

# ASTHA CREDIT AND SECURITIES PRIVATE LIMITED

## ANTI MONEY LAUNDERING POLICY

### 1. BACKGROUND

- Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated January 18, 2006, vide Circular No.ISD/CIR/RR/AML/2/06 dated March 20, 2006 vide letter No. ISD/AML/CIR-1/2008 dated December 19, 2008, vide Circular No. ISD/AML/CIR-1/2009 dated September 01, 2009, Vide Circular No. ISD/AML/CIR-2/2009 date October 23,2009, vide Circular No. ISD/AML/CIR-1/2010 dated February 12, 2010, vide Circular CIR/ISD/AML/3/2010 dated December 31, 2010, vide Circular No. CIR/MIRSD/1/2014 dated March 12, 2014, vide Circular No. CIR/MIRSD/ 66 /2016 dated July 21, 2016 and SEBI/HO/MIRSD/DOSS/CIR/P/2018 dated July 04, 2018 had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

### 2. WHAT IS MONEY LAUNDERING?

- Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/origins.
- This is done in three phases :-
  - \* **Placement Phase:** Physical disposal of criminal proceeds (large amount of cash) and initial introduction of illicit funds in to a financial services institution.
  - \* **Layering Phase:** Movement of Funds(e.g. through multiple transactions) from institution to institution to hide the source and ownership of funds and to separate the criminal proceeds from their source by the creation of layers of transactions designed to disguise the audit trail and provide the appearance of legitimacy.
  - \* **Integration Phase:** The placing of laundered proceeds back into the economy in such a way that they re-enter the market appearing as normal and legitimate funds.

### 3. PREVENTION OF MONEY LAUNDERING ACT, 2002

- Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.
- The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU) – INDIA

### 4. FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA

- The Government of India set up Financial Intelligence Unit-India (FIU- 3 KARVY STOCK BROKING LTD - ANTI MONEY LAUNDERING POLICY IND) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.
- FIU-IND 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 coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

### 5. POLICY OF ASTHA CREDIT & SECURITIES PRIVATE LIMITED

- **Astha Credit & Securities Private Limited** has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame-work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002. This policy is applicable to Astha Credit & Securities Private Limited Employees, Sub-Brokers and Authorised Persons(AP).
- **Astha Credit & Securities Private Limited** shall maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director and Principal Officer, 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.

### 6. ANTI-MONEY LAUNDERING MEASURES

- Prevention of Money Laundering Act – 2002 was brought into force w.e.f. 1st July, 2005 by an act of Parliament. Act is made applicable to banks, financial institutions and all intermediaries associated with the securities market and are registered with SEBI under section 12 of SEBI act, 1992. Astha Credit and securities private limited also falls under the above category and hence required to follow the guidelines of SEBI on the matter. Money Laundering refers to conversion of illegally acquired money to make it appear as if it originated from legitimate source. Money

Laundering is the process of concealing criminal activity associated with it such as financial terrorism, drug trafficking or other offences which can be viewed on the website of SEBI with the link provided <https://www.sebi.gov.in/>

## 7. OBLIGATIONS RELATED TO ANTI-MONEY LAUNDERING

- Identification of customer is a very critical process. In order to protect the customer interests by preventing fraudsters from entering into the system using false identity and address, we are required to have a robust client acceptance policy and procedure, risk based approach and rigid client due diligence process at the time of initial registration as well as on a periodical on-going basis.
- Monitoring of transactions is equally critical process. In order to ensure that our systems are not misused for market manipulation, we are required to regularly monitor the transactions carried out by the clients vis a vis the financial status and nature of business intimated by the clients at the time of registration.
- SEBI guidelines mandate that we have a dedicated surveillance and AML team for monitoring the transactions of unusual nature as well as transactional alerts received from the Exchanges and Depositories.
- In order to comply with the above we are required to seek fresh/ additional information/ documents periodically from the clients for the purpose of due diligence and updating of client profile and required to seek clarifications wherever necessary in order to analyse the transactions.
- The intention behind such requirement is not personal or to inconvenience the clients but for ensuring a healthy compliant system and have uninterrupted access to the system by the clients and cordial & healthy business relationship.
- Clients are requested to get the income details, occupation/nature of business, mobile number, email ids and other details updated in their account by submitting a request to our office which will help us to monitor the transactions based on the updated profile and close the alert.
- The clients are not allowed to take position beyond their risk bearing ability and their known Net Worth and clarification is sought for any unusual position or trading activity.
- All KYC updated regularly and audit trail is kept for all transaction of pay in of fund and securities such transactions are permitted only through their known account number.

## 8. RISK BASED APPROACH:

- It is generally recognize that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business relationship or transaction which involves large pay in amount etc. The basic principle enshrined in this approach is that the company should adopt an

enhanced customer due diligence process for higher risk categories of customers. Conversely, a simplified customer due diligence process may be adopted for lower risk categories of customers. The high risk clients are identified based on Margin Shortfalls, Pay-in delay etc. is being viewed seriously and such clients are not allowed to take any new position in Futures.

## 9. CLIENTS OF SPECIAL CATEGORY

Such clients includes the following:-

- Non resident clients,
- High networth clients,
- Trust, Charities, NGOs and organizations receiving donations
- Companies having close family shareholdings or beneficial ownership
- Politically exposed persons (PEP) of foreign origin
- Current / Former Head of State, Current or Former Senior High profile politicians and connected persons (immediate family, Close advisors and companies in which such individuals have interest or significant influence)
- Companies offering foreign exchange offerings.
- Clients in high risk countries (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 centres, tax havens, countries where fraud is highly prevalent.
- Clients with dubious reputation as per public information available etc. The above mentioned list is only illustrative and the company should exercise independent judgment to ascertain whether new clients should be classified as Clients of Special Category or not.

## 10. EMPLOYEES' TRAINING

- Company adopted an ongoing employee training program so that the members of the staff are adequately trained in AML and CFT procedures. Training requirements have specific focuses for frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind these guidelines, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

## 11. IMPLEMENTATION OF THIS POLICY

### APPOINTMENT OF A DESIGNATED DIRECTOR AND PRINCIPAL OFFICER FOR REPORTING OF SUSPICIOUS TRANSACTIONS.

In terms of Rule 2 (ba) of the PML Rules, the Company has appointed **Mrs. Rashmi Chandra Gupta** as the Designated Director to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules. The Designated Director will ensure filing of necessary reports with the Financial Intelligence Unit (FIU –IND). The company has appointed **Mr. Satish Chandra Gupta** as the Principal Officer. The Principal officer appointed would act as a central reference point in facilitating onward reporting of suspicious transactions and for playing an active role in the identification and assessment of potentially suspicious transactions and shall have access to and be able to report to senior management at the next reporting level or the Board of Directors.

Names, designation and addresses (including email addresses) of 'Principal Officer' including any changes therein shall also be intimated to the Office of the Director-FIU. As a matter of principle, it is advisable that the 'Principal Officer' is of a sufficiently senior position and is able to discharge the functions with independence and authority.

#### **Designated Principal Officer:**

In the Case of any further Information/clarification is required in this regards, the "Principal Officer" may be contacted at **compliance@asthatrade.com**

**For ASTHA CREDIT AND SECURITIES PRIVATE LIMITED**