CUSTOMER ACCEPTANCE POLICY (CAP) AND CUSTOMER IDENTIFICATION PROCEDURE(CIP)

1. Objective

V Mathran & Co Private Limited ("VMPL" or "the Company"), being a SEBI registered Stock Broker and Depository Participant, shall adopt and maintain a robust Customer Acceptance Policy ("CAP") and Customer Identification Procedure ("CIP") for identification, verification, risk assessment and acceptance of clients.

The objective of this Policy is to ensure that clients are accepted only after completion of the prescribed KYC, Customer Due Diligence ("CDD") and other regulatory requirements applicable to stock brokers and depository participants.

The Policy shall be implemented in accordance with applicable provisions of:

- Prevention of Money Laundering Act, 2002 and rules made thereunder;
- SEBI circulars, Master Circulars and guidelines relating to KYC/AML/CFT;
- SEBI regulations applicable to Stock Brokers and Depository Participants;
- NSE/BSE/Depository and other recognized Stock Exchange circulars and requirements;
- KYC Registration Agency ("KRA") requirements;

2. Customer Acceptance Policy

A. General Principles

1. VMPL shall accept only those clients whose identity can be satisfactorily established through appropriate and reliable KYC and Customer Due Diligence procedures.
2. No account shall be opened in an anonymous, fictitious, benami or misleading name.
3. No client shall be permitted to commence trading or avail relevant services until the prescribed client registration, KYC and other mandatory requirements have been completed and the client has been duly registered in the Company's records/system.
4. VMPL shall not accept a client where:
   - the identity of the client cannot be satisfactorily established;
   - required KYC documents/information are not provided;
   - the documents provided are incomplete, inconsistent, expired or appear to be forged/tampered with;
   - the beneficial owner cannot be satisfactorily identified;
   - the purpose and intended nature of the relationship cannot reasonably be established;
   - the client refuses to provide information required under applicable KYC/AML requirements; or the proposed relationship presents an unacceptable regulatory, legal, AML/CFT or reputational risk.
5. The Company shall adopt a risk-sensitive approach and apply enhanced due diligence wherever the nature, profile, jurisdiction, ownership structure, transaction pattern or other circumstances indicate higher risk.

B. New Client / Pre-Account Opening Requirements

For every new client, the account shall be opened only after completion of the prescribed pre-account-opening KYC and client registration procedures.

The following shall, as applicable, be obtained and verified before activation of the client account:

- duly completed KYC application/documentation;
- PAN and applicable PAN validation;
- proof of identity; and proof of address;
- photograph, wherever applicable;
- mobile number and email ID;
- bank account details and proof;
- income/net-worth details, as applicable;
- details of occupation/business/activity;
- trading segment and product/service information;
- FATCA/CRS and related declarations, wherever applicable;
- beneficial ownership information in case of non-individual clients;
- constitution/incorporation and authorization documents for non-individual clients;
- specimen signatures/authorized signatory details, wherever applicable;
- details of authorized persons/POA holders, where applicable;
- nominee details, wherever applicable;
- risk categorization information; and
- any additional information/document required under applicable SEBI, Exchange, Depository, PMLA or other regulatory requirements.

The KYC documentation shall be obtained in the prescribed format and manner applicable from time to time. SEBI has prescribed a common KYC framework for securities-market intermediaries, while stock brokers are also required to maintain the prescribed account-opening and trading-related documentation.

C. Verification of Identity and Address

1. The identity and address of every prospective client shall be verified using documents and/or electronic verification mechanisms permitted under applicable regulatory requirements.
2. PAN shall be verified through the prescribed verification mechanism.
3. The KYC details shall be checked against the records available with the KRA and other authorized databases/systems, wherever applicable.
4. The Company shall ensure that the mandatory client information required for trading, including name, complete address, PAN, valid mobile number, valid email address and income range, is properly captured and maintained. NSE has prescribed these KYC attributes as mandatory for compliant trading accounts.
5. Where documents are submitted physically, the authorized employee/official of VMPL shall verify the documents with the originals or through another permitted verification mechanism, as applicable.
6. Where digital/online KYC or video-based verification is used, the process shall be carried out only through methods and technology permitted under applicable SEBI/KRA requirements.

D. Verification through Support Desk / Back Office

VMPL shall establish an internal verification mechanism through its authorised Support Desk/Back Office/Compliance function. The Support Desk shall, as applicable:

1. verify the client's submitted KYC information and documents;

2. verify the contact details and other required client information;
3. check whether the PAN and KYC information are valid and consistent;
4. identify discrepancies or unusual information;
5. ensure that mandatory fields and documents are complete;
6. escalate exceptions or inconsistencies to the Compliance Officer/authorized senior official; and
7. maintain an appropriate record/evidence of the verification performed.

The Support Desk shall not independently override regulatory or compliance requirements. Any exception shall be escalated in accordance with the Company's escalation procedure.

E. <u>Introduction of Clients</u>

Client introduction shall not be treated as a substitute for mandatory KYC/CDD requirements.

Where an introducer is used as part of the Company's internal client acquisition process:

- the introducer must be an authorized/recognized person as permitted by the Company's procedures;
- the identity of the prospective client shall nevertheless be independently verified;
- all mandatory KYC documents and information shall be obtained directly from the client or through permitted processes; and
- introduction by any person shall not dispense with the Company's obligation to conduct independent Customer Due Diligence.

No client shall be accepted solely on the recommendation or introduction of an employee, authorised person, existing client or other intermediary.

F. <u>Risk-Based Client Acceptance</u>

VMPL shall classify clients into appropriate risk categories based on the Company's risk-based KYC/AML framework.

Factors which may be considered include:

- client type and constitution;
- nature of business/activity;
- geographical location/residence;
- country/jurisdiction of incorporation or operation;
- ownership and control structure;
- beneficial ownership;
- expected trading activity and turnover;
- source of funds/wealth, wherever applicable;
- transaction pattern;
- political exposure/PEP status, wherever applicable;
- sanctions/watch-list screening results; and

Higher-risk clients shall be subjected to Enhanced Due Diligence ("EDD") and enhanced monitoring in accordance with the Company's AML/KYC policy.

SEBI's client acceptance framework specifically requires intermediaries to identify higher-than-average ML/TF risk clients and apply customer due diligence on a risk-sensitive basis.

G. **Beneficial Owner Identification**

In case of non-individual clients, VMPL shall identify and verify the beneficial owner(s) and the natural person(s) exercising ultimate effective control, in accordance with applicable PMLA, SEBI and KYC requirements.

The Company shall obtain and maintain appropriate documents relating to:

- constitution of the entity;
- incorporation/registration;
- ownership structure;
- shareholding/control;
- beneficial ownership;
- authorized signatories; and
- authority to open and operate the account.

Where the ownership/control structure is complex or cannot be satisfactorily established, the account shall not be activated until the Compliance Officer is satisfied that the beneficial ownership and control have been appropriately established.

H. **Incomplete or Deficient Applications**

An incomplete application or an application containing inadequate KYC documentation shall not be activated.

The following cases shall be treated as exceptions requiring rectification or escalation:

- missing mandatory KYC documents;
- mismatch between PAN and client details;
- mismatch between identity and address information;
- incomplete/non-standard declarations;
- unexplained discrepancies in ownership/control;
- inability to identify the beneficial owner;
- suspicious or apparently altered documents;
- failure of prescribed KYC validation;
- any other material compliance deficiency.

I. **Rejection of Client**

VMPL shall reject or decline a prospective client where:

- the identity of the client cannot be established;
- mandatory KYC information/documents are not provided;
- the client refuses to provide information required for CDD;
- beneficial ownership cannot be established;
- documents appear false, forged or materially inconsistent;
- the client presents an unacceptable AML/CFT, legal, regulatory or reputational risk; or
- acceptance of the client would result in violation of any applicable law, regulation, SEBI requirement or Exchange/Depository requirement.

Where required under applicable law, information concerning suspicious circumstances shall be dealt with under the Company's AML/CFT and suspicious transaction reporting procedures.

J. <u>PEP / Sanctions / Adverse Information Screening</u>

Before acceptance and, where appropriate, during the relationship, VMPL shall conduct screening against applicable sanctions/watch lists and identify whether the client or beneficial owner falls within categories requiring enhanced due diligence.

Where a client is identified as a Politically Exposed Person ("PEP") or otherwise presents enhanced risk, the Company shall apply the additional due diligence and approval requirements prescribed under applicable law and its AML/KYC policy.

K. <u>Account Activation</u>

The trading/demat account shall be activated only after:

- completion of prescribed KYC;
- successful verification of mandatory client information;
- completion of applicable KRA validation;
- PAN verification;
- completion of client registration/UCC requirements;
- risk categorization;
- completion of required agreements/declarations;
- verification of bank details, wherever applicable; and
- approval/authorization as prescribed by the Company's internal process.

NSE requires Trading Members to allot a Unique Client Code (UCC) to clients and maintain/update the required client information in the prescribed manner.

L. <u>Record Keeping</u>

VMPL shall maintain appropriate records of:

- KYC documents;
- client identification and verification;
- client risk categorization;
- beneficial ownership;
- account-opening documentation;
- client registration/UCC details;
- correspondence relating to KYC deficiencies; and
- other records required under applicable law and regulatory requirements.

Records shall be retained for the period prescribed under applicable PMLA, SEBI, Exchange, Depository and other regulatory requirements.

M. <u>Ongoing Due Diligence</u>

Client acceptance shall not be considered a one-time exercise.

VMPL shall conduct ongoing monitoring and due diligence of client accounts commensurate with the risk profile of the client.

The Company shall review whether transactions and activities are consistent with:

- the Company's knowledge of the client;
- the client's stated profile;
- the client's business/activity;
- source of funds/wealth, wherever applicable; and
- the client's assessed risk category.

Material changes in the client's profile, ownership, address, constitution, risk category or transaction behaviour shall be reviewed and updated in accordance with applicable requirements.

N. Periodic KYC Updation

VMPL shall periodically review and update KYC information and documents in accordance with applicable SEBI/KRA/PMLA requirements.

Where any discrepancy or outdated information is identified, the client shall be contacted for updation within the prescribed regulatory framework.

O. Responsibility of Compliance Officer

The Compliance Officer shall be responsible for overseeing implementation of this Customer Acceptance Policy and Customer Identification Procedure.

The Compliance Officer shall, inter alia:

- monitor compliance with applicable KYC/AML requirements;
- review material exceptions;
- ensure appropriate escalation of high-risk cases;
- oversee periodic review of client acceptance procedures;
- ensure regulatory reporting wherever applicable; and
- recommend amendments to this Policy whenever required due to changes in SEBI, Exchange, Depository, PMLA/KYC or other applicable requirements.

P. Policy Review

This Policy shall be reviewed at least annually and also whenever there is any material change in applicable SEBI, Exchange, Depository, PMLA/KYC or other regulatory requirements. Any amendment shall be placed before the competent authority/Board for approval wherever required under the Company's governance framework.

By order of the Board of Directors

V Mathran & Co Private Limited