
Anti Money Laundering Policy (AML)

OF

JSEL Securities Limited.
Version March - 2025

Depository Participants- DP-ID-29200
CDSL
BSE Cash

AntiMoneyLaunderingPolicy

The Government of India has serious concerns over money laundering activities which are not only illegal but anti-national as well. As a market participant it is evident that strict and vigilant tracking of all transactions of suspicious nature required.

Accordingly the Company has laid down following policy guidelines:

Principal Officer: Mr. Shobhit Rawat is appointed as the Principal Officer. He will be responsible for implementation of internal controls & procedures for identifying and reporting any suspicious transaction or activity to the concerned authorities.

Designated Director : Mr. Alok Nigam

Background :

The PMLA came into effect from 1st July 2005. Necessary Notifications /Rules under the said Act were published in the Gazette of India on 1st July, 2005 by the Department of Revenue, Ministry of Finance, Government of India. The PMLA has been further amended vide notification dated March 6, 2009 and inter alia provides that violating the prohibitions on manipulative and deceptive devices, insider trading and substantial acquisition of securities or control as prescribed in Section 12 A read with Section 24 of the Securities and Exchange Board of India Act, 1992 (SEBI Act) will now be treated as a scheduled offence under schedule B of the PMLA.

Purpose & Scope:

As a Financial Market Intermediary we need to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA. Accordingly all the back office, DP and trading staff are instructed to observe the following safeguards:

No Cash transactions for trading in securities shall be allowed from any client in the normal course of business.

Maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. Such transactions include:

- All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non-monetary account such as demat account, security account maintained by us (DP).

Frequent off Market transfers from one BO account to another shall be scrutinized and asked for. In absence of valid reason code or as the case may be, it shall be brought to the notice of Principal Officer. Refer comm.. no .352/384/388/405/413 of CDSL.

Trading beyond ones declared income: The turnover of the clients should be according to their declared means of income. Any abnormal increase in client's turnover shall be reported to Principal Officer. The Back Office staff should take due care in updating the clients' financial details and shall periodically review the same.

Polices & Procedures to Combat Money Laundering And Terrorist Financing :

1.1 Essential Principles:

These Directives have taken into account the requirements of the PMLA as applicable to JSEL Securities Ltd. registered under Section 12 of the SEBI Act.

The detailed Directives in Section II have outlined relevant measures and procedures to guide JSEL Securities Ltd. in preventing ML and TF.

Considering carefully the specific nature of our business, organizational structure, type of client and transaction, etc. the measures taken by us are adequate and appropriate as per the requirements laid down in the PMLA.

1.2.Obligation to establish policies and procedures:

- Global measures taken to combat drug trafficking, terrorism and other organized and serious crimes have all emphasized the need to establish internal procedures that effectively serve to prevent and impede money laundering and terrorist financing. The PMLA is in line with these measures and mandates the fulfillment of the aforementioned.
- To be in compliance with these obligations, the senior management of JSEL Securities Ltd. is fully committed in establishing appropriate policies and procedures for the prevention of ML and TF and ensuring their effectiveness and compliance with all relevant legal and regulatory requirements.
- “issue a statement of policies and procedures and implement, on a group basis where applicable, for dealing with ML and TF reflecting the current statutory and regulatory requirements;”

1.3.Policies and procedures to combat ML shall cover:

- Communication of group policies relating to prevention of ML and TF to all management and relevant staff that handle account information, securities transactions, money and client records etc. whether in branches, departments or subsidiaries;
- Client acceptance policy and client due diligence measures, including requirements for proper identification;
- Maintenance of records;
- Compliance with relevant statutory and regulatory requirements;
- Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- Role of internal audit or compliance function to ensure compliance with the policies, procedures, and controls relating to the prevention of ML and TF, evaluating and checking the adequacy of exception reports generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff, of their responsibilities in this regard.
- To “group” shall have the same meaning assigned to it in clause (cba) of sub-rule (1) of rule 2 of the Prevention of Money-laundering (Maintenance of Records) Rules, 2005 as amended from time to time.”
- DP follow and ensure strict adherence to the provisions of section 12A of WMD Act, 2005 and Department of Revenue Order No. F. No. P-12011/14/2022-ES Cell-DOR dated September 01, 2023

2.1. Written Anti Money Laundering Procedures

JSEL Securities Ltd. shall adopt written procedures to implement the anti-money laundering provisions as envisaged under the PMLA. Such procedures include inter alia, the following three specific parameters which are related to the

overall ‘**Client Due Diligence Process**’ :

- a) Policy for acceptance of clients
- b) Procedure for identifying the clients
- c) Transaction monitoring and reporting especially Suspicious Transactions Reporting (STR).

2.2. Client Due Diligence (CDD)

The CDD measures comprise the following:

- Sufficient information is obtained 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 is identified using client identification and verification procedures.
- Client's identity is verified using reliable, independent source documents, data or Information.
- Beneficial ownership and control is identified, i.e. which individual(s) ultimately own(s) or control(s) the client and/or the person on whose behalf a transaction is being conducted –

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 beneficial owners of the client are identified and reasonable measures are taken to verify the identity of such person(s).

ii. **For client which is a trust:** Where the client is a trust, the beneficial owners of the client are identified and reasonable measures are taken to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 10% 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.

Verify the client's identity using reliable, independent source documents, data or information. Where the client purports to act on behalf of juridical person or individual or trust, the registered intermediary shall verify that any person purporting to act on behalf of such client is so authorized and verify the identity of that person.

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.

iv. **Applicability for foreign investors:** Intermediaries dealing with foreign investors' may be guided by the clarifications issued vide SEBI circulars [CIR/MIRSD/11/2012](#) dated September 5, 2012 and [CIR/ MIRSD/ 07/ 2013](#) dated September 12, 2013, for the purpose of identification of beneficial ownership of the client.

v. The monitoring of compliance of the aforementioned provision on identification of beneficial ownership is done through half yearly internal audits. In case of mutual funds, compliance of the same is monitored by the Board of Directors.

- The identity of the beneficial owner of the client is verified and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c).
- ownership and control structure of the client is made understandable.
- Ongoing due diligence and scrutiny is conducted of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with our knowledge

of the client, its business and risk profile.

- All documents, data or information of all clients and beneficial owners collected under the CDD process are yearly updated.

Policy for acceptance of clients:

Proper acceptance policies and Procedures are developed to identify the types of clients that are likely to pose a higher than average risk of ML or TF. By establishing such policies and procedures, client due diligence on a risk sensitive basis is easy depending on the type of client business relationship or transaction. In a nutshell, 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 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 client and the information of the client before accepting his registration.
- Documentation requirements and other information are collected in respect of different classes of clients depending on the perceived risk and having regard to the requirements of Rule 9 of the PML Rules, Directives and Circulars issued by SEBI from time to time.
- Factors of risk perception (in terms of monitoring suspicious transactions) of the client are clearly defined having regard to clients' location (registered office address, correspondence addresses and other addresses if applicable), nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters shall enable classification of clients into **low, medium and high** risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of Know Your Client (**KYC**) profile
- Account is not opened where the JSEL Securities Ltd. is unable to apply appropriate CDD measures/ KYC policies. This applies in cases where it is not possible to ascertain the identity of the client, or the information provided to the intermediary is suspected to be non - genuine, or there is perceived non - co-operation of the client in providing full and complete information. Evaluation is conducted whether there is suspicious trading in determining whether to freeze or close the account.
- The circumstances under which the client is permitted to act on behalf of another person / entity are clearly laid down. It specifies in what manner the account is operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity/value and other appropriate details. Further the rights and responsibilities of both the persons i.e. the agent- client registered with the intermediary, as well as the person on whose behalf the agent is acting are clearly laid down. Adequate verification of a person's

- authority to act on behalf of the client is also carried out.
- Necessary checks and balance are put in place before opening an account so as to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- The CDD process is time to time revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

2.2. Risk-based Approach:

It is generally 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, client due diligence measures on a risk sensitive basis is applied from time to time. The basic principle enshrined in this approach is to adopt an enhanced client due diligence process for higher risk categories of clients. Conversely, a simplified client due diligence process is adopted for lower risk categories of clients. In line with the risk-based approach, the type and amount of identification information and documents that are obtained necessarily depends on the risk category of a particular client. Further, low risk provisions does 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.

Category - A : Low Risk Client - The clients are those who pose low or nil risk. They are clients who have respectable social and financial standing. These are the clients who make payment on time and take delivery of shares .

Category - B : Medium Risk Client : Clients are those who are intra-day trading clients or speculative clients .

Category – C : High Risk Clients : Other than above two category clients and included clients of special category .

Any change in the risk profile of the clients has to be ascertained by concerning officials .

Factors of risk perception of the client:-

Particulars	Factor of	Risk
Client of Special Categories as defined under Para	Special Categories	<u>VeryHigh Risk</u>
Direct Clients of other than Jaipur Region / Other States	Client's Location	<u>Low Risk</u>
Non-resident Clients (NRI)	Client's Location	<u>High</u>
Payment through Banker's Cheque / Demand Draft / Cash / Chq of other bank (own) not mapped	Manner of Making Payme	<u>High Risk</u>
HNI Clients (average daily turnover > Rs 50 Lakhs or net settlement obligation > Rs	Nature of Business	<u>High Risk</u>

Client Introduced by other Existing Clients	Client's Location	Medium
Direct Clients of Region	Client's Location	Medium
Payment through A/c payee cheque from the	Manner of Making	Medium

A/c other than one already mapped with us	Payment	
Professional persons like Doctors, Lawyers, CA/CS/ICWAI/Engineers	Nature of Business	Medium Risk
Retail clients (average daily turnover < Rs 25 Lakhs or net settlement obligation < Rs 5	Nature of Business	Medium Risk
Face to Face persons of Jaipur Region	Client's Location	Low
Face to Face clients of other than Jaipur Region / Govt. /Defense Sector Employees	Client's Location	Low Risk

Client Introduced by existing known working Clients	Client's Location	Low Risk
Regular payment through A/c payee cheque the Bank A/c already mapped with us	Manner of Making	Low Risk
Retail clients (average daily turnover < Rs 10 Lakhs	Nature of Business	Low Risk

Risk Assessment :

- Risk assessment is carried out to identify, assess and take effective measures to mitigate money laundering and terrorist financing risk with respect to our clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment also takes 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 (these can be accessed at the URL - http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and <http://www.un.org/sc/committees/1988/list.shtml>).
- The risk assessment carried out considers 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 is documented, updated regularly and made available to the competent authorities and self regulating bodies, as and when required.

Clients of special category (CSC):

Such clients shall include the following:

- a) Non - resident clients
- b) High net-worth clients,
- c) Trust, Charities, Non-Governmental Organizations (NGOs)and organizations receiving donations
- d) Companies having close family shareholdings or beneficial ownership
- e) 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 2.2.5 of this circular shall also be applied to the accounts of the family members or close relatives of PEPs.

f) Companies offering foreign exchange offerings

g) Clients in high risk countries. While dealing with clients from or situate in high risk countries or geographic areas or when providing delivery of services to clients through high risk countries or geographic areas i.e. places where existence or effectiveness of action against money laundering or terror financing is suspect, intermediaries apart from being guided by the Financial Action task Force (FATF) statements that inter alia identify such countries or geographic areas that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org) from time to time, shall also independently access and consider other publicly available information along with any other information which they may have access to. However, this shall not preclude intermediaries from entering into legitimate transactions with clients from or situate in such high risk countries and geographic areas or delivery of services through such high risk countries or geographic areas.

h) Non face to face clients

i) Clients with dubious reputation as per public information available etc.

Client Identification Procedure :

a) The 'Know your Client' (KYC) Policy:-

While establishing the intermediary – client relationship :

- No account shall be opened unless all the KYC Norms as prescribed from time to time by the SEBI / Exchanges / **CDSL** are duly complied with, all the information as required to be filled in the KYC form (including financial information, occupation details and employment details) is actually filled in and the documentary evidence in support of the same is made available by the client. Moreover all the supporting documents should be verified with originals and client should sign the KYC & MCA in presence of our own staff and the client should be introduced by an existing clients or the known reference.

Obtaining sufficient information about the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted .

Verify the customer's identity by using reliable , independent source , document , data or information such as SEBI banned entity list , www.watchoutinvestors.com , list of persons provided by CDSL , SEBI from time to

time as suspicious person , list provided by the security council committee established pursuant to various united nations security council resolutions (UNSCRs) can be assessed at its website at <http://www.un.org/sc/comittees/1267/consolist.shtml>, <http://www.un.org/sc/committees/1988/list.shtml> .

Address must be verified by sending Welcome Letter / Statement of Account, and in case any document returned undelivered the client should be asked to provide his new address proof before doing any further transaction.

In case we have reasons to believe that any of our existing / potential customer is a politically exposed person (PEP) we must exercise due diligence, to ascertain whether the customer is a politically exposed person (PEP), which would include seeking additional information from clients and accessing publicly available information etc.

The dealing staff must obtain senior management's prior approval for establishing business relationships with Politically Exposed Persons. In case an existing customer is subsequently found to be, or subsequently becomes a PEP, dealing staff must obtain senior management's approval to continue the business relationship.

We must take reasonable measures to verify source of funds of clients identified as PEP.

The client should be identified by using reliable sources including documents / information and we should obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the Guidelines. Each original documents should be seen prior to acceptance of a copy.

Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority.

While accepting a client the underlying objective should be to follow the requirements enshrined in the PML Act, 2002 SEBI Act, 1992 and Regulations, directives and circulars issued there under so that we are aware of the clients on whose behalf we are dealing.

All the KYC information is captured in the manner mentioned in the Rules, as per the KYC template for ' individuals' finalized by CRESAI for sharing with the CENTRAL KYC Records Registry.

In this regards, it is clarified that the requirement of Permanent Account Number (PAN) is mandatory for completing the KYC process.

The ' live run' of CKYCR has started with effect from July 15,2016 in a phased manner beginning with new 'individual accounts'.

All the KYC data is uploaded with CKYCR, in respect of all the individual accounts opened on or after August 1,2016, wherever KYC is required to be carried out as per the circulars issued by SEBI from time to time.

Functions and Obligations Of Depository Participant (DP) for Central KYC Registry(CKYCR) :

1. JSEL Securities Ltd. is registered with Central KYC Registry in accordance with the processes & instructions issued.
2. While commencing an account based relationship, we verify the identity of the customer & perform the initial due diligence of the customer.
3. Where a customer submits a KYC Identifier , such KYC records are downloaded from the CKYCR by using the KYC Identifier and the customer is not required to submit the documents again unless :
 - There is a change in the information of the customer as existing in the records of CKYCR.
4. The KYC data of a customer obtained from the Central KYC Registry (CKYCR) shall not be used for purposes other than verifying the identity or address of the client & shall not transfer KYC records or any other information contained therein to any third party unless authorized to do so by the client or by the Regulator or by the Director.
5. Every registered intermediary shall register the details of a client, in case of client being a non-profit organisation, on the DARPPAN Portal of NITI Aayog, if not already registered, and maintain such registration records for a period of five years after the business relationship between a client and the registered intermediary has ended or the account has been closed, whichever is later.
6. Non-profit organization" means any entity or organisation, constituted for religious or charitable purposes referred to in clause (15) of section 2 of the Income-tax Act, 1961 (43 of 1961), that is registered as a trust or a society under the Societies Registration Act, 1860 (21 of 1860) or any similar State legislation or a Company registered under the section 8 of the Companies Act, 2013 (18 of 2013)
7. Where registered intermediary is suspicious that transactions relate to money laundering or terrorist financing, and reasonably believes that performing the CDD process will tip-off the client, the registered intermediary shall not pursue the CDD process, and shall instead file a STR with FIUIND."

Ensure that no account is opened where we are unable to apply appropriate clients due diligence measures / KYC policies. This shall be applicable in cases where it is not possible to ascertain the identity of the client or information provided by the client is suspected to be non genuine or perceived non co-operation of the client in providing full and complete information. 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.

CLIENT IDENTIFICATION PROCEDURE :

- JSEL Securities Limited shall proactively put in place appropriate risk management systems to determine whether their client or potential client or the beneficial owner of such client is a politically exposed person. Such procedures shall include seeking relevant information from the client, referring to publicly available information or accessing the commercial electronic databases of PEPS . Further the enhanced CDD measures as outlined in client identification procedure shall also be applicable where the beneficial owner of a client is a PEP.

- JSEL Securities Limited to obtain senior management approval for establishing business relationships with PEPs. 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.
- JSEL Securities Limited also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP.
- The client shall be identified by the us by using reliable sources including documents/information. The intermediary shall obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.
- The information must be adequate enough to satisfy competent authorities (regulatory /enforcement authorities) in future that due diligence was observed by the intermediary in compliance with the directives. Each original documents shall be see prior to acceptance of a copy.
- Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority with the intermediary.
- Politically Exposed Persons" (PEPs). PEP shall have the same meaning as given in clause (db) of sub-rule (1) of rule 2 of the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005. The additional norms applicable to PEP as contained in paragraph 14 of the Master Circular shall also be applied to the accounts of the family members or close relatives of PEPs.
- The Stock Exchanges and registered intermediary shall identify and assess the ML/TF risks that may arise in relation to the development of new products and new business practices, including new delivery mechanisms, and the use of new or developing technologies for both new and existing products. The Stock Exchanges and registered intermediaries shall ensure:
 - a. To undertake the ML/TF risk assessments prior to the launch or use of such products, practices, services, technologies; and
 - b. Adoption of a risk based approach to manage and mitigate the risks
- The Stock Exchanges and the registered intermediaries shall leverage latest technological innovations and tools for effective implementation of name screening to meet the sanctions requirements.

SEBI has prescribed the minimum requirements relating to KYC for certain classes of registered intermediaries from time to time as detailed in Schedule II. Taking into account the basic principles enshrined in the KYC norms which have already been prescribed or which may be prescribed by SEBI from time to time, Jsel Securities Ltd. have framed their own internal directives based on our experience in dealing with our clients and legal requirements as per the established practices.

Further, ongoing due diligence is conducted where inconsistencies in the information provided is noticed. The underlying objective is to follow the requirements enshrined in the PMLA, SEBI Act and Regulations, directives and circulars issued there under so that JSEL Securities Ltd. is aware of the clients on whose behalf it is dealing.

JSEL on third party for carrying out Client due Diligence (CDD)

DP may rely on a third party for the purpose of

- identification and verification of the identity of a client and
- 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.
- 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.

Records Keeping :

JSEL Securities Ltd. 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 behaviour.

Should 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, following information is retained for the accounts of our 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:
 - i. the origin of the funds
 - ii. the form in which the funds were offered or withdrawn, e.g. cheques, demand drafts etc.
 - iii. the identity of the person undertaking the transaction;
 - iv. the destination of the funds;
 - v. the form of instruction and authority.

JSEL Securities Ltd. shall ensure that all client and transaction records and information are available on a timely basis to the competent investigating authorities.

More specifically, JSEL Securities Ltd. shall put in place a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules as mentioned below:

- all cash transactions of the value of more than ten lakh rupees or its equivalent in foreign currency;
- all series of cash transactions integrally connected to each other which have been individually valued below rupees ten 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 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;
- all suspicious transactions whether or not made in cash.

Information to be maintained :

JSEL Securities Ltd. maintains and preserves the following information in respect of transactions referred to in Rule 3 of PML Rules:

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

Retention of Records :

Appropriate steps have been taken 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 **eight years** from the date of transactions between the client and intermediary.

The following document retention terms shall be observed :

- a) All necessary records on transactions, both domestic and international, shall be maintained at least for minimum period prescribed under the relevant Act and Rules (PMLA and rules framed there under 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.

Records of information reported to the Director, Financial Intelligence Unit-India (FIU-IND) :

We shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7&8 of PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

Monitoring of transactions :

Regular monitoring of transactions is vital for ensuring effectiveness of the AML procedures.

JSEL Securities Ltd. shall pay special attention to all complex unusually large transactions / patterns which appear to have no economic purpose. JSEL Securities Ltd. 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 maintained and preserved for a period of **eight years** from the date of transaction between the client and intermediary.

Suspicious transactions monitoring & Reporting :

A list of circumstances which may be in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- Clients whose identity verification seems difficult or clients that appear not to cooperate
- Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- Clients based in high risk jurisdictions;
- Substantial increases in business without apparent cause;
- Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- Attempted transfer of investment proceeds to apparently unrelated third parties .
- Unusual transactions by CSCs and businesses undertaken by offshore banks/financial services, businesses reported to be in the nature of export- import of small items.

Any suspicious transaction shall be immediately notified to the PRINCIPAL OFFICER or any other designated officer within JSEL Securities Ltd.. The notification may be done in the form of a detailed report with specific reference to the clients, transactions and the nature /reason of suspicion.

However, it shall be ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken. The Principal Officer/Money Laundering Control Officer and other appropriate compliance, risk management and related staff members shall have timely access to client identification data and CDD information, transaction records and other relevant information.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. It is clarified that JSEL Securities Ltd. shall report all such attempted transactions in STRs, even if not completed by clients, irrespective of the amount of the transaction.

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>. JSEL Securities Ltd. shall ensure that accounts are not opened in the name of anyone whose name appears in said list. JSEL Securities Ltd. 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 FIUIND.

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. JSEL Securities Limited will follow the directives of competent authorities for freezing of funds , financial assets or economic resources or related services.

As per the SEBI Circular dated : 28/05/2019 **SEBI/HO/MIRSD/DOP/CIR/P/2019/69**, the SEBI Circular all intermediaries are required to implement policy and procedures regarding Combating Financing Of Terrorism (CFT) under Unlawful Activities (Prevention) Act, 1967.

- As regards fund, financial assets or economic resources or related services held in the form of bank accounts, or insurance policies etc., the regulators will forward the designated lists of banks, stock exchanges,/ depositories regulated by SEBI and insurance companies respectively. The RBI, SEBI and IRDA would issue necessary guidelines to depositories regulated by SEBI requiring them to –
- Maintain updated designated list in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the order hereinafter refer to as designated individuals / entities are holding any funds, financial assets, or economic resources or related services held in the form of bank accounts, stocks, or insurance policies with them.
- In case the particular of any of their customers match with the particulars of designated individual or entities the depository regulated by SEBI 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 bank accounts, stocks or insurance policies etc., held by such customer on their books to the Joint Secretary (CTCR) , Ministry of Home Affairs and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed on email id jsctcr-mha@gov.in.
- Depositories regulated by SEBI shall also send a copy of the communication mentioned above to the UAPA Nodal Officer of the State/UT where the account is held and regulators and FIU-IND as the case may be.
- In case the match of any of the customers with the particulars of designated individual or entities is beyond doubt the depository regulated by SEBI would prevent designated persons from conducting financial transactions, under intimation to the Joint Secretary (CTCR) , Ministry of Home Affairs and also convey over telephone on 011-23092736. The particulars apart from being sent by post should necessarily be conveyed on email id jsctcr-mha@gov.in.
- Depositories regulated by SEBI shall file a Suspicious transaction report (STR) with FIU-IND covering all transactions in the accounts covered above.
- In order to ensure expeditious and effective implementation of the provisions of Section 51A of UAPA, Government of India has outlined a procedure through an order dated February 02, 2021 (Annexure 1) for strict compliance.

These guidelines have been further amended vide a Gazette Notification dated June 08, 2021 (Annexure 2). A corrigendum dated March 15, 2023 has also been issued in this regard (Annexure 3). The list of Nodal Officers for UAPA is available on the website of MHA.

On receipt of the particulars referred above, CTCR 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 individual/entities identified by us are the ones listed as designated individuals/entities and the funds, financial assets or economic resources or related services, reported by us are held by designated individuals/entities. This verification would be completed within a period not exceeding 5 working days from the date of receipt of such particulars.

In case, the results of the verification indicate that the properties are owned by or held for the benefit of the designated individuals/entities, an order to freeze these assets under section 51A of the UAPA would be issued by the UAPA Nodal Officer of CTCR Division of MHA and conveyed electronically to the concerned depository.

Procedure for unfreezing of funds, financial assets, or economic resources or related services of individuals/entities inadvertently affected by the freezing mechanism upon verification that the person or entity is not a designated person.

An application from the individual/entities shall be taken by the depositories/intermediaries/exchanges who has evidence to prove that the freezing mechanism has inadvertently affected them and they have evidence to prove that they are not designated individual/entities.

The banks, stock exchanges/depositories, intermediaries regulated by SEBI, insurance companies shall inform and forward a copy of the application together with full details of the asset frozen given by the individual or entity informing of the funds, financial assets, economic resources or related services have been frozen inadvertently to the nodal officer of CTCR Division of MHA within 2 working days.

If the Joint Secretary (CTCR) shall cause verification, as may be required on the basis of the evidence furnished by the individual/entity, and, if satisfied, he shall pass an order within 15 working days, unfreezing the funds, financial assets, economic resources or related services, owned/held by such applicant, under intimation to the concerned bank, stock exchanges/depositories, intermediaries.

New PMLA amendments - Aadhaar Details Submission:

MFI/MFDs/RIAs are hereby informed that with reference to notification issued by Ministry of Finance (Dept. of Revenue) in consultation with RBI dated June 01, 2017 (Circular attached), amendments have been carried out to Prevention of Money Laundering (Maintenance of Records) Rules, 2005.

In pursuance to the amendment to the Rules, the following has been made mandatory.

- Where client is an individual who is eligible to be enrolled for Aadhaar, he / she shall submit the Aadhaar number issued by the UIDAI & PAN to the Reporting entity, i.e. AMC
- Where Aadhaar number has not been assigned to a client, the client shall furnish proof of application for enrolment of Aadhaar and in case the PAN is not submitted, one certified copy of an officially valid document shall be submitted
- If such individual client is not eligible to be enrolled for Aadhaar number, he / she shall for the purpose of the revised rule, submit to the Reporting entity, PAN or Form no. 60
- If the Client does not submit the PAN, he/she shall submit one certified copy of officially valid document containing details of identity, address and a Photograph
- Where the client is a non-individual, apart from the Constitution documents, Aadhaar numbers and PANs or Form 60 of Managers, Officers or Employees holding an attorney to transact on its behalf shall be submitted. If a person holding an authority to transact on behalf of such entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document shall be submitted.

Policy for Recruitment of personal:

Appointment of a Principal Officer:

JSEL Securities Ltd. shall properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors. Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, it is advisable that the 'Principal Officer' is of a sufficiently senior position and is able to discharge the functions with independence and authority.

2.11.2 Appointment of a Designated Director:

In addition to the existing requirement of designation of a Principal Officer, the JSEL Securities Ltd. 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 –

- the Managing Director or a Whole-Time Director duly authorizes by the Board of Directors if the reporting entity is a company,
- the managing partner if the reporting entity is a partnership firm,
- the proprietor if the reporting entity is a proprietorship firm,
- the managing trustee if the reporting entity is a trust,
- a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
- 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."

In terms of Section 13 (2) of the PMLA, the Director, FIU – IND can take appropriate action, including levying monetary penalty, on the Designated Director for failure of the intermediary to comply with any of its AML/CFT obligations.

Registered intermediaries shall communicate the details of the Designated Director, such as, name designation and address to the Office of the Director, FIU – IND.

Hiring of Employees

The registered intermediaries shall have adequate screening procedures in place to ensure high standards when hiring employees. They shall identify the key positions within their own 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

The HR Department 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 should obtain the following documents:

- Photographs
- Proof of address
- Identity Proof
- Proof of Educational Qualification
- References
- Retention of records
- Records pertaining to staff details collected for recruitment shall be kept safely.

Employees' Training

Company adopted an ongoing employee training program so that the members of the staff are adequately trained in AML and CFT 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.

Investors Education

Implementation of AML/CFT measures requires back office and trading/dp 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/dp staff to sensitize their customers about these requirements as the ones emanating from AML and CFT 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/CFT program.

Reporting to FIU

JSEL Securities Ltd. shall adhere to the following:

- The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- The Suspicious Transaction Report (STR) shall be submitted within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion.
- The Non Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.
- The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;
- Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.
- No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.

As per our observations if any transaction of suspicious nature is identified it must be brought to the notice of the Principal Officer who will submit report to the FIU if required

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

IMPLEMENTATION OF SECTION 12A OF THE WEAPONS OF MASS DESTRUCTION

This policy outlines the procedures to be followed by the JSEL SECURITIES LIMITED (DP) in compliance with Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005. The Act mandates the prohibition of unlawful activities in connection with weapons of mass destruction (WMD) and delivery systems, aiming to prevent the proliferation of these weapons and ensure national and global security.

This policy is applicable to all DP staff and officers responsible for handling transactions and customer accounts under the purview of regulatory compliance, especially with regard to the provisions under the WMD Act, 2005. This includes:

- All accounts opened, maintained, and operated by the DP.
- Transactions that may potentially relate to unlawful activities as prescribed under the Act.

Obligation and Compliance and Reporting

1. Identification of Accounts & Transactions:

The DP must establish a system for identifying and monitoring accounts or

transactions that may be involved in the unlawful activities prohibited under the WMD Act.

2. Screening of Clients and Beneficial Owners:

The DP is required to conduct due diligence, ensuring that none of its clients or beneficial owners are listed under entities involved in unlawful activities related to WMD. This includes mandatory screening of all new clients, periodic checks, and reporting any suspicious activities.

3. Enhanced Due Diligence (EDD):

If a potential match or high-risk client is identified, enhanced due diligence measures should be implemented. This may include obtaining additional documentation and regular review of the client's transactions to ensure compliance with legal provisions.

4. Freezing and Seizure of Assets:

Upon direction from the Central Government or any designated authority, the DP must take immediate action to freeze, seize, or attach the funds or assets of any person involved in the unlawful activities as per the WMD Act.

5. Internal Monitoring:

DPS must have internal systems to continuously monitor accounts for suspicious activities. Any indication of involvement in activities prohibited by the WMD Act should be flagged and escalated to the Compliance Officer.

6. Reporting to Regulatory Authorities:

In the event of detecting suspicious transactions or individuals under the purview of the WMD Act, the DP must report to the Central Government or other designated authority in a timely manner, as required by law.

7. Record Keeping:

The DP must maintain detailed records of all transactions and accounts related to the WMD Act for a minimum period, as stipulated by the Act or relevant regulators, to assist in investigations.

The DP must ensure that any information related to the identification, freezing, or reporting of accounts and transactions under the WMD Act is handled with the utmost confidentiality, in accordance with the law. This policy must be reviewed periodically to ensure that it remains in compliance with the WMD Act and any new directives from regulatory authorities. Internal audits should be conducted to assess the DP's compliance with the procedures and controls outlined in this policy

Review as per the standard processor and Last review Date 21-03-2025.

(SHOBHIT RAWAT)

PMLA Officer

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