

EXPRESS SECURITIES PVT LTD
Policy for Prevention of Anti Money Laundering

A. Objective:

The objective of framing an anti money laundering policy is to maintain a record of cash transactions and suspicious transactions as specified by the Prevention of Money Laundering Act, 2002 and the rules framed there under. It also includes the procedure for submitting the information to the Director of the Financial Intelligence Unit.

B. Department In charge:

The Compliance Department

C. Maintenance of records:

It shall be the duty of the financial intermediary to observe the procedure and manner of furnishing information referred to in rule 3 of The Prevention of Money laundering Rules, 2005 as specified by the Securities and Exchange Board of India from time to time.

Cash Transaction Reports:

1. All cash transactions of the value of more than rupees ten lacs or its equivalent in foreign currency.
2. All series of cash transactions integrally connected to each other, which have been valued below rupees ten lacs or its equivalent in foreign currency where such series of transactions have been taken in a month.

Suspicious Transactions Reports:

1. Identity of Client:
 - False Identification documents
 - Identification documents which could not be verified within reasonable time
 - Non-face to face client
 - Doubt over real beneficiary of the account
 - Accounts opened with names very close to other established business entities
2. Suspicious Background:
 - Suspicious background or links with known criminals



3. Multiple Accounts:

- Large number of accounts having a common account holder, introducer or authorized signatory with no rationale.
- Unexplained transfers between multiple accounts with no rationale.

4. Activity in Accounts:

- Unusual activity compared to past transactions
- Sudden activity in dormant accounts
- Activity inconsistent with what would be expected from declared business
- Account used for circular trading.

5. Nature of transactions:

- Unusual or unjustified complexity
- No economic rationale or bona fide purpose
- Source of funds is doubtful
- Appears to be a case of insider trading
- Investment proceeds transferred to a third party
- Transactions reflect likely market manipulations
- Suspicious off market transactions

6. Value of Transactions:

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting.
- Large sums being transferred from overseas for making payments
- Inconsistent with the clients apparent financial standing
- Inconsistency in the payment pattern by client
- Block deal, which is not at market price or prices, appears to be artificially inflated/ deflated.

D. Records-Matter and Retention:

The records should contain the following information-

- The nature of the transactions
- The amount of the transaction and the currency in which it was denominated
- The date on which the transaction was conducted
- The parties to the transaction

Rule 6 provides for retention of records for a period of ten years from the date of cessation of the transactions between the client and the intermediary

E. Procedure and manner of furnishing information:



Rule 7 of the Prevention of Money Laundering Rules lays down the procedure and manner of furnishing information:

- Every intermediary shall communicate the name, designation and address of the principal officer to the Director
- The principal officer shall furnish the information to the Director on the basis of information available with it and will retain a copy for the purpose of official record.

Reports can be submitted either in manual or electronic format.

F. Due Dates for furnishing information to the Director of Financial Intelligence Unit (FIU):

- Cash Transaction reports shall be submitted by the 15th day of the succeeding month.
- 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 shall be submitted within three working days from the date of the occurrence of such transactions.
- Suspicious Transaction reports shall be submitted in writing or by fax or e-mail within 3 working days from the date of occurrence of such transactions.

ANTI-MONEY LAUNDERING POLICY

G. Reporting Formats:

Cash Transaction Reports in manual format consists of following forms:

Form	Information	To be submitted by
Summary of Cash Transaction Reports	Contains summary of enclosed CTR's	Principal officer of the reporting intermediary
Cash Transaction report for an intermediary	Details of reporting branch, account holder, related persons and cash transactions	Reporting branch/franchisee
Annexure-A- Individual detail Sheet for an intermediary	Identification details of individuals	Reporting branch/franchisee
Annexure-B Legal person/Entity Detail sheet for an intermediary	Identification details of legal person/entity	Reporting branch/franchisee

In case of electronic filing, the consolidated Cash Transaction data for an intermediary should have the following 6 data files:

S No	Filename	Description
1	CBACTL.txt	Control File
2	CBABRC.txt	Branch Data File
3	CBAACC.txt	Account Data File
4	CBATRN.txt	Transaction Data File
5	CBAINP.txt	Individual Data File
6	CBALPE.txt	Legal Person/Entity Data File

Suspicious Transaction Reports in manual format consists of following forms:



Client Identification program:

We have maintained the following checklist to enable us to determine the true identity of the clients:

Documents needed for verification of an individual:

1. One certified copy of an officially valid document containing details of his/her permanent address or addresses, current address or addresses and
2. One copy of his/her recent photograph
3. Such other documents like Income Tax return, Salary slips, TDS Certificate, Bank Statements etc determining the nature of business and financial status of the client

Officially valid document means the passport, the driving license, the Permanent Account Number (PAN) Card, the Voter's identity Card issued by the Election Commission of India or any other document as may be required.

Documents needed for verification of a company:

1. Certificate of incorporation
2. Memorandum and Articles of Association
3. A copy of Board resolution and power of attorney granted to its managers, officers or employees to transact on its behalf.

Documents needed for verification of a partnership firm:

1. Registration Certificate
2. Partnership deed
3. An officially valid document in respect of the person holding an attorney to transact on its behalf.

Documents needed for verification of an Association of Persons (AOP) or Body of Individuals (BOI):

1. Resolution of the managing body of such association or body of individuals.
2. Power of attorney granted to him to transact on his behalf
3. An officially valid document in respect of the person holding an attorney to transact on its behalf and
4. Such information as is necessary to establish the legal existence of the entity.

The copies of documents have to be verified with the originals by the authorized person.

Maintenance of records of the identity of clients and the period of retention:

Rule 10 of the Prevention of Money Laundering Rules, 2005 lays down that the records of the identity of client shall be maintained in hard and soft copies for a period of ten years from the date of cessation of the transactions between the client and the intermediary.



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