secretary (CTCR Division), Ministry of Home Affairs, at Fax No. 011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed through e-mail at jsctcr-mha@nic.in.

KJMC CAPITAL MARKET SERVICES LIMITED will file a Suspicious Transaction Report (STR) with FIU-IND covering all transactions in the accounts covered by paragraph above, carried through or attempted, as per the prescribed format.

11. Reporting to Financial Intelligence Unit-India

KJMC CAPITAL MARKET SERVICES LIMITED has registered itself with FIU-IND in its FIN-NET utility for the purpose of reporting Suspicious Transactions and has obtained a FIUREID number, which would be used as a reference id for uploading the STRs.

In terms of the PMLA Rules, KJMC CAPITAL MARKET SERVICES LIMITED is required to report information relating to 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>

12. Designation of an officer for reporting of Suspicious Transactions

The board of KJMC CAPITAL MARKET SERVICES LIMITED shall appoint a senior officer as a 'Principal Officer' and in case of any change, the same along with the newly appointed 'Principal Officer' shall be approved by the board.

The name of the Principal Officer shall be intimated to the Director-FIU. He/She will 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.

Further to the existing requirement of designation of a Principal Officer, the PMLA Regulations also require the appointment of a Designated Director to manage and monitor compliances to address concerns of money laundering and suspicious transactions undertaken by clients. The name of such designated director and changes in his/her appointment by the board of directors shall be conveyed the Director-FIU.

13. Employees Hiring/ Employees Training / Investors' Education

Hiring of Employees

KJMC CAPITAL MARKET SERVICES LIMITED shall adopt adequate screening procedures in place to ensure high standards when hiring employees. Screening of all the employees is carried out to ensure that their name/Pan does not match with any barred, notified entity, having criminal records or barred by the regulators. It identifies the key positions within the organizations and ensures that the employees taking up such key positions are suitable and competent to perform their duties. Further, no candidate is selected who has ever been convicted of offence under Money Laundering Act or any other civil or criminal Act.

Employees' Training

All employees shall be given initial training on PMLA guidelines at the time of induction for new joiners. AML policy is uploaded in the intranet portal for the information of all the staff so that they can upgrade their knowledge on regulatory guidelines and KJMC CAPITAL MARKET SERVICES LIMITED 's initiative. Records of these training will be stored. Training requirements shall have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with clients.

Investors' Education

Implementation of KYC procedures requires KJMC CAPITAL MARKET SERVICES LIMITED to demand certain information from customer which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The employees of KJMC CAPITAL MARKET SERVICES LIMITED shall be trained to explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek cooperation of the customer. Further, KJMC CAPITAL MARKET SERVICES LIMITED shall prepare specific communication so as to educate the customer of the objectives of Client Due Diligence.

14. Review of the policy

The policy should be reviewed at least once a year by the Board of Directors and should ensure that the same is reviewed by a senior official other than the official who has prepared/reviewed the earlier version of the policy.