

IDBI CAPITAL MARKET SERVICES LIMITED**PREVENTION OF MONEY LAUNDERING (PML) POLICY****1. INTRODUCTION**

This Policy has been framed by IDBI Capital Market Services Limited (“IDBI Capital”/ “the Company”) in order to comply with the applicable Anti Money Laundering Standards and to take measures to prevent IDBI Capital from being used as a vehicle for Money Laundering and Terrorist Financing.

Money Laundering and Terrorist Financing

Money laundering is the process by which the illegal origin of wealth is disguised to avoid suspicion of law enforcement authorities and to wipe out the trail of incriminating evidence.

Terrorists and terrorist organisations though may not be keen to disguise the origin of their money but would be interested in concealing the destination and the purpose for which the money is collected. Therefore terrorists and terrorist organization could also employ techniques to hide and disguise money. Governments around the world recognize the corrosive dangers that unchecked money laundering poses to their economic and political systems and have prescribed acts, rules and regulation for prevention of money laundering.

Need for this Policy

In India, The Prevention of Money Laundering Act, 2005 forms the core of the legal framework to combat money laundering and terrorist financing in India. The Prevention of Money Laundering Act, 2005 came into effect from 1st July 2005 and has been amended on various occasions since.

The Prevention of Money Laundering Act, 2005 imposes an obligation on every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) 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 SEBI Act , to verify the identity of

investors and maintain records of transactions as specified in the Prevention of Money Laundering Act, 2005 and the Rules, Regulations and Notifications thereunder.

Pursuant to the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering standards, The Securities and Exchange Board of India, has from time to time issued circulars directing Intermediaries to adopt Strict Customer Due Diligence practices in order to prevent Money Laundering.

IDBI Capital is an intermediary in the securities market registered with the Securities and Exchange Board of India as a Stock Broker, Portfolio Manager, Merchant Banker and a Depository Participant and is thus required to adopt and implement a policy for Prevention of Money Laundering pursuant to the Prevention of Money Laundering Act, 2005 and the Rules, Regulations and Notifications thereunder.

2. **Policy objectives:**

This Policy aims to achieve the following objectives:

- To protect *the Company* from being used as a vehicle for money laundering/terrorist financing
- To follow thorough “Know Your Customer” (KYC) policies and procedures in the course of day-to-day business.
- To take appropriate action, once suspicious activities are detected, and report them to the designated authorities in accordance with applicable law / laid down procedures.
- To comply with applicable laws as well as norms adopted internationally with reference to Money Laundering.

3. **Applicability:**

This Policy applies to all employees of IDBI Capital including employees at Head Office, Branches (domestic & globally) and also covers employees on deputation, outsourced employees, business associates and agents dealing with the Company

Applicability of this Policy to various verticals/business groups of IDBI Capital**(i) Institutional Broking**

Appropriate Customer Due Diligence shall be carried out in respect of all Institutional Clients whether registered with SEBI or not. Further, trades of such clients shall be monitored and suspicious transactions, if any, shall be duly reported in accordance with this Policy.

(ii) Retail Broking

KYC norms as specified by SEBI/ Exchanges should be adhered to before enlisting clients. Further, trades of such clients shall be monitored and suspicious transactions, if any, shall be duly reported in accordance with this Policy.

(iii) Funds Management

Necessary Customer Acceptance Norms shall be followed in respect of the Fund Management Activity. In case of acceptance of funds/securities from Retail Clients for the purpose of Portfolio Management, sources of funds/securities shall be identified.

(iv) Depository Participant Activities

The Depository activity shall be covered within the purview of this Policy. Necessary Customer Due Diligence shall be undertaken. KYC norms as specified by the Depository should be followed for opening accounts. Alerts as generated by the Depositories shall be reviewed and suspicious transaction, if any shall be duly reported.

(v) Investment Banking

As such transactions do not involve routing of funds and securities through IDBI Capital for transfer from one party to another the provisions of this Policy shall not specifically apply to Investment Banking Transactions, however the Investment Banking Team shall adhere to the master circulars issued by SEBI in respect of PMLA from time to time.

4. Implementation of this Policy**Appointment of Principal Officer**

The Chief Financial Officer will be the Principal Officer for the Purpose of Prevention of Money Laundering and shall:

- ❖ Be responsible for compliance of the provisions of the Prevention of Money Laundering Act, 2005 and the Rules, Regulations and Notifications thereunder
- ❖ Act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions
- ❖ Ensure that the Company discharges its legal obligation to report suspicious transactions to the concerned authorities.
- ❖ Monitor the implementation of Prevention of Money Laundering Policy
- ❖ Report transactions and sharing of information as required under the law and to the Management of the Company/FIU from time to time as deemed necessary.
- ❖ Liaison with law enforcement agencies
- ❖ Provide clarifications on the provisions of the Act, Rules, Guidelines and the Policy of the company pertaining to Prevention of Money Laundering

The Principal Officer shall report to the Managing Director and CEO of the Company. Any change in Principal Officer shall be with the written approval of the Managing Director only.

Structure of the Policy

The main aspect of this policy is the Customer Due Diligence Process which means:

- Obtaining sufficient information about the client in order to identify who is the 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 transactions conducted are consistent with the client's background/financial status, its activities and risk profile.

6.3. The Customer Due Diligence Process includes three specific parameters:

- A. Policy for Acceptance of Clients
- B. Client Identification Procedure
- C. Suspicious Transactions identification & reporting

A. CUSTOMER ACCEPTANCE POLICY

The Customer Acceptance Norms specified hereinbelow shall be applicable to clients sourced directly by employees of IDBI Capital and also with regard to clients sourced through Business Associates, Feet on Street, Marketing agents etc. of IDBI Capital.

All persons sourcing clients on behalf of IDBI Capital shall be required to adhere to the requirements specified hereinbelow that are aimed to identify the types of clients that are likely to pose a higher than the average risk of money laundering or terrorist financing:

1. **In-person verification:** In person verification shall be mandatory for all clients. Accounts shall be opened only for those persons whose in-person verification has been done as per the SEBI/Stock Exchange/Depository or other regulations in this regard. The client should visit the Branch or the authorised official may visit the client at the residence/office to complete the in-per verification procedures.
2. **KYC Procedures:** Accept only clients in respect of whom complete KYC procedures has been completed. Client account shall not be opened in case the client fails to submit any required documents:
 - a. Documents shall be accepted as per the checklists given from time to time
 - b. Photocopies submitted by the clients shall be compulsorily verified with original
 - c. All details in the form shall be filled in by the clients without fail
 - d. Do not compromise on submission of mandatory information – Accounts should not be opened here the client refuses to provide information/documents.
3. **Benami Accounts:** No account is opened in a fictitious / benami name or on an anonymous basis.
4. **Debarred Clients:** Before clients opens an account check whether the client's name matches with names in any of the following lists:
 - SEBI Debarred List
 - UNSC
 - PEP
 - OFAC (Office of Foreign Access and Control given by US Treasury Dept.)
 - such other list that may be specified by the Regulators/Compliance Department from time to time

Do not open accounts with a known criminal background.

5. **Clients of Special Category:** Due care shall be taken while accepting clients of Special Category

Clients of Special Category include but shall not be limited to the following-

- i. Non- resident clients
- ii. High net-worth clients
- iii. Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- iv. Companies having close family shareholdings or beneficial ownership
- v. Politically Exposed Persons (**PEP**)
(i.e. 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. and family members or close relatives of PEPs)
- vi. Companies offering foreign exchange offerings
- vii. Clients in high risk countries
(i.e - 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 Havens/ sponsors of international terrorism offshore financial centers, tax havens, countries where fraud is highly prevalent
- viii. Non face to face clients
- ix. Clients with dubious reputation as per public information available etc.

Treatment of Accounts of Clients of Special Category

1. **NRI:** While opening NRI account utmost care should be exercised. While opening an NRI Repatriable or NRI Non Repatriable inter alia, collect the following documents from the clients:

NRI Repatriable/Non Repatriable

1. PAN Card Copy
2. Passport Copy
3. Indian Address Proof
4. Cancelled Cheque copy of NRE A/c
5. PIS Permission issued from RBI.
6. NRI Address Proof
7. Bank Statement Copy.
8. Client Master Copy for demat account.

2. **High Networth Clients:** High networth clients could be classified as such if at the account opening stage or during the course of the relationship, it is realized that the clients investments or the appetite for investment is high.

3. **Trust, Charity and NGOs:** Both public as well private, registered as well un registered trust will have to be classified in the special category. Any Charitable or Non governmental organization or a no Profit Organization will be also classified herein.

4 Close family shareholdings or Beneficial Ownership: In case of close family shareholdings the objective is to understand whether the beneficiaries of two or more accounts, which may also be opened at different times are same, then both need to be marked under this special category.

5. Politically Exposed Persons: In case of PEPs, the account should be opened only after consent of the senior management (Head Retail and Principal Officer) and all the required documents are collected and client should be marked as PEP in records. Where a client has been accepted and the client or beneficial owner is subsequently found to be, or subsequently becomes a PEP, registered intermediaries shall obtain senior management approval to continue the business relationship. Verify the sources of funds of the PEP.

6. Company offering foreign Exchanges: At the account opening stage if the individual or the entity is registered foreign exchange dealer, then the same may be categorized.

7. Client in High Risk Country: Do not open any account received from client who was residing in a high risk jurisdiction and may have investment proceeds which may have also originated from these countries. The list may be obtained from the Financial Action Task Force (FATF) statements that identify countries that do not or insufficiently apply the FATF Recommendations, published by the FATF on its website (www.fatf-gafi.org).

8. Client with dubious Public Reputation: If a client's reputation during the opening of the account or post opening the account is known to be not good, then the same is marked in this special category.

B. CUSTOMER IDENTIFICATION POLICY

The following Customer Identification Norms shall be adhered to in respect of all new clients to establish the identity of the client along with firm proof of address to prevent opening of account which is fictitious/benami/anonymous in nature.

SEBI/the Stock Exchanges/the Depositories and other regulatory authorities under which IDBI Capital is governed from time to time specify various KYC norms/guidelines that have to be adhered to in order to be able to identify customers. Such norms and guidelines should be followed scrupulously at the time of customer acceptance. Further given below are a list of basic requirements to be obtained from various types of clients at the time of account opening.

Proof Of Identity

Every client would be identified based on only photo identity as prescribed under applicable KYC norms. The PAN Card, which is compulsory, would also serve as a photo identity. Other identity proofs which might be collected for verification are as under:

- I. Passport
- II. Voter ID Card
- III. Driving license
- IV. PAN card with photograph
- V. Unique Identification Number (UID) (Aadhar Card)
- VI. Identity card/document with applicant's Photo, issued by
 - a) Central/State Government and its Departments,
 - b) Statutory/Regulatory Authorities,
 - c) Public Sector Undertakings,
 - d) Scheduled Commercial Banks,
 - e) Public Financial Institutions,
 - f) Colleges affiliated to Universities (**this can be treated as valid only till the time**

the applicant is a student),

- g) Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members, and
- h) Credit cards/Debit cards issued by Banks.

Proof Of Address

The address of the Client would be verified from one of the following:

- I. Ration card
- II. Passport
- III. Voter ID Card
- IV. Driving license
- V. Bank passbook / Bank Statement
- VI. Unique Identification Number (UID) (Aadhar Card)
- VII. Verified copies of
 - a) Electricity bills (**not more than three months old**),
 - b) Residence Telephone bills (**not more than three months old**) and
 - c) Leave and License agreement / Agreement for sale.
- VIII. Self-declaration by High Court & Supreme Court judges, giving the new address **in respect of their own accounts.**
- IX. Identity card/document with address, issued by
 - a) Central/State Government and its Departments,
 - b) Statutory/Regulatory Authorities,
 - c) Public Sector Undertakings,
 - d) Scheduled Commercial Banks,
 - e) Public Financial Institutions,
 - f) Colleges affiliated to Universities (**this can be treated as valid only till the time the applicant is a student**) and
 - g) Professional Bodies such as ICAI, ICWAI, Bar Council etc., to their Members.

Basic KYC Norms to be followed for verification / scrutiny

- a) The photograph in the PAN card and in any other address proof which contains a photograph must match. This should be followed to ensure that no account is opened in anonymous or fictitious names.
- b) As per SEBI, NSDL, NSE & BSE guidelines, all Address and Identification proofs, should be verified with the originals by any of the employee of IDBI Capital. Care should be taken that the employee, who is verifying the copies of the proofs, should be competent to do the same.

- c) In-Person verification of Applicant (s) made compulsory as per Exchanges and NSDL norms should be done by an employee of IDBI Capital only or as specified by the Regulators from time to time. The person conducting verification should visit the address provided by the applicant (s) and complete in person verification.
- d) Proof should be collected for both permanent address and correspondence address and the same should be verified with originals.
- e) Notwithstanding the above, the Company prohibits doing business with any individual or entity whose identity cannot be determined or who refuses to provide information or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.
- f) Verify whether any of the existing Client or new Applicant, falls within the UN sanction list and/ or is debarred by SEBI from dealing in securities. In this case, if any of the Existing Client falls in either of the categories, the said Client would be suspended from trading immediately & the matter would be reported to the concerned Regulatory Authority if required. In case of new applicant falling within the category, such account should not be opened. Clients name in the regulatory orders issued by the exchanges on a day to day basis should be barred from trading with immediate effective.
- g) In case of Non Resident clients, remittance only from approval banking channels will be accepted. In case of FII's, the investment must be from the current account maintained with the Reserve Bank of India.
- h) Clients should not be activated to trade in derivative segment unless the clients submit a valid proof of financial information.

The above constitutes our KYC norms and will be strictly followed so that the Company has no doubt about the Client identity. The account of any existing Client not able to satisfy his/her identity will be frozen till identity is established

These norms may be changed by Compliance Department from time to time to adhere regulatory requirements and to have stringent anti money laundering measures.

Ongoing Customer Due Diligence

- Any communication in respect of the Client shall be with the Client only
- Trade Orders/Instructions shall be accepted from the Client only.
- In case the client wishes to authorise a third party to give trade orders/instructions to the company in the clients account, a duly notarized Power of Attorney shall be provided by the Client and KYC documents like Proof of

Identity, Proof of Address and Relationship with the client of such authorised person shall be obtained.

- The Employees of the Company and the Clients shall adhere to the guidelines issued by the Company on this regard from time to time.
- Obtaining sufficient information in order to identify persons who beneficially own or control the securities account. Whenever it is apparent that the securities acquired or maintained through an account are beneficially owned by a party other than the client, that party shall be identified using client identification and verification procedures. The 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.
- Understand the ownership and control structure of the client;
- Conduct ongoing due diligence and scrutiny, i.e. Perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the registered intermediary's knowledge of the client, its business and risk profile, taking into account, where necessary, the client's source of funds; and
- The CDD process shall necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

5. Risk Categorisation

All clients should be categorized on the basis of the risk of money laundering or terrorist financing that they are likely to pose. The clients can be classified into the medium or high risk category depending on various like Client wise Large Turnovers, particular Script exposure / trading , client's income range , trading pattern, client is of special category. If any of the client would satisfy the above criteria, depending on the criteria satisfied the same would be classified into medium or high risk.

Clients should broadly be classified in the following categories

Low Risk	Clients who pose low or nil risk. They are corporates/HNIs who have a respectable social and financial standing. Clients who fulfill obligations on time.
Medium Risk	Intraday clients or speculative client.
High Risk	Clients who have defaulted in the past. Clients who have a suspicious background. Clients of Special Category

Dormant Accounts

The above categorization shall be done initially at the time of opening of the Clients account and shall be reviewed on an ongoing basis depending of the trading pattern etc. of the clients.

Initial Risk categorization of all the clients would be done by the CCR Team depending on the financials details/ networth declarations and KYC declaration so of the clients given by the clients at time of account opening and regular updates received from the clients. Branch Officials shall inform CCR team in the event they feel the client belongs to the Medium or High Risk Category and specify reasons for the same. Risk categorization would also be modified depending on the trading patterns of the clients.

Any change in the risk profile of the client/mandate holder, has to be ascertained by the concerned branch officials, and reported to the Business Head immediately.

High degree of due diligence shall be applied in respect of clients of special category.

Instructions on risk parameters may be given by the Principal Officer/Compliance Team from time to time.

The internal Auditors shall conduct the audit based on the Risk parameters assigned by the Management from time to time.

6. **Suspicious Transactions**

Suspicious transactions involve funds which are derived from illegal activities or are transactions that are intended/ conducted in order to hide or disguise funds or assets derived from illegal activities (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any law or regulation or to avoid any transaction reporting requirement under the law;

The transaction has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.

Criteria giving rise to suspicion:

It is difficult to define exactly what constitutes suspicious transactions and as such given below is a list of circumstances where transactions may be considered to be suspicious in nature. This list is only inclusive and not exhaustive. Whether a particular transaction

is actually suspicious or not will depend on the background, details of the transactions and other facts and circumstances.

1. Complex /unusually large transactions/ patterns which appear to have no economic purpose.
2. Client having suspicious background or links with known criminals
3. Clients whose identity verification seems difficult.
 - E.g.:
 - i. False identification documents
 - ii. Identification documents which could not be verified within reasonable time
 - iii. Non face to face Client
 - iv. Doubt over the real beneficiary of the account
 - v. Accounts opened with names very close to other established business entities.
4. Client appears not to co-operate.
5. Use of different accounts by Client alternatively.
6. Sudden activity in dormant accounts
7. Multiple accounts
 - i. Large number of account having a common account holder, authorized signatory with no rationale
 - ii. Unexplained transfers between multiple accounts with no rationale
8. Asset management services for clients where the sources of funds is not clear or not in keeping with the clients' apparent standing/business activity
9. Substantial increase in business without apparent cause (Unusual activity compared to past transactions)
10. Activity materially inconsistent with what would be expected from declared business
11. Inconsistency with clients apparent financial standing
12. In any account circular trading
13. Unusual transactions by Clients of Special Category (CSCs) and business undertaken by shell corporations, offshore banks/financial services, businesses reported to be in the nature of export-import of small items
14. A transaction which gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime.
15. A transaction which appears to be a case of insider trading
16. Transactions that reflect likely market manipulations
17. Suspicious off market transactions
18. Value of transaction just under the reporting threshold amount in an apparent attempt to avoid reporting
19. Inconsistency in the payment pattern by the client
20. Trading activity in account of high risk clients based on their profile, business pattern and industry segment

21. Accounts based as 'passed through'. Where no transfer of ownership of securities or trading is occurred in the account and the account is being used only for funds transfers / layering purposes.
22. Large deals at prices away from the market
23. Suspicious off market transactions
24. Purchases made in one client's account and later on transferred to a third party through off market transactions through DP Accounts;
25. Multiple transactions of value just below the threshold limit specified in PMLA so as to avoid possible reporting;

Monitoring for Suspicious Transaction

The monitoring for suspicious transaction should be done on following basis.

- The Origin of Funds
- The form in which funds were offered or withdrawn
- The destination of funds
- The form of instruction and authority
- The identity of the person undertaking the transaction

Monitoring of Transactions at IDBI Capital

Monitoring of the Trading and Depository Transactions of clients availing Stock Broking/DP services of IDBI Capital shall be through the PMLA application.

PMLA software works based on the guidelines and notifications issued by SEBI and Stock Exchanges.

Following are the key features of the software:

- i. Screening of the clients
- ii. Client Master related parameters CSC, Risk, Financial etc.
- iii. Creating a grading system for all the clients
- iv. Alerts Dash Board- generating various types of reports based on trading patterns of the clients
- v. Alert Escalation
- vi. STR Module to report suspicious transaction to FIU

The PMLA monitoring through the software shall be carried out by the following Teams

Department	Broad Responsibility
CCR (account opening team)	Customer Acceptance Due diligence and

	Initial Risk Categorization
RMS Team	Monitoring of Trading pattern of clients and escalation of prima facie Suspicious Transaction
DP Team	Monitoring of DP Alerts and escalation of prima facie Suspicious Transaction
Principal Officer with Compliance Team	Review of prima facie Suspicious Transactions and reporting to FIU

7. Policy for Dormant Accounts

A. DEFINITIONS

The following accounts shall be categorized as Dormant Accounts:

I. Demat accounts

A Demat account having no debit transactions in the last 6 (six) calendar months shall be classified as Dormant account.

II. Trading account

A Trading account in which no transaction has been carried out for a period of more than 6 (six) calendar months shall be classified as a Dormant Account.

The Terms “Dormant” and “Inactive” shall be used interchangeably.

B. TREATMENT OF DORMANT ACCOUNTS

Transactions in Dormant Trading Accounts

In case of Online or Offline dormant trading accounts in which no transaction has been placed during the last 6 (six) calendar months, the account of the client shall be locked and the client shall not be permitted to execute a fresh transaction in the account unless the client provides either of the following:

- An e-mail request to reactive the account and process the transaction. Such e-mail request shall be sent only from the e-mail id of the Client registered with IDBI Capital; or
- A written request to reactive the account and process the transaction duly signed by Client and submitted to IDBI Capital; or
- A telephonic request to reactive the account and process the transaction. Such telephonic request shall be at the specified number of IDBI Capital for which voice recording is active. Further the request shall be processed only after the client provides additional identification as required.

Locking of Password

In case the client has not logged in to his Online Trading Login for a period of 6 months, the login of the client shall be automatically locked and the password shall be deactivated.

In order to retrieve the password for resuming online trading the following steps shall be carried out.

- The clients shall be required to click the forgot password link on the screen
- The new password of the client shall be sent to the e-mail ID of the client registered with IDBI Capital
- The client will be required to login by entering the new password.

Debit Transactions in Dormant Demat Accounts:

Debit transactions shall be permitted in dormant demat accounts only on completion of the following procedure:

- The physical DIS received for transaction in a dormant account shall in addition to the normal verification process also be verified by another employee (additional check)
- Independent confirmation shall be obtained from the client before processing of the DIS
- The Employee verifying such transaction with the Client shall record the details of the process, date, time etc. of verification on the Instruction Slip under his signature

C. CHARGES IN CASE OF DORMANT ACCOUNT

- No annual charges will be charged in respect of dormant/inactive accounts
- In case of transactions in dormant accounts, all arrears of charges shall be charged to such clients

D. MONITORING OF TRANSACTIONS IN DORMANT ACCOUNTS

- Sudden activity in dormant accounts may be viewed as a suspicious transaction
- Any debit transactions in dormant Demat accounts or any transactions in dormant Trading accounts shall be reported as an Alert and adequate reports shall be generated
- Such alerts/reports shall be reviewed by the Authorised Official

- Transactions found to be suspicious shall immediately be reported to the Risk Management and Compliance Department
- Evaluation for dormant account will be done every calendar quarter.

It is likely that in some cases transactions are abandoned or aborted by clients on being asked to give some details or to provide documents. All such attempted transactions should be reported in STRs, even if not completed by clients, irrespective of the amount of the transaction.

E. OTHERS

1. Return on Assets: The Balances lying in the Dormant Trading accounts shall be returned to the client at the time of the calendar quarterly/monthly settlement. In the event the client wishes to receive the funds/securities from such Trading account before the calendar quarterly/monthly settlement, the Client shall make a request in writing which shall be submitted to IDBI Capital Head Office. The funds/securities from such Trading account shall be returned on T+1 day from receipt of request.
2. Business Team may decide to take the necessary measures in order to reactivate the dormant clients.

8. Training On Prevention of Money Laundering

The Company shall provide anti-money laundering training to all its new employees at the time of joining the organization and updates would be provided on periodic basis initially half yearly / yearly basis to its all employees. The training shall review applicable money laundering laws and recent trends in money laundering activities as well as the *Company's* policies and procedures to combat money laundering, including how to recognize and report suspicious transactions.

8. Maintainence of Records

In terms of rules made under the PMLA Act, IDBI Capital shall maintain a record of:

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

- (c) 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;
- (d) all cash transaction 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;
- (e) all suspicious transactions whether or not made in cash;
- (f) 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.

Suspicious records along with the records of the identity of clients shall be maintained and preserved for a period of ten years from the date of cessation of the transaction between the Client and intermediaries

Date of cessation shall mean date of termination of an account or business relationship”).

Where required by the investigating authority, certain records, e.g. client identification, account files, and business correspondence, shall be retained for periods which may exceed those required under the SEBI Act, Rules and Regulations framed there-under PMLA, other relevant legislations, Rules and Regulations or Exchange bye-laws or circulars.

In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case has been closed

9. Reporting (Disclosure) of Suspicious Activity

The 'Principal Officer' shall report the information relating to suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address as may modified by the SEBI from time to time:

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

The reporting requirements and formats specified by FIU from time to time.

If any employee suspects or has reasonable ground to believe that a customer is involved in money laundering must promptly be reported to the Principal Officer.

It should be ensured that the securities or money pertaining to suspicious trades should not be returned. However, the relevant authorities should be consulted in determining what action should be taken.

The principal officer shall also report transactions "legally connected" "transactions remotely connected or related to suspicious transactions.

No restrictions should be put on operations in the accounts where an STR has been made. All directors, officers and employees (permanent and temporary) are prohibited from disclosing ("tipping off") the fact that a STR or related information is being reported or provided to the FIU-IND.

10. Miscellaneous

All employees shall ensure compliance with this policy. It shall be the duty of every Employee/ Business Associate of the Company to cooperate with and provide timely disclosure and information to any inspecting authority (either internal or external) including any relevance law enforcement authorities with regard to implementation of this policy.

In addition to this policy all directives issued by SEBI/ Exchanges/ NSDL or any other regulatory authority shall be strictly adhered to.