AML GUIDELINES

(Last Reviewedon12.04.16) (Last Revisedon21.08.14)

For & Exclusive use of GFCPL

GOOD FORTUNE CAPITALS PRIVATE LIMITED

104, Mahinder Chambers – Opp dukes Factory,W.T.Patil Marg,Chembur, Mumbai -400071

**GOOD FORTUNE CAPITALS PRIVATE LIMITED**(hereinafter referred to as **GFCPL**) had designed this Policy of PMLA and effective AML 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 or hiding money to avoid paying taxes.

This policy provides detailed procedures to be followed to ensure compliance with issues related to **Know Your Client(KYC) Norms**,**AntiMoneyLaundering(AML),ClientDueDiligence(CCC)**And**CombattingFinancingofTerrorism(CFT).**

PolicyspecifiestheneedforAdditionaldisclosurestobemadebytheclientstoaddressconcernsofMoneyLaunderingand

Suspicious transactions undertaken by clients and reporting to **Financial Intelligence Unit(FIU-INDIA).**

**MONEYLAUNDERING**

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.

**FINANCIAL INTELLIGENCEUNIT (FIU)INDIA**

The Government of India has setup Financial Intelligence Unit (FIU-India) on November 18,2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister

FIU–India has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspicious financial transactions. FIU India is also responsible for coordination and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

**THEPREVENTIONOFMONEYLAUNDERINGACT,2002(PMLA)**

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1stJuly, 2005. Necessary Notifications /Rules under the said Act have been published in the Gazette of India on 1stJuly2005bytheDepartmentof Revenue, Ministry of Finance, and Government of India.

As per PMLA, 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, commodity 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.

**ANTI-MONEYLAUNDERINGPROGRAM**

The objective of having an AML program is to have in place adequate policies and procedures that help to prevent money- laundering activities. This policy aims to cover trading as well as demat operations of the GOOD FORTUNE CAPITALS PRIVATE LIMITED. Such procedures would include the following:

**PRINCIPLEOFFICER&DIRECTORDESIGNATEDFOR AMLPURPOSE**

**APPOINTMENT:**

Mr.K.KHAJA KHAN has been appointed as a **“Principal Officer and Designated Director”** under the provisions of the PMLA till such time SEBI & Stock Exchanges identifies an official to act as such.

**ADDRESS:-**

104 ,MAHINDER CHAMBERS

W.T.Patil Marg, Opp.Dukes Factory,

Chembur,

Mumbai,India

**CONTACTDETAILS:-**

PhoneNo:-022-42091367-76

FaxNo:-022-25219977

EmailId:-khaja.khan@goodfortunecapitals.com

**RESPONSIBILITIES:-**

 Compliance of the provisions of the PMLA and AML guidelines and act as a central reference point and play an active role in identification as assessment of potentially suspicious transactions

He ensures that GFCPL discharge its legal obligations to report suspicious transactions to the concerned authorities.

To update the management regarding any changes/ additions and modifications in the PMLA provisions.

**STRUCTURE OF THIS POLICY:-**

The main aspect of this policy is the Customer Due Diligence process, which means:

 obtaining sufficient information about the client in order to identify who is the beneficial owner of the securities or on whose behalf transactions are conducted.

Verify the customers, identity using reliable & independent source document, data or information.

 Conductongoingduediligenceandscrutinyoftheaccount/clienttoensurethatthetransactionsconductedare consistentwiththeclientsbackground/financialstatus,itsactivitiesandriskprofile

**THE CUSTOMER DUE DILIGENCE PROCESS INCLUDES THREE SPECIFIC PARAMETERS:**

Policy for Acceptance of Clients

Client Identification Procedure

Suspicious Transactions Identification, Monitoring& Reporting

**CUSTOMER ACCEPTANCEPOLICY**

It is essential to make reasonable efforts to determine the true identity of the clients and GFCPL shall put in place effective procedures to obtain requisite details for proper identification of new clients.

**KYCPROCEDURE:-**

All KYC documentation and procedures prescribed by the Exchanges and SEBI shall be followed at the time of account opening.

Clearly establish the identity of the client, verification of the addresses and other details.

All details in the form shall be filled in by the clients without fail

Verify the genuineness of the PAN provided by the client by comparing with the original PAN and checking with Income- Tax website before uploading UCC details.

Documents shall be accepted as per the checklists given from time to time

Verify whether the client is a politically exposed person or is a relative of a politically exposed person.

Photocopies submitted by the clients shall be compulsorily verified with original

Client account shall not be opened in case the client fails to submit any required documents

In-person verification of the client has to be done by the employees, Sub-Brokers or Authorized persons of GFCPL

Obtain sufficient information in order to identify persons who beneficially own or control the trading & demat account

No compromise on submission of mandatory information – Accounts should not be opened where the client

Refuses to provide information / documents

No account is opened in a fictitious / benami name or on an anonymous basis

Beforeclientopensanaccountcheckwhethertheclientsnamematcheswithnamesinanyofthefollowinglists:

Clients Debarred by Regulatory authorities

Such other list that may be specified by the Regulators / Compliance Department from time to time

**RISKCATEGORIZATION**

GFCPL shall categorize its clients into high medium and low risk as per its categorization process and thereafter collect documents and other information from the clients based on the perceived risk in order to achieve the PMLA objective.

Clients should broadly be classified in the following categories

|  |  |
| --- | --- |
| **RISK** | **PARTICULARS** |
| High Risk | Clients which are likely to pose a high risk to GFCPL, may be categorized as high risk.-Clients who have defaulted in the past, -Clients who have a suspicious background**-HNIs** whose identity and source of wealth are difficult to identify-Politicallyexposedpersons, -ClientsofSpecialCategory,-DormantAccount |
| Medium Risk | Clients which are likely to pose a medium risk to GFCPL may be categorized as medium risk.They can be the following:-Where the client profile of the person opening the account is doubtful or dubious.-Where the trading and settlement pattern of the client is suspicious-Intra day clients or speculative client. |
| Low Risk | Clients who pose low or nil risk.-They are corporate / HNIs who have a respectable social and financial standing.-Clients who fulfill obligations on time. |

Initial Risk categorization of all the clients would be done by GFCPL at the time of opening of the Client accounts, depending on the financials details / net-worth declarations and KYC declarations oof the clients given by the clients at time of account opening and regular updates received from the clients and shall be reviewed on an ongoing basis. Risk assessment of the clients registered and their trading pattern etc. are also done to identify assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions

**The Clients / Intermediaries should generally be aware about the following:**

-Clients, are instructed to submit financial proofs as required by the SEBI/Exchanges

-No cash dealings will be undertaken.

-No dealings will be permitted through un-registered intermediaries.

-No business will be transacted with any of the suspended or expelled or defaulting Trading Members.

-No business will be undertaken with or for the trading members who are prohibited to transact, including suspended / expelled / defaulter trading members, defaulting constituents and employees of other trading members.

-No off market deals will be executed.

-Trades executed for a constituent will not be subsequently transferred to another constituent or for own purposes unless and other wise permitted by the Exchange in genuine cases in Error Code.

-No third party receipt or payment of funds and / or securities shall be permitted.

Any change in the risk profile of the client, has to be ascertained by the concerned officials / Authorized persons, and must report to the Head office immediately. High degree of due diligence shall be applied in respect of clients of special category. The Principal Officer / Compliance Team may give instructions on risk parameters from time to time.

**CLIENTSOFSPECIALCATEGORY:-**

Due care shall be taken while accepting clients of Special category.

ClientsofSpecialCategoryincludebutshallnotbelimitedtothefollowing

Non Residents Clients

High Net Worth Clients

Trust, Charities, Non Government Organizations (NGOs) and Organizations receiving donations

Companies having close family share holdings or beneficial ownership

Politically exposed persons (PEP) of foreign origin

Companies offering foreign exchange offerings

Clients in high risk countries

Non face to face clients

Clients with dubious reputation as per public information available

**TREATMENTOFACCOUNTSOFCLIENTSOFSPECIALCATEGORY**

1. NRI:-WhileopeningNRIaccountutmostcareshouldbeexercised.Collectthefollowing documents

PAN Card Copy

Pass Port Copy with date of arrival in case personal visit

Indian & foreign Address Proof

Cancelled cheque copy of NRE A/c, along with PIS permission issued from RBI & Bank statement copy

Client master copy for demat account

FEMA declaration

2. High Networth Clients:-High Networth clients could be classified as such if at the account opening stage or during the course of the relationship, it isrealizedthattheclient’sinvestmentsortheappropriateforinvestmentishigh.

3. Trust, Charity and NGOs:-Public as well as private, registered as well as unregistered trust will have to be classified in the special category.

4. Politically Exposed Person:-Incase of PEPs, the account should be opened only after consent of the senior management and principal officer& all the required documents are collected and client should be marked as PEP in records. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship.

**CUSTOMER IDENTIFICATION POLICY**

The following customer identification norms shall be adhered to in respect of all new clients to establish the identity of the client along with firm proof of address to prevent opening of account which is fictitious/benami/anonymous in nature.

SEBI/Stock Exchanges and other regulatory authorities under which GOOD FORTUNE CAPITALS PRIVATE LIMITED is governed from time to time specify various KYC norms/guidelines that have to be adhered to in order to be able to identify customers. Such norms and guideline should be followed scrupulously at the time of customer acceptance .Further given below are list of Basic Requirements to be obtained from various types of clients at the time of account opening

**PROOFIDENTITY:**

Passport

Voter ID Card

Driving license

PAN card with photograph

Unique Identification Number(UID)( Aadhar Card)

Identitycard/document with applicant’s Photo, Issued by a) Central/State Government and its Departments,

b) Statutory/Regulatory Authorities, c) Public Sector Undertakings, d) Scheduled Commercial Banks, e) Public Financial

Institutions, f) Colleges affiliated to Universities (this can be treated as valid only till the time the applicant is a student),

g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members ,andh) Credit cards/Debit cards issued by Banks.

**PROOFOFADDRESS**

The address of the Client would be verified from one of the following:

Ration card,

Passport,

Voter ID card,

Driving license,

Bank passbook/Bank Statement,

Unique Identification Number (UID)( Aadhar Card)

Verified copies of a) Electricity bills (not more than three months old), b) Residence Telephone bills (not more than three months old ) and c )Leave and License agreement/ Agreement for sale.

Self-declaration by High Court& Supreme Court judges, giving the new address in respect of their own accounts.

Identity card/document with address ,issued by

A ) Central / State Government and itsDepartments,b) Statutory/Regulatory Authorities, c) Public Sector Undertakings,

d) Scheduled Commercial Banks ,e) Public Financial Institutions, f)Colleges affiliated to Universities(this can be treated as valid only till the time the applicant is a student) and g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

**The documents provided by the clients will be reviewed on a periodic basis , mostly yearly and will be updated as per the latest requirements and guidelines of the regulatory bodies.**

**SUSPICIOUS TRANSACTIONS IDENTIFICATION ,MONITORING & REPORTING**

**On going Customer Due Diligence**

Any communication in respect of the Client shall be with the Client only. Trade Orders/Instructions shall be accepted from the

Client only.

The Employees of GFCPL and the Clients shall adhere to the guidelines issued by the GFCPL on this regard from time to time. Obtainingsufficientinformationinordertoidentifypersonswhobeneficiallyownorcontrolthesecuritiesaccount.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 . It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

Conduct on going due diligence and scrutiny , i.e. perform ongoing scrutiny of the transactions and account to ensure that the transactions being conducted are consistent with the registered intermediary’s knowledge of the client , its business and risk profile ,taking into account , where necessary , the client’s source of funds etc.

GFCPL will monitor through the means of Back Office Software for unusual size, volume, pattern or type of transactions.

The customer wishes to engage In transactions that lack business sense

The client exhibits unusual concern about the GFCPL’s compliance

The information provided by the customer that identifies a legitimate source for funds is false

 The customer exhibits a lack of concern regarding risks Upon request, the customer refuses to identify or fails to indicate any leg it imate source for his or her funds

The customer appears to be acting as an agent for an undisclosed principal

GFCPL shall also ensure that the funds/securities are received from a client through his bank account/ demat account registered with GFCPL and that payment of fund/securities is made through account payee cheque or direct transfer to the client bank account and client demat account registered with GFCPL.

GFCPL also carry out the Due Diligence of its client to facilitate effective surveillance mechanisms as per the requirement of the exchanges and review the alerts generated by the exchanges and depository considering the size & nature of the business and volume of transactions.

The processs hall necessarily be revisited hen there are suspicions of money laundering or financing of terrorism (ML/FT).

**MAINTENANCE OF RECORDS**

The Principal Officer will be responsible for the maintenance for following records

-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. 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 circumstances of unusual or unjustified complexity; or

Appears to have no economic rationale or bonafide purpose; or

Gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

**PRESERVANCE OF RECORDS**

Interms of rules made under the PMLA Act, GFCPL shall maintain and preserve a record of: (a) All suspicious transactions whether or not made in cash **for a period of Five years**;

(b)Identity and current address or addresses including permanent address or addresses of the Client, the nature of business of the Client and his financial status, account files, business correspondence and all other details as per PMLA guideline **for a period of Five years after the business relationship between client and intermediary has ended or the account has been**

**Closed which ever is later**.

(c)Suspicious records along with the records of the identity of clients shall be maintained and preserved **for a period of Five years** or as maybe in force from time to time from the date of cessation of the transaction between the Client and

intermediaries

**REPORTING (DISCLOSURE) OF SUSPICIOUS ACTIVITY**

The‘ Principal Officer’ shall report the information relating to suspicious transactions to the Director, Financial Intelligence

Unit-India (FIU-IND) at the following address as may modify by the SEBI/Exchange from time to time:

Director, FIU-IND, Financial Intelligence Unit-India,

6thFloor, Hotel Samrat, Chanakyapuri, NewDelhi–110021

The reporting requirements and formats to be used are specified by FIU from time to time.

If any employee suspects or has reasonable ground to believe that a customer is involved in money laundering must promptly be reported to the Principal Officer.

It should be ensured that the money pertaining to suspicious trades should not be returned. However, the relevant authorities should be consulted in determining what action should be taken.

**DUE DATE FOR REPORTING:**

Cash Transaction Report:**15thDay** of the Succeeding month

Suspicious Transaction Report:**7thDay** of the succeeding month

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

(a)Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or

(b)Appears to be made in circumstances of unusual or unjustified complexity; or

(c)Appears to have economic rationale or bonafide purpose.

The Principal Officer should record is reasons for treating any transaction or a series of transactions as suspicious. It should been sured that there is no undue delay in arriving at such a conclusion.

No restrictions should be put on operations in the accounts where an STR has been made. All directors, officers and employees (permanent and temporary) are prohibited from disclosing (“tipping off”) the fact that a STR or related information is being reported or provided to the FIU-IND.

**STR Maintenance and Confidentiality**

GFCPL will hold STRs and any supporting documentation confidential. We will not inform anyone outside of a law enforcement or regulatory agency securities regulat or about a STR. We will refuse any requests for STR information and immediately tell FIU IND of any such request we receive. We will segregate STR filings and copies of supporting documentation from other firm books and records to avoid disclosing STR filings. Our Principal Officer will handle all requests

Or other requests forSTRs.

**HIRING POLICIES AND TRAINING ON PREVENTION OF MONEY LAUNDERING**

GFCPL has adequate screening procedures in place to ensure high standards when hiring employees. The company will identify properly the key position with in their own organization structure having regard to the risk of money laundering and terrorist financing and size of their business. The senior management level has been entrusted with the responsibility of complying with the provisions of the ACT and reporting of the suspicious transactions, if any. The employees of the company has been brief edup and trained with the provisions and intentions of the Act putting stress to anti money laundering and anti-terrorist financing.

GFCPL shall provide anti-money laundering training to all its new employees at the time of joining the organization and updates would be provided on periodic basis initially quarterly/half yearly basis to its all employees. The training shall review applicable money laundering laws and recent trends in money laundering activities as well as the GFCPL’s policies and procedures to combat money laundering, including how to recognize and report suspicious transactions.

**INVESTORS EDUCATION:**

Implementation of AML/CFT measures require member to demand certain information from investors which may be of personal nature or has hit her to never been called for. Such information can include documents evidencing source of funds/income tax returns/bank records etc. This can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information.

There is, therefore, a need for intermediaries to sensitize their clients about these requirements as the one semanating from

AML and CFT framework. GFCPL shall prepare specific literature/pamphlets etc. so as to educate the client of the objectives of the AML/CFT programme. GFCPL provides brief note on AML as a part of KYC documents as well as on web-site.

**POLICY UPDATION**

The policy will be reviewed and updated on a yearly basis by the managements as to update any policy level changes of the company and also, revised periodically to make it in line with the latest Rules, Regulations and Circulars & Guidelines of the SEBI , Exchanges and Depositories.

**BOARD OF DIRECTORS APPROVAL**

GFCPL has approved this AML program as reasonably designed to achieve and monitor our companies’ ongoing compliance with the requirements of the PMLA and the implementing regulations under it.

The board of director has accorded their consent in implementing this policy as on 12.04.16

**MISCELLANEOUS**

All employee shall ensure compliance with this policy. It shall be the duty of every Employee/Business Associate of the GFCPL to co-operate with and provide timely disclosure and information to any inspecting authority (either internal or external) including any relevance law enforcement authorities with regard to implementation of this policy.

In addition to this policy all directives issued by SEBI/Exchanges or any other regulatory authority shall be strictly adhered to.