

POLICY ON ANTI MONEY LAUNDERING

Policy Drafted by : Compliance Department

Approved by : Board of Directors of Neo Wealth Management Private Limited

Version 1.0

This Policy is applicable for all businesses of Neo Wealth Management Private Limited (“Neo Wealth”) including Trading cum Self Clearing Membership of Exchanges, Depository Participant, Investment Advisory, Research Analyst activities and third party product distribution.

The Prevention of Money Laundering Act, 2002 has come into effect from July 1, 2005. The relevant Notifications / Rules under the said Act have been published in the Gazette of India on July 1, 2005. As per the provisions of the Act, every banking company, financial institution and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to:

- Maintain a record of prescribed transactions
- Furnish information of prescribed transactions to the specified authority
- Verify and maintain records of identity of clients
- Preserve the records for a period of Five years from the date of cessation of transactions with clients.

The prescribed transactions include:

- All cash transactions of the value of more than Rs. 10 lacs or its equivalent in foreign currency.
- All series of cash transactions integrally connected to each other, which have been valued below Rs. 10 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 d-mat account, security account maintained by the registered intermediary. For the purpose of suspicious transactions reporting, apart from ‘transactions integrally connected’, ‘transactions remotely connected or related’ should also be considered.

Under the said Rules, Securities and Exchange Board of India (SEBI) is to prescribe the procedures and guidelines in respect of intermediaries registered with it. SEBI vide its circulars dated January 18, 2006, March 20, 2006 and December 31, 2010 has laid down the guidelines to be followed by all intermediaries. We shall also be tracking / implementing any subsequent updates on the subject issued by SEBI, from time to time.

Our company is registered with Securities and Exchange Board of India (SEBI) under various Regulations. It is obligatory for us to comply with the Act, Rules and the SEBI guidelines.

Pursuant to the above, the Senior Management of the company has adopted the policy and procedures under the Prevention of Money Laundering Act, the Rules made thereunder relevant SEBI directions.

This policy is divided into three parts –

Part A–Important provisions of the Prevention of Money Laundering Act & the Rules

Part B–Important guidelines issued by SEBI & copies of the circulars issued by SEBI.

Part C-Policy and procedures adopted by the Company.

It is obligatory for every employee, at all levels, to go through this Policy, understand the provisions, and co-operate in the implementation of the procedures. For any clarifications on this subject, at any point of time, you should contact the Principal Officer of the Company under the Prevention of Money Laundering Act.

PART A – IMPORTANT PROVISIONS OF THE PREVENTION OF MONEY LAUNDERING ACT

AND THE RULES MADE THERE UNDER:

Section 3: Offence of Money Laundering: “Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering”.

Section 4: Punishment for Money Laundering: Whoever commits the offence of money laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine which may extend to five lakh rupees.

Section 12: Banking companies, Financial Institutions and intermediaries to maintain records: “Every banking company, or financial institution and intermediary shall

a) Maintain a record of all transactions the nature and value of which may be prescribed, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other and where such series of transactions take place within a month.

b) Furnish information of transactions referred to in clause (a) to the Director- FIU within such time as may be prescribed.

c) Verify and maintain the records of the identity of all its clients, in such a manner as may be prescribed.

Provided that where the Principal Officer of a banking company or financial institution or Intermediary, as the case may be, has reason to believe that a single transaction or series of transactions integrally connected to each other have been valued below the prescribed value so as to defeat the provisions of this section, such officer shall furnish information in respect of such transactions to the Director – FIU, within the prescribed time.

The records referred to in sub-section a) shall be maintained for a period of Five years from the date of cessation of the transactions between the clients and the banking company or financial institutions or intermediary, as the case may be.

Section 13: Powers of Director to Impose Fine:

(1) The Director may either of his own motion, or on an application made by an authority, officer or person call for records referred to in sub-section (1) of Section 12 and may make such inquiry or cause such inquiry to be made, as he thinks fit.

(2) If the Director, in the course of any inquiry, finds that a banking company, financial institution or any intermediary or any of its officers has failed to comply with the provisions contained in Section 12, then without prejudice to any other action that may be taken under any other provisions of this Act, he may, by an order levy a fine on such banking company or financial institution or intermediary which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.

company or financial institution or intermediary which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.

(3) The Director shall forward a copy of the order passed under sub section (2) to every banking company, financial institution or intermediary or person who is a party to the proceedings under that sub-section.

RULES MADE UNDER THE PREVENTION OF MONEY LAUNDERING ACT:

(PREVENTION OF MONEY LAUNDERING MAINTENANCE OF RECORDS OF THE NATURE AND VALUE OF TRANSACTIONS, THE PROCEDURE AND MANNER OF MAINTAINING AND TIME OF FURNISHING INFORMATION AND VERIFICATION AND MAINTENANCE OF RECORDS OF THE IDENTITY OF THE CLIENTS OF THE BANKING COMPANIES, FINANCIAL INSTITUTIONS AND INTERMEDIARIES) RULES, 2004. NOTIFIED ON 1-7-2005.

Definitions:

Client: Client means a person that engages in a financial transaction or activity with a banking company, or financial institution or intermediary and includes a person on whose behalf the person that engages in the transaction or activity is acting.

“Officially valid document’ means the passport, the driving license, the Voter’s identify card issued by the Election Commission of India or any other document as may be required by the banking company, or financial institution or intermediary as prescribed by SEBI or CKYC regulators”.

“Suspicious transaction “: means a transaction whether or not made in cash which, to a person acting in good faith

i) gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime;

or

ii) appears to be made in circumstances of unusual or unjustified complexity, or

iii) Appears to have no economic rationale or bonafide purpose.

Rule 3: Maintenance of records: (1) every banking company or financial institution or intermediary, as the case may be shall maintain a record of;

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 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 and by way of :

1) Deposits and credits withdrawals into or from any accounts in whatsoever name they are referred to in any currency maintained by way of:

a) cheques including third party cheques, pay orders, demand drafts, cashiers cheques or any other instruments of payment of money including electronic receipts or credits and electronic payments or debits or

b) travellers cheque, or

c) transfer from one account within the same banking company, financial institution and intermediary, as the case may be, including from or to nostro and vostro accounts, or

d) any other mode in whatsoever name it is referred to;

2) Credits or debits into or from any non-monetary accounts such as de-mat accounts, security account in any currency maintained by the banking company, financial institution and intermediary, as the case may be;

3) money transfer or remittances in favour of own clients or non clients from India or abroad and to third party beneficiaries in India or abroad including transactions on its own account in any currency by way of the following – pay orders or cashier cheques, demand drafts, telegraphic or wire transfer of electronic remittances or transfer or interest transfers or automated clearing house remittances or lock box driven transfers or remittances or remittances for credit or loading to electronic cards or any other mode or money transfer by whatsoever name it is called.

Rule 4: Records containing information:

The records referred above shall contain the following information:

a) the nature of transactions

b) the amount of the transaction and the currency in which it was denominated

c) the date on which the transaction was conducted and

d) the parties to the transaction.

Rule 5: Procedure and manner of maintaining information:

1) Every banking company, financial institution and intermediary as the case may be shall maintain information in respect of transactions with its client referred to in rule 3 in hard and soft copies in accordance with the procedure and manner as may be specified by the RBI or the SEBI as the case may be from time to time.

2) Every banking company, financial institution and intermediary shall evolve an internal mechanism for maintaining such information in such form and at such interval as may be specified by the RBI or the SEBI as the case may be, from time to time

3) It shall be the duty of every banking company, financial institution and intermediary as the case may be to observe the procedure and manner of maintaining information as specified by the RBI or the SEBI as the case may be under sub-rule (1).

Rule 6: Retention of records:

The records referred to in rule 3 shall be maintained for a period of Five years from the date of cessation of the transactions between the client and the banking company, financial institution or intermediary, as the case may be.

Rule 9: Verification of the records of identity of clients:

(1) Every banking company, financial institution and intermediary as the case may be shall at the time of opening of client or executing any transaction with it, 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:

Provided that where it is not possible to verify the identity of the client at the time of opening an account or executing any transaction, the banking company, financial institution and intermediary as the case may be shall verify the identity of the client within a reasonable time after the account has been opened or the transaction has been executed;

(2) Where the client is an individual, he shall for the purpose of sub rule (1) submit to the banking company or the financial institution or the intermediary as the case may be, one certified copy of an officially valid document containing details of his permanent address or addresses, current address or addresses, and one copy of his recent photograph and such other documents including in respect of the nature of business and financial status of the client as may be required by the banking company or the financial institution or the intermediary as the case may be.

(3) Where the client is a company, it shall for the purposes of sub rule (1) submit to the banking company or the financial institution or the intermediary as the case may be, three certified copies of the following documents;

i) certificate of incorporation

ii) Memorandum and Articles of Association

iii) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf, and

iv) An officially valid document in respect of managers, officers or employees holding an attorney to transact on its behalf.

(4) Where the client is a partnership firm, it shall for the purposes of sub rule (1) submit to the banking company or the financial institution or the intermediary as the case may be, three certified copies of the following documents

i) registration certificate

ii) partnership deed and

iii) An officially valid document in respect of the person holding an attorney to transact on its behalf.

(5) where the client is a trust it shall for the purpose of sub-rule(1) submit to the banking company, or the financial institution or the intermediary, three certified copies of the

following documents.

i) registration certificate

ii) trust deed and

iii) An officially valid document in respect of the person holding an attorney to transact on its behalf.

(6) Every Banking company, financial institution and intermediary as the case may shall formulate and implement a client identification programme, which shall incorporate the requirements of the foregoing sub rules of this rule, and such other additional requirements that it considers appropriate to enable it to determine the true identify of its clients. A copy of the client identification programme shall be forwarded to the Director.

(7) Where the client is a person viz company, partnership or unincorporated association/body of individuals, Trust the intermediary shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons as per the provisions mentioned in SEBI Circular on "Guidelines on Identification of Beneficial Ownership" vide circular no CIR/MIRSD/2/2013 dated on January 24, 2013.

Rule 10 – Maintenance of records of the identity of clients:

(1) Every Banking company, financial institution and intermediary as the case may be shall maintain the records of the identity of its clients.

(2) The records of identity of clients shall be maintained in hard and soft copies in a manner as may be specified by the RBI from time to time.

(3) The records of the identity of clients shall be maintained for a period of Five years from the date of cessation of the transaction between the client and the banking company or financial institution or intermediary as the case may be.

PART B: IMPORTANT GUIDELINES ISSUED BY SEBI

☐ Guiding Principles: The Guidelines lay down the minimum requirements/disclosures to be made in respect of clients. The intermediaries may, according to their requirements specify additional disclosures to be made by clients to address concerns of Money laundering and suspicious transactions undertaken by clients.

☐ Each intermediary should consider carefully the specific nature of its business,organizational structure, type of customer and transaction etc. to satisfy itself that the measures taken by them are adequate and appropriate to follow the spirit of the suggested measures and the requirements as laid down in the Act.

☐ Obligation to establish policies and procedures: Senior management of a registered intermediary should be fully committed to establishing appropriate policies and procedures for the prevention of money laundering and terrorist financing and ensuring their effectiveness and compliance with the relevant legal and regulatory requirements.

☐ The registered intermediaries should ;

- o Issue a statement of policies and procedures, on a group basis where applicable, for dealing with money laundering and terrorist financing

- o Ensure that the content of these guidelines are understood by all staff members

- o Regularly review the policies and procedures on prevention of money laundering and terrorist financing to ensure their effectiveness. This activity would be handled by

Compliance / Internal Audit.

- o Adopt customer acceptance policies and procedures which are sensitive to the risk of money laundering and terrorist financing.
- o Undertake customer due diligence measures to an extent that is sensitive to the risk of money laundering and terrorist financing depending on the type of customer, business relationship/or transaction and
- o Develop staff member's awareness and vigilance to guard against money laundering and terrorist financing.

Written Anti money laundering procedures: Each intermediary should adopt written procedures to implement the anti money laundering provisions. Such procedures should include client due diligence process covering policy for acceptance of clients, procedures for identifying the clients, transaction monitoring and reporting especially suspicious transactions reporting;

Please also refer to the detailed guidelines for Anti money laundering measures given by SEBI.

PART C: POLICIES AND PROCEDURES ADOPTED BY THE COMPANY

1) Policy objectives

- * To prevent criminal elements from using our business for money laundering activities
- * To understand the customers and their financial dealings better, which in turn would help us to manage the risk prudently
- * To put in place appropriate controls for detection and reporting suspicious transactions in accordance with applicable laws/ laid down procedures
- * To comply with applicable laws and regulatory guidelines.

The following procedures have been established to ensure that all employees know the identity of their customers and take appropriate steps to combat money laundering.

3) Key Elements of the Policy:

3.1 No cash transactions : Neo Wealth will not enter into any cash transactions with clients, for any reason whatsoever.

3.2 Customer due Diligence process:

3.2.1. Principles to be followed:

3.2.1.1 Obtain sufficient information to identify persons who beneficially own or control securities accounts. Wherever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party should be identified using client identification and verification procedures. The beneficial owner is the natural person or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.

3.2.1.2 Verify the customer's identity using reliable, independent source documents, data or information.

3.2.1.3 Identify beneficial ownership and control.

3.2.1.4 Verify the identity of the beneficial owner of the customer

3.2.1.5 Conduct on-going due diligence and scrutiny to ensure that the transactions being conducted are consistent with our knowledge of the customer, his business/risk profile, taking into account where necessary, the customer's source of funds.

3.2.1.6 Uploading client's KYC details with various regulatory agencies as per SEBI (KRA) / CKYC regulations.

3.2.1.7 Ask clients to update us with latest financial information, Contact details, Ultimate Beneficial Owners, Annually.

3.2.2. Customer Acceptance Policy:

3.2.2.1 Neo Wealth has to ensure that the existing guidelines regarding Customer/business acceptance is strictly followed. Existing /past relationship with the client should be verified and ensured that the client is not on the negative list/defaulters list.

3.2.2.2 A detailed search to be carried out to find that the Client is not in defaulters/negative list of regulators.

3.2.2.3 In case of corporates, the antecedent of the company and of all promoters and directors is to be traced.

3.2.2.4 Any prospective / existing client that is considered for enrolment as a client shall be classified into different categories of risk (low, medium, high) depending on factors like clients is from high risk countries (FATF), volume of transactions, trading turnover, manner of payment, location and business activity of client etc. Client of Special Category i.e. High Networth Individuals, HUF, Trusts, Charities, NGO, companies with close family shareholding or beneficial ownership, companies offering foreign exchange offerings, Politically Exposed Persons, Related to a Politically Exposed Person, non-face to face customers, clients with dubious reputation, clients residing at Jammu & Kashmir, Non-resident Indians and organizations receiving donations etc. may constitute High Risk Category depending upon the factors like client information, transactional based alerts etc. or as considered by the Principal Officer and may be defined by Regulators from time to time. The details of Clients shall be

updated regularly. Apart from that we also measures risk on various transactional related parameters. We have a separate Client Categorization procedure which has been explained separately as Annexure 1.

3.2.2.5 An assessment should be made of the financial worthiness of the client by obtaining appropriate declarations at KYC stage. This information should be subsequently used for monitoring whether the transactions of the clients are within the declared means and if the values of the transactions are increasing the client should be asked to disclose the increasing sources.

3.2.2.6 A thorough assessment should be carried out to ascertain whether the client is dealing with us on his own behalf or some one else is the beneficial owner. This will be particularly relevant in broking and Demat accounts. If there are doubts, before acceptance of the clients, thorough due diligence should be carried out to establish the genuineness of the claims of the clients. Secrecy laws shall not be allowed as a reason to disclose true identity of the beneficiary/transacting party.

3.2.2.7 No account should be opened in a fictitious name/benami name or on an anonymous basis.

3.2.2.8 No client should be accepted where it is not possible to ascertain the identity of the client, or the information provided is suspected to be non-genuine, or if there is perceived non-cooperation of the client in providing full and complete information.

3.2.2.9 In the case of Clients who want to act through agent under Power of Attorney, a notarised power of attorney should be obtained. Original of the POA should be verified. Care should be taken to ensure the genuineness of the client.

3.2.2.10 while accepting FIs/sub accounts as clients, reports in market/public knowledge regarding their investment behaviour (for e.g. whether they allow their investment vehicle to be used by others; whether they issue underlying participatory notes) should also be considered.

3.2.2.11 Know Your Client forms prescribed by SEBI/Stock Exchanges/Depositories, duly signed by the client should be obtained before acceptance of the clients.

3.2.3 Customer Identification Policy:

3.2.3.1 The Customer Accounts will be opened and maintained as per Rules and Regulations of respective Segment as prescribed by Regulators from time to time.

3.2.3.2 Before opening the accounts in case of companies any one of the following viz. main promoter/ Managing Director/ whole time director / key management person and in the case of partnership any one of the active partners should be met in person.

3.2.3.3 Caution is to be exercised when identifying companies which appear to be 'shell companies' or 'front companies'. Shell/front companies are legal entities which have no business substance in their own right but through which financial transactions may be conducted.

3.2.3.4 Original of un-expired Photo identity of individual/promoter/director to be verified by our official for identifying the client. Signature of the persons should be obtained on the photos. Photocopy of the proof should be taken by our official who should also certify thereon about having verified with the unexpired original.

3.2.3.5 In case of individuals proof of Identify (as prescribed by SEBI / CKYC) should be established by way of any of the following documents; (un-expired original document shall be verified)

- * Passport
- * Voter ID
- * Driving license.
- * NREGA Job card
- * National Population Register Letter
- * Proof of possession of Aadhaar
- * E-KYC Authentication
- * Offline verification of Aadhaar

Photo copy of the proof should be taken by our official who should also certify thereon about having verified with the unexpired original.

In case of online account opening, necessary regulatory requirement to be followed accordingly.

3.2.3.6 Proof of address: Any of the following address proof to be obtained (un-expired Original should be verified)

- * Passport
- * Voter ID
- * Driving licence
- * NREGA Job card

* National Population Register Letter

* Proof of possession of Aadhaar

* E-KYC Authentication

* Offline verification of Aadhaar

If the address of correspondence is different from permanent address, requisite proof of address should be obtained.

Photo copy of the proof should be taken by our official who should also certify thereon about having verified with the unexpired original.

In case of online account opening, necessary regulatory requirement to be followed accordingly.

3.2.3.7 In the case of joint account, the above procedure should be carried out for all the persons who hold the joint account.

3.2.3.8 Where the client is a company, certified copies of the following documents shall be obtained:

a) Certificate of Incorporation

b) Memorandum and Articles of Association

c) Copies of the balance sheet for the last 2 financial years (Copies of annual balance sheet to be submitted every year)

d) Copies of latest shareholding pattern, including list of all those holding more than 5% in the share capital of the company, duly certified by the company secretary/whole time director/MD (copy of updated shareholding pattern to be submitted every year)

e) Copy of resolution from the Board of Directors approving participation in equity /derivatives/debt trading and naming authorized persons for dealing in securities and power of attorney granted to its managers, officers or employees to transact on its behalf, and

f) Photographs of whole time directors, individual promoters holding 5% or more, either directly or indirectly in the shareholding of the company and of persons authorized to deal in securities.

g) Identification documents (identity and personal address) for the above as applicable to individuals in respect of managers, officers or employees holding an attorney to transact on its behalf.

3.2.3.9 Care should be taken if the persons mentioned in the Memorandum and Articles of Association as promoters/first directors are different from the current promoters/directors. If the name/address of registered office has been changed, reasonable enquiries should be made.

3.2.3.10 Proof of address of the registered office of the company, being one of the relevant documents as in the case of individuals should also be taken -

3.2.3.11 Where the client is a partnership firm, certified copies of the following documents

a) Registration Certificate

b) Partnership Deed and

c) Identification documents (identity and personal address) for the above as applicable to individuals in respect of partners, managers, officers or employees holding an attorney to transact on its behalf.

d) Proof address of the firm on the basis of relevant documents as applicable to individuals.

3.2.3.12 where the client is a trust certified copies of the following documents;

a) Registration certificate

b) Trust deed and

c) Proof of identity and address of the trustees as applicable to the individuals.

3.2.3.13. In the case of broking transactions, care should be taken to ensure that the orders are placed by the client and not by others on behalf of the client

3.2.3.14 A client account shall not be opened where it is not possible to apply appropriate clients due diligence measures/policies e.g. suspected non genuine/incomplete information, clients non-co-operation etc.

3.2.3.15 After opening broking / DP accounts, a welcome letter should be sent by registered post/speed post, at the recorded address. This will serve the dual purpose of thanking them for opening the account and for verification of genuineness of address provided by the account holder.

3.2.3.16 Clients shall not be required to submit the same KYC records or information or any other additional identification documents or details, unless there is a change in the information of the client as existing in the records of CKYCR / KRA.

3.2.3.17 PEP : 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 shall also be applied to the accounts of the family members or close relatives of PEPs.

Accordingly, Company shall –

(a) Identify from KYC whether client is PEP or Related to Politically Exposed Person (RPEP) or not.

(b) Shall have a System to ascertain whether any of the existing client or the beneficial owner in case of Non-Individual client are PEP / RPEP. 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 3.2.1 shall also be applicable where the beneficial owner of a client is PEP.

(c) Senior management / Compliance Officer approval would be obtained 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, shall obtain approval from senior management / Compliance Officer to continue the business relationship.

(d) Shall also take reasonable measures to verify the sources of funds as well as the wealth of clients and beneficial owners identified as PEP / RPEP and shall be reviewed periodically.

(e) The client shall be identified by using reliable sources including documents / information. We shall also obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

(f) Failure by prospective client to provide satisfactory evidence of identity shall be noted and reported to the higher authority (Compliance Officer).

4) Monitoring & reporting of transactions:

4.1. All the client accounts to be monitored atleast once in a calendar quarter and any exceptions need to be reported to the management.

4.2. For identifying the suspicious transactions, the followings illustrative questions may be

considered.

Is the customer willing to accept uneconomic terms without apparent reason?

Is the transaction inconsistent with legitimate business activity?

Is the transaction inconsistent with the normal pattern of the customer's investment activity?

* Is the transaction inconsistent with the customer's account-opening documents?

* Has the customer requested that the transaction be cleared in a way that is inconsistent with normal practice?

* Is the client financially capable of the transactions he has asked for?

* Has the customer substantially increased the business without any apparent cause?

* Was the client non-co-operative in the normal course of business and was his identity verification difficult?

4.3 Caution should be exercised if accounts are dormant or inoperative and activity resumes thereafter.

4.4 Caution should be exercised if there any high quantity/value off-market transactions in DP accounts.

4.5 Caution should be exercised whether pay in/out of securities is routed through demat accounts of clients on behalf of whom the trades have been executed and not through any other demat account.

4.6 Check whether any cash transactions are recorded, as the company has to strictly adhere to the policy of no cash transactions with any of its clients.

4.7 Reporting:

The Principal Officer shall submit Suspicious Transactions Report (STR) and Cash Transaction Report (CTR) within the time frame prescribed under the Rules, to the Director, Financial Intelligence Unit (FIU), India in manual and electronic format.

No restrictions shall be placed on clients whose transactions have been reported to FIU – IND. No tipping off to the client should be done at any level.

5) Maintenance of records:

5.1 All necessary records of prescribed transactions under Rule 3 should be maintained and following information should be preserved in respect of transactions referred in rule 3:

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

5.2 The records of customer identification (e.g. copies of records of official identification documents like passport, identity cards, driving licenses, or similar documents), account files and business correspondence to be maintained.

5.3 All the above records to be maintained in hard as well as soft form for a period of Five years from the date of cessation of the transaction between the client and the company.

5.4 In the case of transactions where any investigations by any authority has been commenced and in the case of transactions which have been the subject of suspicious transaction reporting all the records shall be maintained till the authority informs of closure of the case.

5.5 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.

6) Principal Officer:

The company has designated a Principal Officer who shall be responsible for implementation and compliance of this policy. His illustrative duties will be as follows:

Intimation of details of Principal Officer shall be communicated to the Office of the Director, FIU-IND.

Monitoring the effective implementation of Anti Money Laundering Policy To ensure compliance with Anti Money Laundering Policy, including testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports generated on large and / or irregular transactions, the quality of reporting suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

Reporting of transactions and sharing of information as required under the law

Liaoning with law enforcement agencies Ensuring submission of periodical reports to Top Management. The monthly

compliance report shall henceforth mention if any suspicious transactions are being looked into by the respective business groups of Neo Wealth and if any reporting is to be made to the authorities.

Providing clarifications / training to staff members on the provisions of the Act, Rules, Guidelines and the policy of the company.

7) FIU-India Guideline in Regards to the intimation of Designated Director:

Designated Director has been defined as per clause 14.2 of the SEBI Circular dated March 12th 2014. Intimation of details of Designated Director shall be communicated to the Office of the Director, FIU-IND. Designated Director to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules.

In terms of Section 13 (2) of the PML Act (as amended by the Prevention of Moneylaundering (Amendment) Act, 2012), 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.

8) Staff Awareness and Training:

Staffs who deal directly with the public are the first point of contact with potential money launderers. Their efforts are therefore vital to the reporting system for such transactions. Staff should keep abreast of the practices to identify suspicious transactions and on the procedure to be adopted when a transaction is deemed to be suspicious. In short, employees must familiarize themselves with their customers' normal trading activities and usual market practices in order to recognize anomalous behavior. Suspicions concerning the source of assets or the nature of a transaction may not be ignored. It is the active responsibility of every person at the company to seek to ensure that the firm's facilities are not being misused.

Staff should also not disclose to the customer concerned nor to other third persons that their transaction is deemed suspicious or if information may be transmitted to the authorities.

9) Policy on Employees hiring

As a part of hiring, our HR Dept shall cross check with 2 references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting to ensure the genuineness and back ground of the candidate. We also ensure that all the employees taking up key positions are suitable and competent to perform their duties.

10) Investor education:

With a view to discharge our responsibility with respect to investor education, the Company has provided access of our PMLA Policy in client's login on our website.

11) Policy Updates and Review:

The review / updates to the policy shall be made in accordance with the regulatory changes as prescribed by Authorities / Regulators or at least once annually. The review of policy may also be initiated by Principal Officer from time to time based on the experience gained from analysis of transactions in customer accounts / operational risk events.

12) Monitor Exchange(s) / Depository generated Alert:

Concern Department shall monitor and keep vigilance and also having internal control mechanism to handle these alerts. We shall also keep vigilance and track on the alert generated by Exchanges / Depository (ies) with regards to PMLA and report suspicious Transactions in timely manner if any to FIU-IND.

13) Monitoring of FATF, UNSC, UAPA, SEBI Debarred individuals / entities:

The Company shall monitor all relevant circulars on FATF, UNSC, UAPA, SEBI Debarred individuals / entities issued by Respective Authorities / SEBI / Exchanges / Depositories.

The Company as a part of its due diligence process shall update and verify its client details with the individuals and entities appearing in FATF, UNSC, UAPA, SEBI Debarred etc. so that necessary action can be taken if such entity is our existing client. Also these lists should be checked against the clients who wish to open their Account with us, also with existing clients.

In case of customer details matches with particulars of designated individuals/ entities of UAPA; funds, financial assets or economic resources or related details to be updated to respective regulators as annexed.

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

Trading Member may rely on a third party for the purpose of (a) identification and verification of the identity of a client and (b) determination of whether the client is acting on behalf of a beneficial owner, identification of the beneficial owner and verification of the identity of the beneficial owner. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

Further, it is clarified that the Company shall be ultimately responsible for Client Due Diligence (CDD) and undertake enhanced due diligence measures, as applicable.

Neo Wealth Management Private Limited

The contents of this policy is been framed under the preview of PMLA Act, 2002, SEBI Master Circulars and various amendments in Acts, Regulations and circulars issued thereafter. In case of any clarification needed on PMLA provisions, they may contact Principal Officer and may also read the relevant on the subject matter.