

Anti Money Laundering Policy

Back ground

The Prevention of Money Laundering Act, 2002 came into effect from 1st July 2005. SEBI vide circular dated 18th January 2006 required market intermediaries to lay down policy framework for Anti Money Laundering measures to be followed. SEBI has also issued Master Circular dated 19th December 2008 & circular CIR/MIRSD/1/2014 dt. 12.03.2014. Subsequently amended in Prevention of Money Laundering (Maintenance of Records) Rules, 2005 as per the gazette notification dated June 1, 2017, SEBI Circular dt. 04.07.2018 and SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dt. October 15, 2019.

The PMLA 2002 and Rules notified thereunder impose an obligation on intermediaries to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU)-India.

What is Money Laundering?

Money Laundering defined as cleansing of dirty money obtained from legitimate or illegitimate activities including drug trafficking, terrorism, organized crime, fraud and many other crimes with the objective of hiding its source and rendering it in legally usable form. It is any act or attempted act to conceal or disguise the identity of illegally obtained proceeds so that they appear to have originated from legitimate sources. The process of money laundering involves creating a web of financial transactions so as to hide the origin of and true nature of these funds.

This is done three phases- placement Phase, Layering Phase & Integration Phase.

Objectives

The Prevention of Money Laundering Act, 2002 (PMLA) forms the core of the legal framework put in place by India to combat money laundering. PMLA and the Rules notified there under came into force with effect from July 1, 2005.

The PMLA and rules notified there under impose obligation on banking companies, financial institution and intermediaries to verify identity of clients, maintain records and furnish information to FIU-INDIA. PMLA defines money laundering offence and provides for the freezing, seizure and confiscation of the proceeds of crime. Monitor / maintain record of all cash transactions of the value of more than Rs. 10 lacs or its equivalent in foreign currency, all series of cash transactions integrally connected to each other which have been valued below Rs. 10 Lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds an amount of ten lakh rupees or its equivalent in foreign currency, all suspicious transactions whether or not made in cash and including, interalia, credits or debits into from any non-monetary account such as demat account, security account maintained by the registered intermediary.

Policy of Trustline

Trustline Group has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002.

Implementation of this Policy

Mr. Vinay Kumar Gupta, Director is the Principal Officer who is responsible for compliance of the provision of the PMLA and AML Guidelines act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions. Ensure that Group discharges its legal obligations to report suspicious transaction to the concerned authorities.

Rights and Powers of Principal Officer

The principal officer ensures that:-

1. The PMLA Guidelines and the Board approved PMLA Policy is implemented effectively by the company.
2. The identification and assessment of potentially suspicious transactions are done on the regular basis.
3. The company is regularly updated regarding any changes/additions/modification in PMLA Provisions.
4. The company reports the suspicious transactions to the concerned authorities within the specific time as per the PMLA policy.
5. The company responds promptly to any request for information, including KYC related information, made by the regulators, FIR-IND and other statutory authorities. Any other responsibilities assigned. Designated director will implement the PMLA guidelines issued by SEBI time to time.

The main aspect of this policy is the customer due diligence process which means:-

1. Obtaining sufficient information about to the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted;
2. Verify the customers identity using reliable independent source documents, data or information;
3. Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the clients' background / financial status, its activities and risk profile.

The customer due diligence process includes three specific parameters:-

- (A) Elements of Client Due Diligence;
- (B) Client Identification Procedure;
- (C) Clients of special category (CSC)
- (D) Policy for acceptance of clients;
- (E) Risk Based Approach
- (F) Suspicious Transaction identification and reporting.

(A) Element of Client Due Diligence

The CDD measures comprise the following:

- a) 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 shall 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.
- (b) Verify the client's identity using reliable, independent source documents, data or information;
- (c) Identify 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;
- (d) Verify the identity of the beneficial owner of the client and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c);
- (e) Understand the ownership and control structure of the client;
- (f) Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship 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; and
- g) Registered intermediaries shall periodically update all documents, data or information of all clients and beneficial owners collected under the CDD process.

Reliance on third party for carrying out Client Due Diligence (CDD)

- i. We should 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.
- ii. 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. Further, it is clarified that the registered

intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

(B) Client Identification Procedure

To have a mechanism in place to establish identity of the client along firm proof of address to prevent opening of any account which is fictitious / benami / anonymous in nature.

There are following documents/activities upon which we can rely:-

- a) PAN Card : PAN Card is mandatory and is most reliable documents. We can independently check its genuineness through Income Tax website.
- b) Identity Proof : PAN Card, itself can serve as proof of identity . However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we should take other identity proof in form of Voter's identity card, Passport, Ration Card or any Government/PSU/Bank issued photo identity card.
- c) Address Proof : For valid address proof we can rely on voter's identity card, Passport, Bank Statement, ration card and latest Electricity/telephone bill in the name of the client.
- d) In person Verification:- In person Verification of the client to be done as per Rule, Guidelines etc.
- e) Monitoring of Trading activities:-RMS department should monitor the trading activity of the client and exercise due diligence to ensure that the trading activities of the client is not disproportionate to the financial status and the track record of the client.
- f) Acceptance of Payment:-It should be insured that payment received from the client is being received in time and through the bank account the details of which are given by the client in KYC application form and the payment through cash/bearer demand draft should not be entertained.

Documents to be obtained as part of customer identification procedure for new clients:

- a) In case of individual, one copy of the following documents has to be obtained:

PAN Card, it is mandatory, it can be verified its genuineness with Income Tax website and cross verify the PAN card copy with the original. "verified with original" stamp should be taken as proof of verification. Other proofs for identity are voter's identity card, Passport, Ration Card or any Government/PSU/bank issued photo identity card or any other documents prescribed by the regulatory authorities.

Address proof in the form of voter's identity card, Passport, Bank Statement, Ration Card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.

b) In case of corporate, one certified copy of the following documents must be obtained:-

- Copy of the Registration/Incorporation Certificate;
- Copy of the Memorandum & Articles of the Association;
- Copy of the latest audited Annual Statement of the corporate client;
- Latest Income Tax return filed with Income Tax deptt.;
- Latest Net worth Certification;
- Copy of the PAN card and the Director index No.(DIN);
- Board Resolution for appointment of the Authorized Person who will operate the account;
- Proof of address and any identity of Authorized Person

c) In case of partnership firm one certified copy of the following must be obtained:-

- Partnership Deed;
- Registration certificate;
- Authorization letter for the person authorized to open and operate the account
- Annual statement/returns of the partnership firm
- PAN card of partners;
- Proof of identity and address of the authorized person.

d) In case of a Trust, one certified copy of the following must be obtained:-

- Trust Deed;
- Registration certificate;
- Officially valid documents like PAN card, voters ID, Passport, etc of person(s) authorized to transact on behalf of the trust;
- PAN card;
- Authorization letter for the entity authorized to act on their behalf.

e) In case of unincorporated association or a body of individuals, one certified copy of the following must be obtained:

- Officially valid documents like PAN Card, Voters ID, passport, etc of the person(s) authorized to transact;
- POA in favour person authorized to transact;
- Resolution of the managing body of such association or body of individuals;
- Any document required to establish the legal existence of such an association or body of individual.

f) In case of an NRI account- Repatriable/non-repatriable, the following documents are required:

- Copy of the passport;
- Copy of the PIS permission issued by the bank;
- Copy of the bank statement copy of the demat statement;
- Copy of PAN card;
- Proof of overseas address and Indian address;
- If the account is handled through a mandate holder, copy of the valid POA/mandate.

(i) For Clients other than individuals or trusts: Where the client is a person other than an individual or trust, viz., company, partnership or unincorporated association/ body of individuals, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

aa) The identity of the natural persons, 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:

- (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.

bb) In case where there exists doubt under clause (aa) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exercises control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting right, agreement, arrangements or in any other manner.

cc) where no natural person is identified under clauses (aa) or (bb) 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 trust, the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settlor of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- (iii) Exemption in case of listed companies: Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a Company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

(C) Client for Special Category (CSC)

Clients of special category (CSC) include the following-

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 (PEP) are individuals 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. The additional norms applicable to PEP as contained in the subsequent para 5.5 of this circular shall also be applied to the accounts of the family members or close relatives of PEPs.

vi. Companies offering 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 centers, tax havens, countries where fraud is highly prevalent. While dealing with clients in high risk countries where the existence/effectiveness of money 22 | Page laundering control is suspect, intermediaries apart from being guided by the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org), shall also independently access and consider other publicly available information.

viii. Non face to face clients

ix. Clients with dubious reputation as per public information available etc. The above mentioned list is only illustrative and the intermediary shall exercise independent judgment to ascertain whether any other set of clients shall be classified as CSC or not.

(D) Policy for acceptance of clients

The following safeguards are to be followed while accepting the clients:-

No account is opened in a fictitious / benami name or on an anonymous basis. To ensure this we must insist the client to fill up all the necessary details in the KYC form in our presence and obtain all the necessary documentary evidence in support of the information filled in KYC. We identify the client whether he is debarred entity or not?

We must verify all the documents submitted in support of information filled in the KYC form with the originals and in-person verification should be done by our own staff. Moreover new client should either be introduced by an existing customer or by the senior official of the company.

In case we have any doubt that in-complete / fictitious information is submitted by the client, we must ask for such additional information so as to satisfy ourselves about the genuineness of the clients.

We should not continue to do business with such a person and file a suspicious activity report. We should also evaluate whether there is suspicious trading in the account and whether there is a need to freeze or close the account.

We should be careful while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share holding/ownership, companies dealing in foreign currency, overseas in high risk countries, non face to face clients, clients with dubious background. Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high-risk countries or clients belonging to countries where corruption/fraud level is high. Scrutinize minutely the records/documents pertaining to clients belonging to aforesaid category.

Do not compromise on submission of mandatory information / documents. Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. Do not open the accounts where the client refuses to provide information / documents and we should have sufficient to reject the client towards this reluctance.

(E) **Risk based Approach**

It is recognized that certain clients may be of a higher or lower risk category depending on the circumstances such as the client's background, type of business relationship or transaction etc. As such, the registered intermediaries shall apply each of the client due diligence measures on a risk sensitive basis. The basic principle enshrined in this approach is that the registered intermediaries shall adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process may be adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that registered intermediaries shall obtain necessarily depend on the risk category of a particular client. Further, low risk provisions shall not apply when there are suspicions of ML/FT or when other factors give rise to a belief that the customer does not in fact pose a low risk.

Risk Assessment

We shall carry out risk assessment 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 http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.html>).

The risk assessment carried out shall consider all the relevant risk factors before determining the level of overall risk and the appropriate level and type of mitigation to be applied. The assessment shall be documented, updated regularly and made available to competent authorities and self-regulating bodies, as and when required.

Factors of risk perception of the client

Factors of Risk Perception having regard to Client`s Location (Registered / Correspondence/ other address)

| Particulars | Risk Perception |
|---|------------------------|
| - Face to Face clients of Delhi NCR | Low Risk |
| - Face to Face clients of other than Delhi NCR | Low Risk |
| - Client Introduced by existing Face to Face Clients | Low Risk |
| - Client Introduced by other Existing Clients | Medium Risk |
| - Direct Clients of Delhi NCR | Medium Risk |
| - Direct Clients of other than Delhi NCR | High Risk |
| - Non- resident Clients | High Risk |
| Nature of Business Activity, Trading Turnover etc | |
| -Retail clients (average daily turnover < Rs 10 Lakhs or net settlement obligation < Rs 2 Lakhs) | Low Risk |
| - Retail clients (average daily turnover < Rs 25 Lakhs or net settlement obligation < Rs 5 Lakhs) | Medium Risk |
| - HNI Clients (average daily turnover > Rs 25 Lakhs or net settlement obligation > Rs 5 Lakhs) | High Risk |
| Manner of Making Payment | |
| - Regular payment through A/c payee cheque from the Bank A/c already mapped with us | Low Risk |
| - Payment through A/c payee cheque from the Bank A/c other than one already mapped with us | Medium Risk |
| - Payment through Banker`s Cheque / Demand Draft / Cash | High Risk |
| Client of Special Categories | Very High Risk |

(C) Suspicious Transaction identification and reporting

Suspicious Transactions

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 circumstance of unusual or unjustified complexity; or appear to have no economic rationale or bona fide purpose.

A) Reasons for Suspicious:

Identity of client

- Non-face to face client;
- False identification documents;
- Clients in high-risk jurisdiction;
- Accounts opened with names very close to other established business entities;
- Identification documents which could not be verified within reasonable time;
- Receipt back of welcome kit undelivered at the address given by the client;
- Doubt over the real beneficiary of the account;
- Suspicious background or links with criminals.

Multiple Accounts

Unexplained transfers between such multiple accounts Activity in Accounts;
Large number of accounts having a common parameters as common partners / directors / promoters / address / email address / telephone numbers introducer or authorized signatory;
Use others different accounts by clients alternatively;
Activity inconsistent with what be expected from declared business;
Unusual activity compared to past transactions;
Sudden activity in dormant accounts.

Nature of Transactions

Source of funds is doubtful;
Unusual or unjustified complexity;
Appears to be case of insider trading;
No economic rationale or bonafied purpose;
Transactions reflect likely market manipulation;
Suspicious off market transaction;
Purchases made on own account transferred to a third party through an off market transaction through DP account.

Value of Transaction

Value just under the reporting threshold amount in an apparent attempt to avoid reporting;
Inconsistent with the clients apparent financial standing;

Inconsistency in the payment pattern by client;

Block deal which is not at market price or prices appear to be artificially inflated/deflated;

Large sums being transferred from overseas for making payments.

Identifying and Reporting suspicious transaction

The Principle Officer for any suspicious transaction will transaction filtered out of the following filters in detail. As the Business dynamics are very varied and complex, defining transaction types for reporting will not be undertaken at this juncture. Having said that, the Principal Officer will review all the transactions thrown out by the filters and decides on a case-to case basis to report to FIU with in stipulated time with complete details.

These filters will be reviewed regularly for any updation and modifications to make the system more robust and effective.

1. Payment for payout to all the clients will be only through cheque. No cash payments to be entertained under any circumstances.
2. All third party cheques to the credit of clients accounts irrespective of the amount.
3. All payment made either by way of Demand Draft/Cheque/Money Transfer/Funds Transfer in foreign currencies irrespective of the amount. In case of DD it should be accompanied by the letter of bank in case of some unavoidable situation.

4. To discourage the manipulation relating to the strength, we have started the provision of updating the financial statements of the clients annually and this is the ongoing procedure.

What to Report

The amount of the transaction and the currency in which it was denominated;
The date on which the transaction was conducted;
The nature of the transactions;
The parties to the transaction;
The reason of suspicion.

Retention of records

Records pertaining to active clients and staff details collected for recruitment shall be kept safely. Further company has a policy to retain all records relating to PMLA provision for at least a period of 5 years. We have also retained the statutory and regulatory compliance relating records and co-operate with law enforcement authorities with timely disclosure of information.

Intermediaries shall take appropriate steps to evolve an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further, the records mentioned in Rule 3 of PML Rules have to be maintained and preserved for a period of ten years from the date of transactions between the client and intermediary.

As stated in sub-section 5.5, intermediaries are required to formulate and implement the CIP containing the requirements as laid down in Rule 9 of the PML Rules and such other additional requirements that it considers appropriate. The records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence shall be maintained and preserved for a period of five years after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later."

Thus the following document retention terms shall be observed: -

(a) All necessary records on transactions, both domestic and international, shall be maintained at least for the minimum period prescribed under the relevant Act and Rules (PMLA and rules framed thereunder as well SEBI Act) and other legislations, Regulations or exchange bye-laws or circulars.

(b) Records on client identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence shall also be kept for the same period.

In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they shall be retained until it is confirmed that the case has been closed.

List of Designated Individuals/Entities

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 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>. Registered intermediaries are directed to ensure that accounts are not opened in the name of anyone whose name appears in said list. Registered intermediaries shall continuously 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 accounts bearing resemblance with any of the individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.

Procedure for freezing of funds, financial assets or economic resources or related services

As per 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 intermediaries 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.

Information to be maintained

Company will maintain and preserve the following information in respect of transactions referred to in Rule 3 of PMLA Rules for the period of 10 years.

- I. Contract Note;
- II. Client Registration Forms;
- III. Nature of the transactions;
- IV. Date on which the transaction was conducted;
- V. Amount of the transaction and the currency in which it denominated;
- VI. Parties to the transaction.

Monitoring of transactions

We have initiated to regular monitoring of transactions for ensuring effectiveness of the AML procedures. In this respect we have an understanding of the normal activity of the client so that it can identify deviations in transactions / activities.

We shall pay special attention to all complex, unusually large transactions / patterns which appear to have no economic purpose. The intermediary may specify internal threshold limits for each class of client accounts and pay special attention to transactions which exceeds these limits. The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents shall be made available to auditors and also to SEBI/stock exchanges/FIUIND/other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for ten years as is required under the PMLA.

We shall ensure a record of the transactions is preserved and maintained in terms of Section 12 of the PMLA and that transactions of a suspicious nature or any other transactions notified under Section 12 of the Act are reported to the Director, FIU-IND. Suspicious transactions shall also be regularly reported to the higher authorities within the intermediary.

Further, the compliance cell of the intermediary shall randomly examine a selection of transactions undertaken by clients to comment on their nature i.e. whether they are in the nature of suspicious transactions or not.

Hiring of Employees

We shall have adequate screening procedures in place to ensure high standards when hiring employees, having regard to the risk of money laundering and terrorist financing and the size of the business, we ensure that all the employees taking up such key positions are suitable and competent to perform their duties. The Company HR is instructed to cross check all the references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting. The department obtains the adequate documents for verification thereof.

Record Keeping

We shall ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars. We shall maintain such records as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior.

We Shall there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, registered intermediaries shall retain the following information for the accounts of their clients in order to maintain a satisfactory audit trail: (a) the

beneficial owner of the account; (b) the volume of the funds flowing through the account; and (c) for selected transactions:-

- the origin of the funds;
- the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
- the identity of the person undertaking the transaction;
- the destination of the funds;
- the form of instruction and authority.

We shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities. Where required by the investigating authority, they shall retain certain records, e.g. client identification, account files, and business correspondence, for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars. 6.5 More specifically, all the intermediaries shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:-

(i) all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;

(ii) all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;

(iii) 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;

(iv) all suspicious transactions whether or not made in and by way of as mentioned in the Rules.

Employees' Training

Company adopted an ongoing employee training program so that the members of the staff are adequately trained in AML procedures. Training requirements have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements. The said training programme is being conducted through personal meeting/presentation.

Investors Education

Implementation of AML measures requires back office and trading staff to demand certain information from investors which may be of personal nature or which have hitherto 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 customer with regard to the motive and purpose of

collecting such information. There is, therefore, a need for the back office and trading staff to sensitize their customers about these requirements as the ones emanating from AML framework. The back office and trading staff should prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the AML programme.

Reporting to FIU

In terms of the PMLA rules, Intermediaries are required to report information relating to cash and 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>

I. Cash Transaction Reports: The Prevention of Money-laundering Act, 2002, and rule there under require every intermediary, to furnish to FIU-IND information relating to:

- 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;

The cash transaction report (CTR) (wherever applicable) for each month should be submitted to FIU-IND by 15th of the succeeding month.

All are requested not to accept cash from the clients whether against obligations or as margin for purchase of commodities or otherwise. All payments shall be received from the clients strictly by account payee crossed cheques drawn in favour of Trustline Commodities Private Limited.

II. Suspicious Transaction Reports:

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

The intermediary shall furnish to FIU-IND information of all suspicious transactions whether or not made in cash.

The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion. The Principal Officer will be responsible for timely submission of CTR and STR to FIU-IND. Utmost confidentiality should be maintained in filing of CTR and STR to FIU-IND. The reports may be transmitted by speed/registered post/fax at the notified address.

III. Counterfeit Currency Reports:

All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of a valuable security or a document has taken place facilitating the transactions may reported in Counterfeit Currency Reports (CCR).

Prevention of Money Laundering (Maintenance of Records) Rules, 2005

Prevention of Money Laundering (Maintenance of Records) Rules, 2005 has been amended as per the gazette notification dated June 1, 2017:-

- i. Where the client has not submitted Aadhaar number at the time of commencement of account based relationship with the reporting entity, as per the PMLA requirement, then he/ it shall submit the same within 6 months of commencement of account based relationship with the reporting entity.
- ii. Similarly, where the client is already having an account based relationship with reporting entities, prior to the date of notification, and have not submitted Aadhaar number, as per the PMLA requirement, to the reporting entity, then he/ it shall submit the same by December 31, 2017
- iii. In case of failure to submit the documents within the aforesaid time limit, the account shall cease to be operational till the time Aadhaar number is submitted by the client.

Review of policy

The aforesaid AML policy is reviewed periodically to meet the compliance requirements of PMLA 2002. The principal officer is the authority to give directions to concern for addition, changes, modifications etc. as directed by SEBI/FIU-IND.

Above said policies are reviewed by us on regular basis to keep it updated as per the various amendments in the PMLA rules.

In case any further information /clarification is required in this regard, the Principal Office may be contacted as follows :-

Mr. Vinay Kumar Gupta [Director & Principal officer]

Address:-

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Noida-201301 (U.P.)

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