

## **POLICY FOR ANTI-MONEY LAUNDERING**

- 1. Introduction**
- 2. Scope**
- 3. Objectives**
- 4. Principal Officer & PMLA Monitoring Team**
- 5. Customer Due Diligence (CDD) Process & Acceptance and Identification of Clients & List of Designated Individuals/Entities**
- 6. Maintenance of Records**
- 7. Monitoring of Suspicious Transactions**
- 8. Reporting & Record Keeping**
- 9. Training Program & Investor Education**
- 10. Appointment of Designated Director**
- 11. Procedure for freezing of funds, financial assets or economic resources or related services**
- 12. Chart of Reports**

## **1. Introduction**

The Government of India brought into force the Prevention of Money Laundering Act, 2002 (PMLA) with effect from 1<sup>st</sup> July 2005. Necessary Notifications / Rules under the said Act were published in the Gazette of India on July 01, 2005. Subsequently, Securities Market regulator, SEBI issued necessary guidelines vide circular no. ISD/CIR/RR/AML/1/06 dated January 18, 2006 to all securities market intermediaries as registered under Section 12 of the SEBI Act, 1992. These guidelines were issued in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards. Compliance with these standards by all intermediaries and the country has become imperative for international financial relations.

Keeping in view the provisions of the PMLA, notifications / rules issued there under, and the guidelines issued by the SEBI and / or any other regulatory authority from time to time ("the PMLA guidelines"), comprehensive guidelines in the form of "Policy for Anti Money Laundering" is prepared.

The Policy as outlined below provide a general background on the subjects of money laundering and terrorist financing summarizes the main provisions of the applicable anti-money laundering and anti-terrorist financing legislation in India and provides guidance on the practical implications of the Act.

The aforesaid revised policy has been placed before the Board of Directors and adopted by them for implementation. The said policy shall supersede all earlier policy/guidelines as implemented earlier in this regard in the Company. The said policy shall be effective from 01-04-2010 and any other modification/revision in the specific clause/(s) in concurrence to the compliance with the Regulatory force or benefit of the Company shall be done by Principal Officer by giving appropriately necessary instruction to concerned staff/PMLA Team and necessary updation shall be made in the policy.

## **2. Scope**

The Policy covers the existing clients of SPA Securities Limited including the proposed clients and their transactions or proposed transactions carried out through SPA Securities Limited.

## **3. Objectives**

The objective of this policy is broadly to:

- 3.1.** issue a statement of policies and procedures, on a group basis for dealing with money laundering and terrorist financing reflecting the current statutory and regulatory requirements;
- 3.2.** ensure that the content of these Guidelines are understood by all staff members;
- 3.3.** regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness;
- 3.4.** adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing;
- 3.5.** undertake customer due diligence ("CDD") measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship or transaction;
- 3.6.** educate and sensitize the concerned work group within the organization and the Clients about the objectives of AML / CFT framework and of the requirements, to be complied with, emanating therefrom.

#### **4. Principal Officer & PMLA Monitoring Team**

##### **4.1. Appointment of Principal Officer**

The Company shall appoint Principal Officer for the purpose of PMLA from time to time as per the requirement of PMLA Act.

<b>Name</b>	<b>Location</b>	<b>Period</b>	<b>Email id</b>
Shri Ramesh Sharma	Mumbai	From the Inception of the Policy till date	<a href="mailto:ramesh.sharma@spasecurities.com">ramesh.sharma@spasecurities.com</a>

The address and contact details of Principal Officer are as follows

SPA Securities Limited

101A, Mittal Court, Nariman Point, Mumbai – 400021

Tel : 022-22801240-48 Fax : 22846318

Email ID : pmla@spagroupindia.com

##### **4.2. Responsibility**

The Principal Office and officers supporting him are and will be responsible for:

- 4.2.1. ensuring compliance of the provisions of the PMLA Guidelines.
- 4.2.2. for overseeing the communications, correspondences with various entities / authorities, filing of necessary reports with the Financial Intelligence Unit (FIU-IND)
- 4.2.3. keeping of various records under the PMLA guidelines.

##### **4.3. Intimation of Appointment & Changes in Principal Officer**

4.3.1. The name, designation and address (including e-mail address) of the "Principal Officer" shall be intimated to the Office of the Director – FIU at the following address by the Principal Officer or the Compliance Officer or the Managing Director:

Director – FIU,  
6<sup>th</sup> Floor, Hotel Samrat,  
Kautilya Marg, Chanakyapuri,  
New Delhi – 110 021  
Telephone : 011 – 26874473  
Fax No. : 011 – 26874459  
Email id : [feedbk@fiuindia.gov.in](mailto:feedbk@fiuindia.gov.in)  
Website : [www.fiuindia.gov.in](http://www.fiuindia.gov.in)

4.3.2. SPA Securities has already intimated the appointment of Principal Officer to FIU.

4.3.3. Any change of the Principal Officer or any change in any details of the Principal Officer, as and when occur, shall be communicated to the Director – FIU

within 30 days in writing through registered AD letter or by physical delivery at the aforesaid address or at such address as may be intimated under the PMLA Guidelines from time to time. A copy of such intimation shall also be mailed to the aforesaid e-mail address or at such e-mail address as may be intimated under the PMLA Guidelines within 30 days from the date of such change.

#### **4.4. Appointment of PMLA Monitoring Team**

While Principal Officer shall be Senior most authority for formulation & implementation of the PMLA policy and guidelines, a team of the following persons have also been appointed as PMLA Monitoring Team (hereinafter referred to as the PMLA Team) to oversee and monitor the implementation of this policy and other PMLA Guidelines which are reviewed on the yearly basis and as when the changes are implemented by the regulators and the aspects related thereto.

<b>Sr. No</b>	<b>Name</b>	<b>Category</b>	<b>Location</b>	<b>Designation</b>	<b>w.e.f.</b>
1.	Mr. Kamal Kishore Somani	A	Mumbai	Managing Director	01-04-2010
2.	Mr. Sandeep Parwal	A	Delhi	Director	01-04-2010
3.	Mr. Ramesh Sharma	A	Mumbai	Principal Officer	01-04-2010
4.	Ms Swati Maheshwari	B	Mumbai	Compliance Officer	01-08-2014
5.	Mr. Atul Mehra	B	Delhi	VP	31-03-2016
6.	Mr. Nishit Shah	C	Mumbai	Manager – Ops	01-04-2010
7.	Mr. Virendra Kumar	C	Delhi	Manager – Surveillance	05-03-2016
8.	Mr. Yashpal Singh	C	Delhi	Manager- Depository	01-04-2010

## **5. Customer Due Diligence (CDD) Process & Acceptance and Identification of Clients**

### **5.1. Verification of the Client's identity using reliable, independent source documents, data or information.**

For this purpose, followings additional steps has been designed at the time of acceptance of Client (depending upon the availability of information/source) w.e.f. 01-04-2010.

- 5.1.1. Checking of CIBIL data base
- 5.1.2. Checking in SEBI Disiplinary Action data base
- 5.1.3. Checking in BSE Brokers Forum data base
- 5.1.4. Checking of PAN no. from Income Tax Website
- 5.1.5. Consolidated UN List of the United Nations Security Council's Al-Qaida and Taliban Sanctions Committee or any other list as may be suggested under the PMLA Guidelines.
- 5.1.6. Checking of other information from free search websites like Google etc.

**5.2.** 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 approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>. Obtaining sufficient information in order to identify persons who beneficially own or control account. Whenever it is apparent that the securities / commodities / products acquired or maintained through an account are beneficially owned by a party other than the client, that party would 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. For this purpose, following specific declaratory form has been added in the KYC documents as Annexure w.e.f. 01-04-2010. The Customer due diligence and review and updation of the of the client information is done on the yearly basis and as when it is required for the period under review.

### **5.3. Steps to be taken in case of Improper ownership Account**

5.3.1. If the proposed new account is found to be beneficially owned by the person other than the person who is opening the account, then the matter shall be escalated to the all members of PMLA Monitoring Team (Category B) and atleast 1 member of PMLA Monitoring Team (Category A) thru a Formal Email by Account Opening Team/Department and Category

5.3.2. If the aforesaid persons, looking to the facts and circumstances, found that it justified opening of such an account, the account will be allowed to be opened with the express permission of atleast 1 members of Category B of PMLA Team and any of the member of the Category A of the PMLA Team. The account may be opened for selected transaction and / or for selected period, after which the account shall be closed without giving any further notice to the account holder or the beneficiary of the account holder. Such approval shall be compulsory intimated by Account Opening Team to Principal Officer on his Email id [pmla@spagroupindia.com](mailto:pmla@spagroupindia.com). Such conditional approval shall be duly noted on the account opening approval and shall be recorded by Principal Officer. Such conditional approval shall be properly intimated to all PMLA Team.

5.3.3. The details of such accounts shall be maintained by the members of category B of the PMLA Team in format given in Annexure.

5.3.4. Also details of trading done in such accounts shall be continuously checked by members of category C of the PMLA Team and will be kept on record by the members of Category B of the PMLA Team in the format given in Annexure.

**5.4.** The documents / records, as per Annexure 'I', depending upon the type of client shall be obtained from all clients and verified with the original documents at the time of opening of an account. Such original verification of documents shall be properly evidenced by a sign & seal of the concerned employee as per Annexure. The list of such documents shall be updated from time to time.

**5.5.** In addition to the above, the following additional information / documents shall be obtained from the clients at the time of opening of an account.

5.5.1. Nature of business / occupation, Annual income range etc.

5.5.2. Documentary evidence of financial details, as included in Annexure – I above, for the clients who wish to trade the derivative segment of any stock exchange.

Such information/documents can be modified/revised by Compliance Officer on the basis on newer guidelines by Regulator/Exchanges or on the need basis.

- 5.6.** Any Power of Attorney Holder in case of Individual & HUF shall not be allowed to open an account on behalf of the client. The client himself / herself / itself will have to open an account. However, Attorney Holder will be allowed to operate such an account as per the authority granted under such Power of Attorney. Such instruction shall be incorporated in the instruction of Trading account opening form of KYC documents & DP Account Opening, if possible.
- 5.7.** The authorized official of the Company, wherever applicable, shall carry out in-person verification of the client directly or indirectly thru webcam by personally verifying the photograph affixed on the Account Opening Form (AOF) and Proof of Identity documents with the concerned client before the opening of an account. After carrying out in-person verification, the details of the official who has conducted such in-person verification shall be inscribed in the Account Opening Form. Such instruction shall be incorporated in the instruction of Trading account opening form of KYC documents & DP Account Opening, if possible.
- 5.8.** In case of accounts being opened in the name(s) of NRI or FNs (In case of Demat account only) and if it is not feasible to conduct in-person verification by the staff of the Company, then such clients shall be required to produce all the documents / proof including the PAN card duly attested by the Indian Embassy / Consulate General / Notary Public / Any Court / Magistrate / Judge or Local Banker in which such NRI / FN resides. Such instruction shall be incorporated in the instruction of Trading account opening form of KYC documents & DP Account Opening, if possible.
- 5.9.** If PAN data or other registration data as provided by the client are not matched with the respective institutional websites/data, then the matter alongwith the relevant details shall be escalated to all the members of the Category B of the PMLA Team. If any of the member of the Category B of the PMLA Team finds its proper to open such an account after getting necessary clarification / explanations / undertakings from the client, the account can be opened after recording reason for such approval in writing. A record of such accounts, in the format as per Annexure, would be kept separately in the Account Opening Department.



## **5.10. Multiple Accounts having same addresses**

5.10.1. In case of multiple Trading & Demat Accounts of same family or accounts having same addresses, Mobiles Nos., authenticity and genuineness of the clients shall be checked at the time of account opening and thereafter on regular basis. If disproportionately large number of accounts as per the limit set by Principal Officer (current limit is 11 or more accounts) are opened with the same or similar names and / or same address and / or with the same bank account details, then the matter shall be escalated to the all members of Category B of PMLA Team.

5.10.2. If the Members of Category B of the PMLA Team, looking to the facts and circumstances, found that it is justified opening of such an account/(s), the account/(s) will be allowed to be opened after recording the reasons in writing. The account may be opened for selected transaction and / or for selected period, after which the account shall be closed without giving any further notice to the account holder. Such conditional approval shall be properly intimated to all PMLA Team.

5.10.3. The details of such accounts shall be maintained by the Account Opening Team and the Members of Category B of the PMLA Team.

5.10.4. Also details of trading done in such accounts shall be continuously checked by the Members of Category C of the PMLA Team and monitored by Members of Category B of the PMLA Team.

**5.11.** If any client either refuses to provide the information as described above or any other information as may be asked, or appears to be intentionally provided false or misleading information, the account of such person / entity shall not be opened.

## **5.12. Politically Exposed Persons**

5.12.1. A declaration as to whether the client is a Politically Exposed Person or not shall be obtained from the client. Such declaration shall be incorporated in the Trading account opening form of KYC documents & DP Account Opening, if possible. For the purpose of this policy, Politically Exposed Persons means the persons who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

5.12.2. If the client is a Politically Exposed Person (PEP) or subsequently becomes PEP, approval shall be obtained from any one of the member of Category A of the PMLA Team before opening an account for such PEP.

5.12.3. The details of such accounts shall be maintained by the members of category B of the PMLA Team in format given in Annexure.

5.12.4. Also details of trading done in such accounts shall be continuously checked by members of category C of the PMLA Team and will be kept on record by the members of Category B of the PMLA Team in the format given in Annexure.

5.12.5. Failure of the client to provide the aforesaid information shall be noted and reported to all members of PMLA Team by the Account Opening Team as and when required.

### **5.13. Reliance on third party for carrying out Client Due Diligence (CDD)**

5.13.1 The company may rely on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

5.13.2 Such reliance shall be subject to the conditions that are specified in Rule 9(2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time.

## **6. Maintenance of Records**

**6.1.** In addition to the records as mentioned anywhere in this policy, the Principal Officer shall maintain the following additional records:

6.1.1. all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency; For this purpose, no office or employee of the SPA Securities limited is authorized to accept any cash / Foreign exchange for carrying out any trading activity or transaction of securities. However, in case of any charges payable for Trading or DP account opening, maintenance or closure, authorized official of the company shall be authorized to accept cash or its equivalent in foreign currency upto Rs. 5000/-. In case of amount in excess of

above but upto Rs. 20000/- towards above purposes, approval of Category B member of PMLA team is compulsory. Such approval shall be properly recorded in respective receipt voucher.

6.1.2. 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;

6.1.3. 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;

6.1.4. all suspicious transactions, including an attempted 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 an offence specified in the Schedule to the PMLA, regardless of the value involved; or
- appear 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.

6.1.5. The aforesaid records shall contain the following information as per the format given in the Annexure :

- i. the nature of the transactions;
- ii. the amount of the transaction and the currency in which it was denominated;
- iii. the date on which the transaction was conducted; and
- iv. the parties to the transaction.

**6.2.** Additionally, in case of any suspected drug related or other laundered money or terrorist property related transactions, the following additional information shall be maintained as as per the format given in Annexure

- i. the beneficial owner of the account;
- ii. the origin of the funds;
- iii. the form
- iv. the origin of the funds;
- v. the form in which the funds were offered or withdrawn, e.g. cash, cheques, etc.;

- vi. the identity of the person undertaking the transaction;
- vii. the destination of the funds;
- viii. the form of instruction and authority.

**6.3.** The records will be updated as and when required and shall be placed before Board of Directors, if required.

## **7. Monitoring of Suspicious Transactions**

**7.1.** The company classifies both the new and existing clients into high, medium or low risk category depending on parameters such as the customer's background, type of business relationship, transactions etc. we should apply due diligence measures for each of the customer on a risk sensitive basis and adopt an enhanced customer due diligence process for high risk categories of customers and vice-á-versa. The Company will monitor through the Back Office software and / or other utilities / softwares developed for this purpose, the unusual size, volume, pattern or type of transactions on regular basis mainly on following criteria.

- 7.1.1. Income or Networth of the client
- 7.1.2. Location of the Client
- 7.1.3. Size of the Branch
- 7.1.4. Multiplicity of brokers where the client is having trading account/DP Account
- 7.1.5. Offline transfer of Shares prior to listing or frequent offline transfers
- 7.1.6. Frequent default in payment/margins
- 7.1.7. Dealing in Pledged/locked shares
- 7.1.8. Frequent or high value of Auction of Securities
- 7.1.9. Same Stock or group of stock trading for quite long period
- 7.1.10. High concentration of illiquid shares/Z group shares in overall Trading volume of Client.
- 7.1.11. Value in excess of Rs. 500000/- per day in case of illiquid shares as declared by Exchanges on regular basis.
- 7.1.12. Trading in shares belonging to own group/listed companies, if declared.
- 7.1.13. Sudden transaction in dormant/Inactive account. Dormant/Inactive accounts means accounts where no transaction have taken place in last

6 months. If required, a separate policy shall be made and implemented by company for the treatment of Inactive/Dormant Account.

7.1.14. Frequent cheque dishonor

**7.2.** In addition to transactions for entities mentioned in above policy to be monitored by PMLA Team, following type of transactions or the transactions of the following clients, as the case may be, shall also be monitored on regular basis:

7.2.1. Transactions of the clients fall under High Risk category or Client of Special Category. The transactions shall be monitored if the volume of trading exceeds Rs. 10,00,000/- on any day.

7.2.1.1. Medium Risk Customers are classified as one who do the settlement of the funds/shares on or before the settlement date and who normally does not default/delay in the same.

7.2.1.2. Low Risk customers are classified as which are not High/Medium Risk are Low Risk customers. The customers who does the settlement of the funds/Shares on the date of the trade or in advance.

7.2.2. Following types of clients has been categorized as High Risk category /Client of Special Category.

- Non resident clients
- HNI Clients
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- Companies offering foreign exchange offerings
- Clients in high risk countries
- Non face to face clients
- Clients with dubious reputation as per public information available

7.2.3. Any other Client or Transactions which appear to be suspicious to the Dealer, Relationship Manager, the PMLA Team or any of the concerned officer or employee of the company.

7.2.4. The responsibility of generation of the reports, periodicity and format of the report, responsibility of maintenance of reports etc. shall be as per the Chart of Reports annexed to this policy.

**7.3.** The following categories of clients or transactions may be viewed as Suspicious clients or transactions viz:

- 7.3.1. Doubt over the real beneficiary of the account
- 7.3.2. Suspicious background or links with known criminals
- 7.3.3. Multiple Accounts having same addresses
- 7.3.4. Unusual activity compared to past transactions
- 7.3.5. Nature of Transactions
- 7.3.6. Unusual or unjustified complexity
- 7.3.7. No economic rationale or bonafide purpose
- 7.3.8. Source of funds are doubtful
- 7.3.9. Appears to be case of insider trading
- 7.3.10. Investment proceeds transferred to a third party
- 7.3.11. Transactions reflect likely market manipulations
- 7.3.12. Suspicious off market transactions
- 7.3.13. Large sums being transferred from overseas for making payments
- 7.3.14. Inconsistent with the clients apparent financial standing
- 7.3.15. Inconsistency in the payment pattern by client

## 8. **Reporting & Record Keeping**

**8.1.** Reports as per Point No. 8.2 of this policy shall be and escalated as per the the Chart of Reports annexed to this policy.

**8.2.** The reports shall be scrutinized by the PMLA Team as per the Chart of Reports.

**8.3.** After scrutiny of the transactions members of Category A and Category B shall finalize the transactions that need to be reported to Director of FIU-IND, if any.

**8.4.** The suspicious transactions as finalized above, shall be reported to the Director of FIU-IND in the prescribed format as given in Annexure.

**8.5.** All the reports / records generated for PMLA purpose, including any supporting documents / records thereof, (PMLA records) shall be kept strictly confidential and shall not be disclosed unless the same is required to be disclosed pursuant to any law or a demand received from a Governmental or Regulatory Body having jurisdiction over the Company.

- 8.6.** Principal Officer shall be responsible for maintenance of PMLA records. All such records/copies and backup of the soft copies shall be kept within the authority of Principal Officer.
- 8.7.** The PMLA record shall be preserved and maintained for atleast 10 (ten) years from the date of its generation.
- 8.8.** After the expiry of 5 years, such record can be destroyed/deleted/cancelled on the discretion of Principal Officer. However, in case of any record wherein the subject matter is pending or disputed before any authority, such record should be maintained until the disposal of such matter or appeal thereof.
- 8.9.** The company should adopt procedure to ensure that the effective and expeditious implementation of the SEBI order and applicable provision of the as per section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA) which would be complied with scrupulously.

## **9. Training Program & Investor Education of PMLA**

### **9.1. Employee Training**

9.1.1. Principal Officer shall endeavor to conduct Training/updation programs at regular interval so as to train or upgrade the knowledge the concerned staff members about AML and CFT procedures.

9.1.2. The following staff shall be part of training/knowledge improvement program about AML and CFT procedures viz:

- Dealers
- Relationship Managers
- PMLA Team
- Account Opening Department
- Demat Section
- Back Office staff
- Such other staff members as may be decided by the members of Category A of the PMLA Team.

9.1.3. The training programme shall be conducted once in every calendar year. Such training programmes may be conducted in any of the following ways:

- By conducting in-house training within the organization
- By sending the selected staff members to attend seminars / meetings / trainings on AML and CFT.

- By circulating literatures / pamphlets / materials on AML and CFT among the staff members

9.1.4. Apart from Regular training program, Principal officer and PMLA team shall endeavor to educate/train the concerned staff as mentioned above by way of circulation of important articles, news, messages, circulars of exchanges and regulatory authorities, announcements thru Email, written Communication or also with the subscription of important websites, publications, newspapers.

## **9.2. Hiring of Employees**

The company shall have adequate screening procedures in place to ensure high standards when hiring employees. The company shall identify the key positions within the organization structures having regard to the risk of money laundering and terrorist financing and the size of their business and ensure the employees taking up such key positions are suitable and competent to perform their duties.

## **9.3. Investor Education**

9.3.1. Company shall endeavor to send & publish, literature/pamphlets or other information thru Email, SMS & website etc. so as to educate Clients and other investors about the objectives of the AML/CFT programme.

9.3.2. Company shall also endeavor to conduct special knowledge program/session at branches/sub-brokers level about the objectives of the AML/CFT programme.

9.3.3. Principal Officer shall keep the record of all such investor Education program about for Inspection/Audit.

## **10. Appointment of a Designated Director**

10.1. In addition to the existing requirement of designation of a Principal Officer, the company shall also designate a person as a 'Designated Director'. In terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

"Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes —

(i) the Managing Director or a Whole-time Director/Director duly authorized by the Board of Directors if the reporting entity is a company,



(ii) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above."

10.2 The company shall communicate the details of the Designated Director, such as, name, designation and address to the Office of the Director, FIU-IND.

#### **11. Procedure for freezing of funds, financial assets or economic resources or related services**

Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (**UAPA**), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated [August 27, 2009](#) detailing the procedure for the implementation of Section 51A of the UAPA. Under the aforementioned Section, 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. The Government is also further empowered to 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. The obligations to be followed by company to ensure the effective and expeditious implementation of said Order has been issued vide SEBI Circular ref. no: [ISD/AML/CIR-2/2009 dated October 23, 2009](#), which needs to be complied with scrupulously. 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 approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml>.

In the event, particulars of any of customer/s match the particulars of designated individuals/entities, stock exchanges, depositories and intermediaries shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the

Joint Secretary (IS.I), 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 [jsis@nic.in](mailto:jsis@nic.in). On receipt of the particulars IS-I Division of MHA would cause a verification to be conducted by the State Police and /or the Central Agencies so as to ensure that the individuals/ entities identified by the stock exchanges, depositories, registered intermediaries are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by stock exchanges, depositories, registered intermediaries are held by the designated individuals/entities.

## 12. Chart of Reports

Sr. No.	Particulars of Report	Ref. Clause no. in Policy	To be prepared by	To be escalated to	Periodicity of generation of Report	To be maintained by	Format	Remarks
1.	Report of Transactions of clients who are reluctant to reveal information	8.2. (i)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
2.	Report of Transactions of Clients who does continuous buying or selling	8.2. (ii)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
3.	Report of Transactions of Clients trades in only one security or series	8.2. (iii)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
4.	Report of Transactions of Clients who deal in illiquid security	8.2. (iv)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
5.	List of illiquid securities	8.2. (iv)	Members of category C of PMLA Team	N.A.	Continuous basis and updated from time to time	Members of category C of PMLA Team		
6.	Report of Transactions of Clients whose volume is increased by more than 50%	8.2. (v)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
7.	Report of Transactions of Clients whose identity verification is difficult	8.2. (vi)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
8.	Report of Transactions of Dormant Accounts	8.2. (viii)	Members of category C of PMLA Team	PMLA Team	Weekly	Members of category B of PMLA Team		
9.	Any other Transaction	8.2. (ix)	Concerned Officer	PMLA Team	As and when	Members of category B of PMLA Team		