

## GENERAL POLICY AND PROCEDURE FOR PREVENTION OF MONEY LAUNDERING of

### UPS INVESTMENTS

#### Member

#### BSE

### Updated – SEBI Master Circular dated 4<sup>th</sup> July 2018 vide circular SEBI/HO/MIRSD/DOS3/CIR/P/2018/104

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In general all the business policies and business practices are to be followed based on the guidelines given by SEBI/Exchanges/DP.

Based on our specific nature of the business, organizational structure, type of clientele and transactions, the policies framed in principle are to be followed generally with the spirit.

This document may be amended from time to time in line with the future amendments under the said Act, Rules & Regulations and further circulars issued by Exchanges/DP.

Based on Anti Money Laundering (AML) Standards/Combating Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries Under Prevention of Money Laundering Act, 2002 and Rules framed there-under

(As envisaged under the Prevention of Money Laundering Act, 2002)

Based on Exchanges/DP/SEBI circulars issued from time to time.

#### Introduction to PMLA:

**Objective:** The objective of PMLA is to discourage and identify any money laundering and terrorist financing activities. The PMLA has come into force as result of international efforts to combat the terrorism and allied activities such as drug trafficking and other organized and serious crimes.

**Nodal Agency:** Financial Intelligence Unit – India (FIU- IND), set up by the Government of India as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and strengthening efforts of national and international intelligence, investigation and enforcement agencies in pursuing the global efforts against money laundering and related crimes. FIU-IND is an independent body reporting directly to the Economic Intelligence Council (EIC) headed by the Finance

Minister.

The contact details of FIU-IND are as under:

**Postal Address:**

Director,  
FIU-IND Financial Intelligence Unit – India,  
6th Floor, Hotel Samrat, Kautilya Marg,  
Chanakyapuri,  
New Delhi -110021, India.

**Telephone:** 91-11-26874473 (For Queries)

**Fax:** 91-11-26874459

**Email:** [feedbk@fiuindia.gov.in](mailto:feedbk@fiuindia.gov.in) (For Feedback)

[query@fiuindia.gov.in](mailto:query@fiuindia.gov.in) (For General Queries)

Based on prospective client's family background, declaration submitted by the client, standard of living, his/her reputation on ability to fulfill his obligations without delay for a long period of time in his/her own business and in securities business, if any, new client reference by existing client or commonly known person or personally known person will allow us to make decision about risk of the client and will allow us to evaluate about the proposed nature of his business requirement in the context of all the information.

In the later stage of dealing with him/her for a long period of time, we can evaluate his/her holding capacity and his financial capability.

Our criteria is to take only known or referred client by existing client or commonly known person, and as per our business judgment we allot the client in different categories like low risk ,medium risk and high risk.

In addition to the due diligence carried out by officials in charge of client registration, further due diligence, if warranted, has to be carried out by one of the director while verifying the KYC documents. KYC procedures as prescribed by SEBI/Exchanges/DP are to be strictly followed for all the category of clients.

KRA/CKYCR procedures as prescribed by SEBI/Exchanges/DP are to be followed for all clients.

For high risk client such as NRI, additional documents have to be collected and additional formalities like attestation of KYC documents by prescribed authorities, viz. Notary public, local banker, Indian embassy/Consulate General of the resident country, etc. have to be carried out as per circular of Exchanges.

Company policy is not to register if a client is found matching with SEBI Debarred ,any charities, NGOs, politically exposed person of foreign origin, non face to face client etc. and in future also high degree of due diligence will be followed if registering such client.

Ongoing due diligence and scrutiny of transactions and accounts are carried out throughout the course of the business relationship to ensure that the transactions are consistent with his business requirement and risk profile is monitored.

Based on due diligence, risk profile and business acumen, business is to be allowed to be done to each category of client.

Further to above it is also necessary to cross verify the details of prospective customers with the databases of UN or other similar entity **UPS Investments**. Shall continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the individuals/entities in the list should immediately be intimated to SEBI and FIU-IND.

An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) needs to be accessed in the United Nations website at <http://www.un.org/sc/committees/1267/consolist.shtml> .

### **1. Objective**

The objective of this document is to effectively implement the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and all the Rules and Regulations made there under, with a view to discharge its obligations under the said Act, Rules and Regulations and also to implement the guidance given by SEBI/Exchanges/DP on the matter. This document may be amended from time to time in line with the future amendments under the said Act, Rules and Regulations and further circulars issued by SEBI/Exchanges/DP .

### **2. Principal Officer Designation and Duties**

We have designated as the Principal Officer and Designated Director **MR Kamlesh Sheth** for its Anti - Money Laundering Policy. **MR Kamlesh Sheth** is fully responsible for its implementation of PMLA policy and is a person from this industry, working with **UPS Investments**, having experience of various departments & is qualified by experience, knowledge and training to handle this work.

The duties of the Principal Officer will include monitoring the company's compliance with AML obligations and overseeing communication and training for employees namely; frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. 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).

The company has provided the FIU with contact information for the Principal Officer, including name, title, mailing address, e-mail address, telephone number and facsimile number. The company will promptly notify FIU of any change to this information.

### **3. Policies and procedure of CDD/ identifying/acceptance of clients**

#### **Customer due Diligence Process (CDD)**

This main aspect of the policy is the customer CDD means:

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

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

Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.

The Customer Due Diligence Process includes three specific parameters:

- Policy for Acceptance of Clients

- Client Identification Procedure

- Suspicious Transaction identification & reporting

Entities such as individuals, HUFs, company's, public and private limited companies, non resident Indians and persons of Indian origin to be registered as a client after proper due diligence process in compliance with the guidelines and following know your client formalities prescribed by SEBI/Exchanges/DP. KRA/CKYCR procedures as prescribed by SEBI/Exchanges/DP are to be followed for all clients.

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

Company policy is not to rely on third party for the purpose of verification of the identity of the client .

I. In case 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 are regulated, supervised or monitored by us, and have measures in place for compliance with CDD and record-keeping requirements in line with the obligations under the PML Act.

II. Such reliance shall be subject to the conditions that are specified in Rule 9 (2) of the PML Rules and shall be in accordance with the regulations and circulars/ guidelines issued by SEBI from time to time. Further, it is clarified that the registered intermediary shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable.

- **Policy On Client Acceptance**

- 1) No account will be opened in fictitious/ benami name.
- 2) No account will be opened without obtaining KYC documents as suggested by SEBI/Exchanges/DP and obtaining extra documents, if warranted. KRA/CKYCR procedures and their regulations are followed while taking a new client.
- 3) No account will be opened for Trusts, NGOs, Politically exposed persons of foreign origin, non face to face person, company offering foreign exchange, walk-in-client, etc. Under special circumstances, if such entity comes for registration, one of the director will look into the case and decide and high degree of due diligence will have to be carried out in such cases.

- **Policy On Client Identification Programme**

At the time of opening an account, the company will verify and maintain the required relevant records of the client like proof of identity, proof of address and other details as required from time to time as intimated to us by the exchange as under:

<i>Constitu</i> Client	<b>Proof of Identity</b>	<b>Proof of Address</b>	<b>Others</b>
Individual	<ul style="list-style-type: none"> <li>• PAN Card is Mandatory</li> <li>• Aadhaar card</li> </ul>	<ul style="list-style-type: none"> <li>• Copy of Passport,</li> <li>• Voter ID,</li> <li>• Driving License,</li> <li>• Bank Statement, etc.</li> <li>• Aadhaar card</li> </ul>	<ul style="list-style-type: none"> <li>• One copy of recent Photograph</li> </ul>
HUF	<ul style="list-style-type: none"> <li>• PAN Card of HUF is Mandatory</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Passbook or Statement in the name of HUF</li> </ul>	<ul style="list-style-type: none"> <li>• Deed of declaration of HUF/ List of Co parceners.</li> <li>• Photograph, POI, POA, PAN of Karta</li> </ul>
Company	<ul style="list-style-type: none"> <li>• PAN Card is mandatory</li> <li>• Certificate of incorporation</li> <li>• Memorandum and Articles of Association</li> <li>• Resolution of Board of Directors for approval and naming authorized person</li> </ul>	<ul style="list-style-type: none"> <li>• Form No 18,</li> <li>• Bank Statement,</li> <li>• Maintenance Bill,</li> <li>• Telephone Bill, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Photograph of the Director/Autorized person to trade on behalf of the company. Officially valid document of authorized Person</li> </ul>

Partnership Company	<ul style="list-style-type: none"> <li>• PAN Card is mandatory</li> <li>• Registration certificate</li> <li>• Partnership deed</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Statement, Maintenance Bill, Telephone Bill, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Photograph of Partner/ Authorized person to trade on behalf of the Company. Officially valid document of authorized person</li> </ul>
Trust	<ul style="list-style-type: none"> <li>• PAN Card is mandatory</li> <li>• Registration certificate</li> <li>• Trust deed</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Statement, Maintenance Bill, Telephone Bill, Etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Photograph of Trustee/ Authorized person to trade on behalf of the Trust. Officially valid document of authorized person</li> </ul>
AOP/ BOI	<ul style="list-style-type: none"> <li>• PAN Card is mandatory</li> <li>• Resolution of the managing body</li> <li>• Documents to collectively establish the legal existence of such an AOP/ BOI</li> </ul>	<ul style="list-style-type: none"> <li>• Bank Statement</li> </ul>	<ul style="list-style-type: none"> <li>• Photograph of the Person authorized to trade on behalf of the AOP/ BOI. Officially valid document of authorized person who will transact on AOP/BOI's behalf</li> </ul>

In addition to above, other documents as per latest requirement for KRA/CKYCR, if needed, will be collected.

Note:

If the client either refuses to provide the information described above, or appears to have intentionally provided misleading information then we shall not open their account with us.

- 1) Checking for KYC and mandatory information in the form
- 2) PAN Card details as submitted by the Client shall be verified by us with the original copy / from the Income Tax/NSDL website before their account is opened. A facility of "PAN Registration Query" provided by the Exchange can be used to verify whether a PAN has been registered with other brokers of the Exchange.
- 3) Self attested Xerox copies from the above documents as submitted by the client shall be verified by us with the original. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents as permitted by SEBI/ Exchanges.
- 4) In – person verification will be done by employee of **UPS Investments** Only In case the client is KRA/CKYCR compliant, IPV carried out by another intermediary can be relied upon.
- 5) Apart from the above, a suitable questionnaire and/or forms shall be devised from time to time and it shall be obtained from the clients periodically with suitable time interval to get the additional and/or updated information including the nature of business being carried out by the client and the latest financial status. T
- 6) To verify status of client in **KRA/CKYCR Agencies** website and compliance at the time of account opening as per SEBI {KYC (Know Your Client) registration agency} Regulations, 2011.
- 7) As permitted by SEBI/ Exchanges, aadhaar letter issued by UIDAI can be accepted as proof of address in addition to being recognized as proof of identity.
- 8) CSC marking.

- 9) Sufficient information from the clients is to be obtained in order to identify and verify the identity of persons who beneficially own or control the securities account. Guidelines issued by SEBI in conjunction with Government of India shall be followed in the matter.
- 10) Dispatch Photocopies of KYC and Welcome Letter on the address mentioned in the account opening form.
- 11) The company shall maintain records of client's account opening information and preserve The same for required specified period as per the exchange's guideline.

#### **4. Maintenance of records**

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

- All necessary records on transactions and of all identification information shall preserve for ten years after the business relationship with the client has ended or the account has been closed whichever is later.
- All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as demat account, security account maintained by the company.
- 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 date on which the transaction was ducted;
  - ❖ The parties to the transaction.
- All the necessary records on transactions, records on customer identification shall be maintained as prescribed under the relevant act (PMLA, 2002 as well as SEBI ACT, 1992.)

#### **Risk based approach:**

Following Risk based KYC procedures are adopted for all clients:

- Payout/pay-in of funds and securities transferred to /from a third party
- Off market transactions especially in illiquid stock, at unrealistic prices
- Trading pattern of clients is observed
- Client demographics are considered

#### **5. Monitoring Accounts for Suspicious Activity**

The specific nature of our business, organizational structure, type of our customers and transactions enable us to monitor manually / via software/ via front end terminals and Back Office Software for following example of alerts.

When a member of the company detects any alerts, he or she will escalate the same to the Principal Officer for further investigation.

Broad categories of reasons for alerts are indicated as under:

- ❖ of Client
- ❖ False identification documents
- ❖ Non face to face client
- ❖ Suspicious Background
- ❖ Suspicious background or links with known criminals.
- ❖ Multiple Accounts
- ❖ Unexplained transfers between multiple accounts with no rationale.
- ❖ The customer engages in excessive journal/accounting entries between unrelated accounts without any apparent business purpose / economic rationale.
- ❖ Activity in Accounts
- ❖ The customer engages in transactions involving certain types of securities, such as Z group, T group stocks and illiquid stocks, which although legitimate, may warrant further due diligence to ensure the legitimacy of the customer's activity.
- ❖ The customer attempts to make frequent or large deposits of currency, insists on dealing only in cash, or asks for exemptions from the company's policies relating to the deposit of cash
- ❖ Unusual or unjustified complexity
- ❖ Investment proceeds transferred to a third party o Suspicious off market transactions
- ❖ Value of Transactions
- ❖ Value just under the reporting threshold amount in an apparent attempt to avoid reporting
- ❖ Large sums being transferred from overseas for making payments
- ❖ Inconsistency in the payment pattern by client
- ❖ Block deal which is not at market price or prices appear to be artificially inflated/deflated
- ❖ Procedures to be followed:
- ❖ KYC procedures as prescribed by SEBI/Stock Exchange are to be followed while ascertaining the

Identity of the clients and opening the new accounts. KRA/CKYCR procedure as prescribed by SEBI/ Stock Exchange is also to be followed.

- ❖ The name of the prospective client will be searched through the internet search engine as well as database created at our end of debarred entities as published by SEBI/ Stock Exchange and the result, if any, may be reviewed in the context of any past sebi regulatory actions and PMLA guidelines
  - ❖ An updated list of individuals and entities which are subject to various sanction measures such as freezing of assets/accounts, denial of financial services etc., as approved by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) can be accessed at its website. The company will ensure that accounts are not opened in the name of anyone whose name appears in said list. The company will also continuously scan all existing accounts to ensure that no account is held by or linked to any of the entities or individuals included in the list. Full details of accounts bearing resemblance with any of the
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- ❖ Individuals/entities in the list shall immediately be intimated to SEBI and FIU-IND.
  - ❖ Identity Proof of Banking Account and Demat account shall be obtained before entering the Details of bank and demat account in the client master database.
  - ❖ Clients shall be categorized as high, medium or low risk in the client master database on the basis of risk perception.

- ❖ Back office software shall give alert in case received cheques and demat deliveries is not matching with the master records.
- ❖ Deliveries of demat shares shall be given only to the demat account Id registered in the master records. Payment of funds shall be given only by account payee cross cheques in favor of the account holder.
- ❖ Periodical updation of all documents, data or information of all clients and beneficial owners is carried out under due diligence process.
- ❖ If transactions are abandoned or aborted by clients on being asked to give some details or to provide documents, it shall be reported under STRs, even if not completed by clients, irrespective of the amount of the transaction.
- ❖ Third party payment of funds and delivery shall not be accepted or given.
- ❖ No cash shall be received from or paid to the clients towards the settlement obligation except as permitted by PMLA rules.
- ❖ In case of payment being received by way of demand draft, pay order or any other mode where the identity of the account holder effecting the payment is not available, such payment instrument shall be accepted along with the covering letter from the person tendering the payment duly supported by a letter/certificate from the draft issuing bank/entity mentioning the name of respective bank account holder and the bank account number debited for the purpose of issuing the said draft. In case the funds are received through electronic funds transfer, ensure that the same is received from the respective client only before giving credit to the client
- ❖ The personnel in charge of day-to-day transactions in the key departments shall report to the Principal Officer, the details of those transactions which fall under the category or appears to be of the nature as mentioned above in this document.
- ❖ The recruitment of new personnel at the key positions shall be recruited after the verification of the document of identity, verification of address and reference from a known or reputed person.
- ❖ The assignment may be given to the outside agencies like Internal Auditor or shall be created in-house to review the appropriateness and adequacy of the internal control policy and procedures in the context of the size and nature of our business.

Principal officer and all other employee working day to day shall carry out risk assessment, based on our size of operation on ongoing basis, considering all the relevant risk factors, to identify, assess and take effective measures to mitigate firm's money laundering and terrorist financing risk with respect to the clients, countries or geographical areas, nature and volume of transactions, payment methods used by the 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 Council Resolutions published on websites

The Principal Officer shall periodically visit the website of FIU-IND at [www.fiuindia.gov.in](http://www.fiuindia.gov.in) and keep himself updated about the amendments in Rules, Regulations and manner and format of Reporting requirements under PMLA. He shall also go through statements and lists issued by FATF from time to time as and when published and take note of the same and have required action.

The Principal Officer shall also take necessary steps to update and amend the policy and procedures in the context of changed Rules and Regulations and in the context of changed business circumstances from time to time.



## **6. IDENTIFICATION OF BENEFICIAL OWNER**

Check would be done for actual beneficial ownership and control of the particular account. We need to obtain the details with respect to Shareholders / promoters ( Holding more than 25 % or more of share capital of Corporate entities ) , Partners ( Holding more than 15 % or more of capital or profits of partnership firm. ), Unincorporated association or body of individuals(Holding more than 15 % or more of property or capital or profits of juridical person ) from the non individual clients and wherever possible it has to be verified independently. Where the client is a trust, identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies

Where no natural person is identified the identity of the relevant natural person who holds the position of senior managing official

Verify the sources of funds for funding the transaction. We shall also take care at the time of Settlement regarding nature of transaction, movement/source of transaction, etc. Periodically to ask for clients financial details to determine the genuineness of transaction. Special care would be taken In case of non individual accounts such as corporate, partnership firms etc, where the ownership structure is opaque. In all such cases the accounts would be activated only post approval from the compliance department.

For this purpose, “**beneficial owner**” is the natural person or persons who ultimately own, control or influence a client and/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.

In case of existing clients, if any names appear in the UNSCR lists as and when stock exchange issue any circular/ notification in this regard, we immediately deactivate that client.

In case we upload any STR to FIU IND, or any other confidential information of any client, we keep secrecy and it is known only by compliance officer and principal officer.

## **Reporting of Suspicious Transactions:**

**1)** All suspicious transactions will be reported to FIU. Member and its employees shall keep the fact of furnishing information in respect of transactions referred to in clause (D) of sub-rule (1) of rule 3 strictly confidential.

2) The background including all documents/office records /memorandums/clarifications sought pertaining to such transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Further such findings, records and related documents should be made available to auditors and also to SEBI /Stock Exchanges/FIU-IND/Other relevant Authorities, during audit, inspection or as and when required. These records are required to be preserved for Five years as is required under PMLA 2002.

3) The Principal Officer and related staff members shall have timely access to customer identification data and other CDD information, transaction records and other relevant information. The Principal Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors.

#### **7. Procedure for freezing of funds, financial assets or economic resources or related services**

The obligations to be followed by the company to ensure the effective and expeditious implementation of said Order has been issued vide SEBI which needs to be complied .as follows,  
Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (**UAPA**), relating to the purpose of prevention of, and for coping with terrorist activities was brought into effect through UAPA Amendment Act, 2008. In this regard, the Central Government has issued an Order dated August 27, 2009 detailing the procedure for the implementation of Section 51A of the UAPA. Under the aforementioned Section, the Central Government is empowered to freeze, seize or attach funds and other financial assets or economic resources held by, on behalf of, or at the direction of the individuals or entities listed in the Schedule to the Order, or any other person engaged in or suspected to be engaged in terrorism. The Government is also further empowered to prohibit any individual or entity from making any funds, financial assets or economic resources or related services available for the benefit of the individuals or entities listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

#### **8. Obtain Aadhar Number**

Ministry of Finance has amended the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 vide its notification dated June 01, 2017 with regard to collection of Aadhaar number from clients.

i. Where the client has not submitted an Aadhaar number at the time of commencement of account based relationship with the reporting entity, as per the PMLA requirement, then he/ it shall submit the same within 6 months of commencement of account-based relationship with the reporting entity.

ii. Similarly, where the client is already having an account-based relationship with reporting entities, prior to the date of notification, and have not submitted Aadhaar number, as per the PMLA requirement, to the reporting entity, then he/ it shall submit the same by December 31, 2017

iii. In case of failure to submit the documents within the aforesaid time limit, the account shall cease to be operational till the time Aadhaar number is submitted by the client.

#### **9. AML Record Keeping**

Principal Officer will ensure as per the relevant act, rules and regulations the record of documents evidencing the identity of the clients and beneficial owners as well as account files and business correspondence are maintained properly and preserved properly for a period of five years after the business relationship with the client has ended or the account has been closed whichever is later.

#### **10. Audit and Testing of Anti Money Laundering Program.**

The Anti Money Laundering program is subject to periodic audit, specifically with regard to testing its adequacy to meet the compliance requirements. The audit/testing is conducted by Trading Member's own personnel not involved in framing or implementing the AML program. The report of such an audit/testing is placed for making suitable modifications/improvements in the AML program.

#### **11. Maintenance of record of transactions prescribed under Rule 3 of PML Rules as mentioned below:**

- ❖ all cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency;
- ❖ all series of cash transactions integrally connected to each other which have been valued below rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds rupees ten lakh;
- ❖ all cash transactions were 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 as mentioned in the Rules.

#### **12. Reporting to FIU-IND**

For Cash Transaction Reporting we will not do any cash transactions hence reporting of cash transactions will not arise.

For Suspicious Transactions Reporting we will make a note of Suspicious Transactions that have not been explained to the satisfaction of the Principal Officer and thereafter principal officer will report the same to the FIU IND within the time limit as per relevant act, rules and regulations.

Utmost confidentiality shall be maintained while filing reports to FIU-IND, and we shall ensure that there is no tipping off to the client at any level and account will be operated as per prevailing act, rules and regulations.

#### **13. Hiring of Employees and Training Programs**

There are 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 perform their duties.

At present we have an ongoing employee training programme under the leadership of the Principal Officer. The training takes place once in six month basis. It is based on our company's size, its customer base, and its resources.

Training includes: how to identify alerts that arise during the course of the employee's duties; what to do once the risk is identified; what are employees' roles in the company's compliance efforts and how to perform them; the company's record retention and reporting policy

#### **14. Investor awareness**

We have implemented the system whereby our relationship manager and relating staff guide and inform client about PMLA requirement at the time of the approach to clients, we also decimated PMLA policy which is accessible to client and we update as and when new changes take place.

#### **15. Monitoring Employee Conduct and Accounts**

We will subject employee accounts to the same AML procedures as client accounts, under the supervision of the Principal Officer. The Principal Officer's accounts will be reviewed by one of the director of the company.

#### **16. Confidential Reporting of AML Non-Compliance**

Employees will report any violations of the company's AML compliance program to the Principal Officer, unless the violations implicate the Principal Officer, in which case employees shall report to one of the director. Such reports will be confidential, and employees will suffer no retaliation for making them.

#### **17. The right to sell clients. securities or close clients. positions, without giving notice to the client, on account of non-payment of clients dues (This shall be limited to the extent of settlement/margin obligation)**

**UPS Investments** through its authorized persons shall have right to sell client's securities, both unpaid securities as well as collaterals deposited towards margins, or close out client's open positions, without giving notice to the client where there is a delay/ failure of the client to meet the pay-in obligations and / or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

##### **a. Unpaid Securities in Capital Market:**

i. According to SEBi circular 20<sup>th</sup> June 2019, In case of unpaid obligation on T+4, **UPS Investments** may sell the unpaid/ partially paid securities lying in the CUSA a/c Of the Company of the particular client where the settlement obligation is required to be completed before the due date. In addition **UPS Investments** may through its authorized persons sell the collaterals deposited by the client towards margins and/ or paid securities purchased by the client in earlier settlements where the sale of proceeds of unpaid securities are inadequate to cover the pay-in obligations and/ where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

ii. **UPS Investments** may follow the FIFO method for liquidation of securities but it may not be binding on it to follow this method in all cases.

##### **b. Intra-day Positions:**

**UPS Investments** shall have right to close out any intra-day positions taken by the client after a defined Cutoff time (Presently 20 minutes before close of market).

##### **c. General:**

i. While selling the securities/ closing the clients positions, **UPS Investments** may take into account the sales made by the client, positions closed by the client or collections received from the client till a cut-off time (presently 1pm).

ii. While selling the securities/ closing the clients positions, **UPS Investments** may not take into consideration Cheques/Bank drafts/Pay orders deposited by the client with **UPS Investments** until

clear proceeds of such instruments are received by **UPS Investments** in its bank account.

iii. **UPS Investments** shall have the right to sell client.s securities or close out client.s open positions but it shall not be under any obligations to undertake this exercise compulsorily. **UPS Investments** shall therefore not be under any obligation to compensate/ or provide reasons of any delay or omission on its part to sell clients securities or close open positions of the client.

**18. Approval of policy by the Director.**

We have approved this AML program as reasonably designed to achieve and monitor company's ongoing compliance with the requirements of the PMLA and the implementing regulations under it. The Policy will be reviewed on the yearly basis

In the case of any further information / clarification is required in this regards, the "Principal Officer" may be contacted

Details of Designated Officer(s):

Designated Principal Officer:
<b>Mr. Kamlesh Sheth</b>
<b>UPS Investments, 101 Madhuban Building, 23 Cochin Street, Fort, Mumbai 400001</b>
<b>EMAIL: ups_investments@yahoo.com</b>
<b>Tel no: 22657086</b>