V MATHRAN & CO PRIVATE LIMITED

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KOLKATA-700001

SEBI REG. INZ000200831

SEBI REG. IN-DP-850-2026

POLICIES AND PROCEDURE FOR

PREVENTION OF MONEY LAUNDERING ACT

Reviewed on: 01-07-2026

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1: INTRODUCTION

The Prevention of Money Laundering Act, 2002 has come into effect from 1st July 2005. As per the provision of the Act all the intermediaries registered under section 12 of the SEBI Act, 1992 shall have to maintain a record of all the transactions, the nature and value of which has been prescribed in the rules under PMLA. SEBI has also issued a circular no: ISD/QR/RR/AML/1/06 on Jan 18, 2006 to all intermediaries registered with SEBI under section 12 of the SEBI Act providing guidelines on Anti Money Laundering Standards.

This policy provides a detailed Account of the procedures and obligations to be followed to ensure compliance with issues related to **KNOW YOUR CLIENT (KYC) Norms, ANTI MONEY LAUNDERING (AML), CLIENT DUE DILIGENCE (CDD) and COMBATING FINANCING OF TERRORISM (CFT**). Policy specifies the need for Additional disclosures to be made by the clients to address concerns of Money Laundering and Suspicious transactions undertaken by clients and reporting to **FINANCE INTELLIGENT UNIT (FIU-IND**). These policies are applicable to both Branch and Head Office Operations and are reviewed from time to time.

We, **V Mathran & Co Private Limited** being registered with SEBI as Stock Broker shall maintain a record of all the transaction; the nature & value of which has been prescribed under the Prevention of Money Laundering Act. Such transactions include:

- All cash transactions of the value more than 10 lacs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other which have been valued 10 lacs or its equivalent in foreign currency where such series of transactions take place within one calendar month.
- All suspicious transactions (as defined under Rule 2 of the Prevention of Money Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005) whether or not made in cash and including inter alia, credits or debits into from any non-monetary accounts such as demat account , security account maintained by us.
- For the purpose of suspicious transactions reporting, apart from transactions integrally connected, transactions remotely connected or related are also to be considered.

2: WHAT IS MONEY LAUNDERING

Money Laundering may be 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 in three phases – Placement Phase, Layering Phase & Integration Phase.

The first stage in the process is placement. The placement stage involves the physical movement of currency or other funds derived from illegal activities to a place or into a form that is less suspicious to law enforcement authorities and more convenient to the criminal. The proceeds are introduced into traditional or non-traditional financial institutions or into the retail economy.

The second stage is layering. The layering stage involves the separation of proceeds from their illegal source by using multiple complex financial transactions (e.g., wire transfers, monetary instruments) to obscure the audit trail and hide the proceeds.

The third stage in the money laundering process is integration. During the integration stage, illegal proceeds are converted into apparently legitimate business earnings through normal financial or commercial operations.

Having identified these stages money laundering process, financial institutions are required to adopt procedures to guard against and report suspicious transactions that occur in any stage.

3: FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA

The government of India has set up Financial Intelligence Unit (FIU-INDIA) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister. FIU-INDIA has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordination and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

4: POLICIES AND PROCEDURES TO COMBAT MONEY LAUNDER AND TERRORIST FINANCING

V Mathran & Co Private Limited has resolved that they would take adequate measures to prevent money laundering and shall put in place a frame work for identifying, monitoring and reporting suspected money laundering or terrorist financing transactions to FIU as per the guidelines of PMLA Rules, 2002. Further, we shall regularly review the policies and procedures on PMLA and Terrorist Financing to ensure their effectiveness.

5: PRINCIPAL OFFICER AND DESIGNATED DIRECTOR

V Mathran & Co Private Limited has designated **Vishnu Kumar Mathran** as the Principal Officer and **Mr. Pratik Mathran** Designated Director for its Anti-Money Laundering Program, with full responsibility for the AML program. Both Principal Officer and Designated Director have long-standing experience in the capital market, and are qualified by experience, knowledge and training. The duties of the Principal Officer will include monitoring the **V Mathran & Co Private Limited** compliance with AML obligations and overseeing communication and training for employees. The Principal Officer will also ensure that proper AML records are kept. When warranted, the Principal officer will ensure filing of necessary reports with the Financial Intelligence Unit (FIU-IND).

V Mathran & Co Private Limited has registered themselves as 'reporting entity'.

V Mathran & Co Private Limited has provided the FIU with contact information for the Principal Officer and Designated Director, including name, title, mailing address, e-mail address, telephone number of the organization will promptly notify FIU for any changes to this information.

6: POLICY FOR CLIENT ACCEPTANCE

Our organization needs to follow the following policy and procedure in order to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing these policies and procedures, the organization will be in a better position to apply customer due diligence on a risk sensitive basis.

Accordingly, the following safeguards are required to be followed while accepting the clients.

a) No account is opened in a fictitious /benami name or on an anonymous basis.

b) Know Your Client form to be filled completely. Special attention is to be given to items which are marked mandatory.

c) Documents submitted for our records should be diligently verified with the originals. More importantly PAN card, proof of address, proof of identity needs to be verified with the originals. Further, details of PAN card should be compared with the income tax web site.

d) In person verification of each and every client is mandatory. Either the client should visit our office/ branch or the concerned officer should visit the client's place. And request the client to sign before the officer. Relevant stamp with proper signature of the officer is must for processing of the account.

e) When individual client account opening form is received, all requirements under CKYCR and KRA shall be completed. KRA process shall be completed in case of Non individual; clients.

f) No client account to be opened where the important / mandatory details are not furnished by the client even after repeated follow ups. Further client account not to be opened in cases where information provided to us is suspected to be non-genuine, there is a perceived non-cooperation of the client in providing full and complete information specially in respect of mandatory and / or important information.

g) Documentation requirement and other information to be collected in respect of different classes of clients would depend on the perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.

h) Income and Networth details shall be taken from all the clients on self-declaration basis. Incase client activate in Derivatives segment; documentary evidence of financial details is to collected as per SEBI guidelines.

i) To ensure that the client's identity 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.

j) Special attention to be given to clients who tend to open multiple accounts in various combinations of its first name, surname and middle name.

7: CLIENT DUE DILIGENCE (CDD)

The main aspect of this policy is the client due diligence process which means identifying the client and verifying his/her identity by using reliable, independent source documents, data or information. We obtain sufficient information necessary to establish, to their satisfaction, the identity of each new client, whether regular or occasional. To conduct ongoing 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. We adopted appropriate CDD measures comprising of:

- To obtain sufficient information in order to identify persons who will beneficially own or control the account and whose behalf a transaction is being conducted.
- To identified person which are politically exposed and to provide additional due diligence with respect to same.
- To conduct ongoing due diligence and scrutiny throughout the course of business relationship to ensure that trans action conducted are consistent

with Company's knowledge of clients, its business and risk profile and taking into account when necessary, the clients source of funds.

- To update all documents, data or information of all clients and beneficial owners collected under CDD process.
- All the documents obtain from the client will be updated on an annual basis.
- Re KYC is a measure taken by **V Mathran & Co Private Limited to** ensure that the details obtained at the time of account open with the us, such as KYC documents, contact information, address and so on, are up to date. This is done at regular intervals in accordance with SEBI/NSDL/Exchange norms.
  1. **High-Risk Customers**: These customers must conduct the re-KYC process once every two years by visiting a bank branch closest to them.

  2. **Medium-Risk Customers**: These customers are only asked to complete this process once every eight years by visiting a bank branch near them.

  3. **Low-Risk Customers**: These customers have to complete the process once every ten years and can execute re-KYC online.

8: CLIENT IDENTIFICATION PROCEDURE (CIP)

Client Identification and Verification:

At the time of opening an account or executing any transaction with it, we verify and maintain the record of identity and current address or addresses including permanent address or addresses of the client, the nature of business of the client and his financial status as under:

Constitution of Client	Proof of Identity	Proof of Address	Others
Individual	1. PAN Card (Compulsory) 2. Voter Identity Card 3. Driving License 4. Passport	1. Bank Statement copy 2. Passport 3. Driving License 4. Voter Identity Card 5. Ration Card	1. Proof of Identity and Address of the Introducer

		6. Rent Agreement 7. landline Telephone Bill (not older than 2 months) 8. Copy of Electricity Bill (not older than 2 months) 9. Banker Verification (Scheduled Commercial Bank only) 10. Copy of Aadhaar Card	
Company	1. PAN Card (Compulsory) 2. Certificate of incorporation 3. Memorandum and Articles of Association 4. Resolution of Board of Directors 5. Shareholding Pattern	1. Bank Statement copy 2. Rent Agreement 3. landline Telephone Bill (not older than 2 months) 4. Copy of Electricity Bill (not older than 2 months) 5. Banker Verification (Scheduled Commercial Bank only)	1. Proof of Identity and Address of the Directors/Others authorized to trade on behalf of the company 2. Proof of Identity and Address of the Introducer
Partnership	1. PAN Card	1. Copy of Bank	1. Proof of Identity

Firm	2. Registration certificate 3. Partnership deed	Statement 2. Rent Agreement 3. landline Telephone Bill (not older than 2 months) 4. Copy of Electricity Bill (not older than 2 months) 5. Banker Verification (Scheduled Commercial Bank only)	and Address of the Partners/Others authorized to trade on behalf of the firm 2. Proof of Identity and Address of the Introducer
Trust	1. PAN Card 2. Registration certificate 3. Trust deed	1. Copy of Bank Statement 2. Rent Agreement 3. landline Telephone Bill (not older than 2 months) 4. Copy of Electricity Bill (not older than 2 months) 5. Banker Verification (scheduled Commercial Bank only)	1. Proof of Identity and Address of the Trustees/ others authorized to trade on behalf of the trust 2. Proof of Identity and Address of the Introducer
AOP/ BOI	1. PAN Card	1. Copy of Bank	1. Proof of Identity

	2. Resolution of the managing body 3. Documents to collectively establish the legal existence of such an AOP/ BOI	Statement 2. Rent Agreement 3. landline Telephone Bill (not older than 2 months) 4. Copy of Electricity Bill (not older than 2 months) 5. Banker Verification (Scheduled Commercial Bank only)	and Addressof the Persons authorized to trade on behalf of the AOP/ BOI 2. Proof of Identity and Address of the Introducer

1. In-Person-Verification of client is to be carried out as required by rules and regulations. Details of the verification are mentioned on the account opening form.
2. ***Aadhar number from the Clients to be obtained is not mandatory as per SEBI Circular SEBI/HO/MIRSD/DOSR1/CIR/P/2018/93 Dated 06-06-2018***.
3. If a potential or existing customer either refuses to provide the information described above when requested, or appears to have intentionally provided misleading information, we will not open the new account / will freeze the account.
4. All PAN Cards received will verified form the Income Tax/ NSDL website before the account is opened
5. We will maintain records of all identification information for five years after the account has been closed.
6. **Pre Activation Process**:

Before activating any client for trading, company will follow below mentioned process to know any fictitious/ benami account (s) and verifying all key information provided by the client (s)

a. **Telephone Verification System (TVS):** A telephonic verification system has to put in place to verify client identity and verify all key information in client master.
b. **Welcome Letter:** After successfully opening a trading account, a system generated welcome letter containing all key information in client master will be sent directly at client communication address.

9: CATEGORIZATION OF CLIENTS/ RISK BASED APPROACH

V Mathran & Co Private Limited has to put in place parameters to categories the clients into high, medium and low risk clients. Given below are the parameters for risk categorization of clients:

High Risk Clients:

We may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk clients, especially those for whom the sources of funds are not clear. The examples of clients requiring higher due diligence may include:

1. Non Resident Indians.
2. High Networth Individuals
3. Trust, Charities, NGOs and organizations receiving donations.
4. Politically Exposed Persons of foreign origin.
5. Firms with 'Sleeping Partners'
6. Current and former head of state, high profile politicians and connected persons (immediate family, close advisors and companies in which such individuals have interest or significant influence.)
7. Companies offering foreign exchange offerings.

8. Clients in high risk countries.
9. Non face to face customers.
10. Clients with dubious reputation as per public information available etc.
11. Persons in special categories apart from mentioned above.

We do following additional due diligence with respect to high and medium risk clients as compare to low risk clients.

- I. Approval of management required at the time of opening of such high risk/ medium risk account
- II. Trading pattern is observed ongoing basis.
- III. Extra due diligences are carried out while accepting fund and securities from such high risk/ medium risk account.
- IV. In case if the client falls under SEBI debarred list after registration necessary action taken as per our PMLA policy.
- V. We check the trading pattern of their income according to their turnover.

Medium Risk Clients:

Clients that are likely to pose a higher than average risk to the company may be categorized as medium or high risk depending on client's background, nature and location of activity, country of origin, sources of funds and his client profile etc; such as:

1. Persons in business/industry or trading activity where the area of his residence or place of business has a scope or history of unlawful trading/business activity.
2. Where the client profile of the person/s opening the account, according to the perception of the branch is uncertain and/or doubtful/dubious.
3. Clients who deal in intraday speculative transactions and whose turnover is not in line with financials declared.
4. Clients having close family shareholdings or beneficial ownership.
5. Clients whose cheques have been dishonored 3 times or more in the last 30 days.

Low Risk Clients:

Individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile and their financials declared be categorized as low risk. Also who makes payment/delivery in time and follow the norms established by regulators and company. The illustrative examples of low risk clients could be salaried employees whose salary structures are well defined, people belonging to lower economic level of the society whose accounts show small balances and low turnover, Government Departments and Government owned companies, regulators and statutory bodies etc. In such cases, only the basic requirements of verifying the identity and location of the client shall be met.

Re KYC is integral part of PMLA policy. Re KYC for dormant account is done as and when the client request for re activation of the account.

Low Risk Clients: Re KYC for low Risk client is to be done after ten years within 1st 2 months.
Medium Risk Clients: Re KYC for low Risk client is done after seven years within 4 months.
High Risk Clients: Re KYC for low Risk client is done after five years within 5 months.

Shifting of clients from their risk categorization is done based on the trading pattern and payment and receipt of funds and securities pattern. Based on the same observation is created and shifting of client from low to medium and medium to high and vice versa be done.

10: BENEFICIARY OWNERSHIP

We at **V Mathran & Co Private Limited** have adopted the following checks/ procedure to determine the beneficial ownership of an account as per SEBI circular no: CIR/MIRSD/2/2013 dated 24.01.2013

1) **Individual**: - The determination of beneficial ownership is much easier, as the account holder is assumed to be the beneficial owner. We determine the ownership of the client based on the financial position of the client, the information we have in respect of his integrity, social standing and financial position. In case of account of

wife and children the social standing and financial position of the Husband/ Father is also taken into consideration.

2) **HUF:** For determining the beneficial ownership of a HUF, the KYC documents as outlined by SEBI is collected, in addition the details of the Karta are also collected. We determine the ownership of the client based on the financial position of the HUF and the Karta & the information we have in respect of his integrity, social standing and financial position.
3) **Partnership: -** The ownership of a partnership firm is based on the capital or profit sharing ratios among the partners. Partners having more that 15% share in capital or profit are taken as Beneficial Owner.
4) **NRI: -** For determining the beneficial ownership of a NRI client, the KYC documents outlined by SEBI is collected, we determine the ownership of the client based on the financial position of the client, the information we have in respect of his integrity and social standing. The social standing of the family of the client is also taken into consideration. The sources of funds of the client are also analyzed. The client is not allowed intraday trading, FNO and Currency trading in almost all the cases.
5) **Corporate: -** Special attention is paid on the share holding Pattern for determination of the dominant promoter group (DPG), the financial position, integrity and social standing of the DPG is also analyzed. In case it is observed that a corporate is holding more than 25% shares of the proposed client, then share holding pattern of that corporate is also taken to determine the individual or natural person actually holding the shares of the proposed client.
6) **Trust: -** Special attention is paid to the trust deed to determine the ultimate beneficiaries, the trustees, the protector and the settler of the trust and any other natural person exercising ultimate control over the trust. Based on the same, beneficial ownership of the trust account is determined.
7) **AOP:** In case of AOP, individual or natural person having more than 15% of the property or capital or profit is treated as the beneficial owner of the same.

11: ACCEPTANCE OF CLIENTS OF SPECIAL CATEGORY

V Mathran & Co Private Limited would be careful while accepting clients of special category like:

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) Politically exposed persons 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's 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 (like Libya, Pakistan, and Afghanistan etc.) 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.
h. Non face to face clients
i. Clients with dubious reputation as per public information available etc.
j. persons of foreign origin, companies having closed shareholding / ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, -.
k. Current/Former Head of State, Current / Former senior high profile politician, - Or clients from high risk countries
l. Clients belonging to countries where corruption / fraud level is high (like Nigeria, Burma etc.)

Freezing of Assets:

Assets lying in form of securities in clients DP account may be frozen if directed by any regulatory authority, for duration specified or until further notice is received to revoke such freeze instruction

12: SUSPICIOUS TRANSACTIONS

Identification: - "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 proceeds of an offence specified in the Schedule to the Act, regardless of the value involved; or

- appears to be made in circumstances of unusual/unjustified complexity; or
- appears to have no economic rationale or bona fide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;
- Clients based in high risk jurisdiction.
- Substantial increase in business without apparent cause.
- Transactions reflect likely market manipulations.
- Sudden activity in dormant accounts.

13: MONITORING ACCOUNTS FOR SUSPICIOUS ACTIVITY

The following kinds of activities are to be mentioned as activities which require further scrutiny and reported to the Principal Officer.

- transaction inconsistent with the normal pattern of the client's investment activity
- Sudden activity in dormant accounts;
- Clients making large transfers to a third party through off market transactions through DP Accounts;
- High value transactions.
- Large deals at prices away from the market
- Client scrip concentration
- Comparison of client turnover with client income.
- High trading activity in illiquid scrip
- Major trading activity in "z" and "T2T" category
- Unusually large cash deposit made by client.

Any activities which require further scrutiny he or she will escalate the same to the Principal Officer for further investigation.

14: MAINTENANCE OF RECORDS

The Principal Officer will be responsible for the maintenance for following records:

- all cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency;
- 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 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;

- 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;
- All suspicious transactions whether or not made in cash. 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 circumstances of unusual or unjustified complexity; or
  - appears to have no economic rationale or bonafide purpose; or
  - gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism

The records shall 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; and
- The parties to the transaction."
- Registered intermediaries 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 the PML Rules, for a period of five years from the date of the transaction between the client and the intermediary.

15: PERIODICITY OF REVIEW OF THE POLICY

The PMLA policy must be reviewed and contain appropriate changes on a periodic of one year from the date of adoption or whenever the Company thinks necessary to change within one year and the same will be placed before the board.

16: REPORTING OF SUSPICIOUS TRANSACTION TO MANAGEMENT

After monitoring and analyzing data on the above thresh hold the following is reported to the Principle Officer:

1. The nature of transaction;
2. The value of transaction;
3. The parties to the transaction;
4. Reason for suspicion;
5. Documentary/ Other evidence collected to certify the suspicion.

The Principle officer rechecks and re analyze the data provided to him and if he is satisfied, forwards the same to the management. The management in turns, on the recommendations of the compliance division and the principle officer decides whether to drop the STR or report the same to the FIU.

17: REPORTING TO FIU IND

Once the management decides to report the suspicious transaction to the FIU, the same is done as per the procedure provided by the exchanges and depository to report the suspicious transaction to the FIU.

Director, FIU-IND,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
Chanakyapuri,
New Delhi-110021.
Website: http://fiuindia.gov.in

V Mathran & Co Private Limited shall carefully go through all the reporting requirements and formats that are
available on the website of FIU – IND under the Section Obligation of Reporting Entity – furnishing information- Reporting format:

(https://fiuindia.gov.in/files/downloads/Filing_Information.html). These documents contain detailed directives on the compilation and manner/procedure of submission of the reports to FIU-IND. The related hardware and technical requirement for preparing reports, the related data files and data structures thereof are also detailed in these documents While detailed instructions for filing all types of reports are given in the instructions part of the related formats, **V Mathran & Co Private Limited** shall adhere to the following:

a) The Cash Transaction Report (CTR) (wherever applicable) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

b) 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.

c) The Non-Profit Organization Transaction Reports (NTRs) for each month shall be submitted to FIU-IND by 15th of the succeeding month.

d) The Principal Officer will be responsible for timely submission of CTR, STR and NTR to FIU-IND;

e) Utmost confidentiality shall be maintained in filing of CTR, STR and NTR to FIU-IND.

f) No nil reporting needs to be made to FIU-IND in case there are no cash/ suspicious/ non – profit organization transactions to be reported.

V Mathran & Co Private Limited shall not put any restrictions on operations in the accounts where an STR has been made. **V Mathran & Co Private Limited and** its directors, officers and employees (permanent and temporary) shall be prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND. This prohibition on tipping off extends not only to the filing of the STR and/ or related information but even before, during and after the submission of an STR. Thus, it shall be ensured that there is no tipping off to the client at any level. It is clarified that the **V Mathran & Co Private Limited**, irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences specified in part B of Schedule of PMLA, 2002, shall file STR if **V Mathran & Co Private Limited** has reasonable grounds to believe that the transactions involve proceeds of crime.

18: RISK MANAGEMENT

Risk assessment on money laundering is dependent on kind of customers the Company deals with. Typically, risks are increased if the money launderer can hide behind corporate structures such as limited companies, offshore trusts, special purpose vehicles and nominee arrangements.

The Risk Assessment is required in order to assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to 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 Resolutions these can be accessed at
http://www.un.org/sc/committies/1267/aq_sanctions_list.shtml
http://www.un.org/sc/committies/1988/list.shtml

19: HIRING OF EMPLOYEES

There should be adequate screening procedures in place to ensure high standards when hiring employees. Key positions within our organization structure should be identified with regards 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 performed their duties.

20: TRAINING PROGRAMS

We at **V Mathran & Co Private Limited** organize ongoing employee training and Investor Education under the leadership of the Principal Officer on half yearly basis. It will be based on our size, its customer base, and its resources.

Our training will include, at a minimum: how to identify Client under scrutiny and signs of money laundering that arise during the course of the employees' duties;

what to do once the risk is identified; what employees' roles are in the organization compliance efforts and how to perform them; we have record retention policy; and the disciplinary consequences (including civil and criminal penalties) for non-compliance with the PMLA Act.

We will review our operations to see if certain employees, such as those in compliance, margin, and corporate security, require specialized additional training. Our written procedures will be updated to reflect any such changes.

21: Procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems.

1. The Government of India, Ministry of Finance has issued an order dated January 30, 2023 vide F. No. P-12011/14/2022-ES Cell-DOR ("the Order") detailing the procedure for implementation of Section 12A of the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 ("WMD Act"). The Order may be accessed by clicking on DoR_Section_12A_WMD.pdf.

2. In terms of Section 12A of the WMD Act, the Central Government is empowered as under:

For prevention of financing by any person of any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems, the Central Government shall have power to—

(a) Freeze, seize or attach funds or other financial assets or economic resources—

(i) owned or controlled, wholly or jointly, directly or indirectly, by such person; or

ii) held by or on behalf of, or at the direction of, such person; or

(iii) derived or generated from the funds or other assets owned or controlled, directly or indirectly, by such person;

(b) Prohibit any person from making funds, financial assets or economic resources or related services available for the benefit of persons related to any activity which is prohibited under the WMD Act, or under the United Nations (Security Council) Act, 1947 or any other relevant Act for the time being in force, or by an order issued under any such Act, in relation to weapons of mass destruction and their delivery systems.

3. The Central Government may exercise its powers under this section through any authority who has been assigned the power under sub-section (1) of section 7."

The stock exchanges and registered intermediaries are directed to comply with the procedure laid down in the said Order.

4. The stock exchanges and registered intermediaries shall:

(i) Maintain the list of individuals/entities ("Designated List") and update it, without delay, in terms of paragraph 2.1 of the Order;

(ii) Verify if the particulars of the entities/individual, party to the financial transactions, match with the particulars of the Designated List and in case of match, stock exchanges and registered intermediaries shall not carry out such transaction and shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer ("CNO"), without delay. The details of the CNO are as under:

The Director: FIU India, Telephone No.-011-23314458,011-23314459(FAX), Email Id-dir@fiuindia.gov.in

22. CONCLUSION

PMLA is an act formed to protect the economy of any country. Everyone should first understand what actually the act for, the implication is if not followed in the true spirit. Then the act can be followed and implemented. At the outset it appears that the government has of loaded its responsibility on us but this is not the fact. It is impossible for them to monitor the huge transactions that are going on in the capital market. It is the responsibility of all market intermediaries to take active part in implementation of the act. We at **V Mathran & Co Private Limited** are committed to put in our best effort for implementation of the PMLA Act We at **V Mathran & Co Private Limited** have learned that it is firstly the procedure formed and the due diligence shown by the officers of a company are the two key factors for proper implementation of the Act. Proper coordination between divisions is also an important factor for proper implementation of the PMLA Act.

Criteria and guidelines to be adopted under the PMLA by the Company are maintained with full confidentiality which with the decision of the management of the company is incorporated in the software for tracking money laundering by the Compliance Officer and is kept outside the access of public domain.

23. BOARD OF DIRECTORS APPROVAL

The Board of Directors has approved this AML program as reasonably designed to achieve and monitor our ongoing compliance with the requirements of the PMLA and the implementing regulations under it.