

PMLA Policy reviewed on

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**Know Your Customer, Anti-Money
Laundering & Surveillance Policy**

March – 2015

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KYC/AML Policy

PREFACE

This is the Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy (the Policy) of Saravana Stocks Pvt Ltd ('SSPL') and has been prepared in accordance Prevention of Money Laundering Act, 2002 (PMLA Act). This Policy also takes into account the provisions of the PMLA Act and other Rules laid down by SEBI, and FIU.

As per PMLA, every banking company, financial institution (which includes chit fund company, a cooperative 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 Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. For the purpose of PMLA, transactions include:

1. All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
2. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency, such series of transactions within one calendar month.
3. 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 registered intermediary.

For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' need to be considered.

"Suspicious transactions" means a transaction whether or not made in cash which to a person acting in good faith –

1. gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
2. appears to be made in circumstances of unusual or unjustified complexity or
3. appears to have no economic rationale or bonafide purpose.

This Policy only supplements the existing SEBI / FIU guidelines relating to KYC/AML and any subsequent guidelines from the date of the Policy on KYC/AML will be implemented immediately, with subsequent ratification by the Board. Extant regulations will at any point in time override this Policy.

1. KYC/AML philosophy of SARAVANA STOCK PVT LTD

1.1 The KYC / AML philosophy of SARAVANA STOCKS PVT LTD is to prevent SARAVANA STOCKS PVT LTD from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The objective of this policy is also to enable SARAVANA STOCKS to know /understand its customers and their financial dealings better which in turn will help SARAVANA STOCK PVT LTD to manage its risks prudently.

1.2 It is important in SARAVANA STOCKS that SARAVANA STOCK PVT LTD's management views "money-laundering prevention" and "knowing your customer" as part of the risk management strategies and not simply as standalone requirements that are being imposed by legislation/regulators'.

Hence the objective of the policy is to –

1. To have a proper Customer Due Diligence (CDD) process before registering clients.
2. To monitor/maintain records of all cash transactions of the value of more than Rs.10 lacs.
3. To maintain records of all series of integrally connected cash transactions within one calendar month.
4. To monitor and report suspicious transactions.
5. To discourage and identify money laundering or terrorist financing activities.
6. To take adequate and appropriate measures to follow the spirit of the PMLA.

2. What is Money Laundering?

2.1 Money laundering is the criminal practice of putting ill-gotten gains or dirty money through a series of transactions, so that the funds are cleaned to look like proceeds from legal activities. It is driven by criminal activities and conceals the true source, ownership, or use of funds.

In simple terms money laundering is most often described as the "turning of dirty or black money into clean or white money". If undertaken successfully, money laundering allows criminals to legitimize "dirty"

money by mingling it with "clean" money, ultimately providing a legitimate cover for the source of their income.

“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”.

3. Why “Know Your Customer”?

3.1 One of the best methods of preventing and deterring money laundering is a sound knowledge of a customer’s business and pattern of financial transactions. The adoption of procedures by which financial institutions “know their customer” is not only a principle of good business but is also an essential tool to avoid involvement in money laundering.

3.2 SARAVANA STOCK PVT LTD shall adopt appropriate KYC procedures and internal controls measures to:

- (i) Determine and document the true identity of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers;
- (ii) Assess the money laundering risk posed by customers’ expected use of SARAVANA STOCK PVT LTD’s products and services;
- (iii) Protect SARAVANA STOCK PVT LTD from the risks of 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.

4. Customer Acceptance Policy

4.1 No account shall be opened in anonymous or fictitious / benami name(s). PAN shall be mandatory for each account. Each client shall have one account only.

4.2 The parameters of risk perception in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc shall be captured at the account opening stage to enable categorization of customers into low, medium and high risk. SARAVANA STOCK PVT LTD has indicative categories of customers which would fall into low, medium and high risk categories

(refer **Annexure 1**). The list shall be updated with approvals from Compliance, and Business groups.

For the purpose of risk categorization, individuals/entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk. Illustrative examples of low risk customers are as follows:

- salaried employees whose salary structures are well defined;
- Government Departments and Government owned companies;
- regulators and statutory bodies; etc.

Customers that are likely to pose a higher than average risk to SARAVANA STOCK PVT LTD shall be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. SARAVANA STOCK PVT LTD shall apply Customer Due Diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources offunds are not clear.

4.3 While the profile of the customer is captured in the account opening form, an Customer Due Diligence (CDD) sheet is also prepared at the account opening stage for all accounts (individual / non individual). The CDD sheet is an addendum to the account opening form and captures in further detail the profile of the customer, especially the expected transaction pattern of the account. The CDD sheet is prepared by the sales team based on their discussions and understanding of the customer, but is not required to be signed off by the customer.

CDD shall include the following measures –

- Before registering client, obtain Antecedent information. Verify independently information submitted by client but not limited to his identity, registered office address, correspondence address, contact details, occupation, Promoters/Directors, source of income, experience in securities market, PAN no, SEBI registration Number,

(if any), MAPIN Number (if any) etc, by verification or original documents or such related processes. In case enhanced CDD is required, generally Retail client have a relationship at the local level with the branch, and in such cases we shall check the local references for client identity and other credit details including those mentioned above or we can refer any other reliable, independent source documents, data or information.

This should be approved by Account Opening Team shall open the Client Account after verifying information collected, registration form along with other supporting documents. All new accounts shall be reviewed against negative lists issued by SEBI, Exchanges and other lists such as OFAC, UN sanctions lists etc.

- In person verification is to be carried out as per the requirements of the regulators. Further 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 from the non individual clients and wherever possible it has to be verified

independently. Also 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.

- **Ongoing due diligence and scrutiny** – We shall to conduct periodic due diligence and scrutiny of client’s transaction and accounts to ensure that transactions are being conducted in knowledge, to find out the risk profile, source of funds, etc. At regular interval, ongoing due diligence and scrutiny needs to be conducted 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 Organization’s knowledge of the client, its business and risk profile, taking into account, where necessary, the customer’s source of funds.

- For all clients applying for trading rights in the futures and options segments, further details as regards their proof of income and source of funds would be required.

4.4 Necessary checks shall be conducted before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc. For conducting such reviews, while SARAVANA STOCK PVT LTD shall check the lists provided by SEBI/Exchanges/internally maintained lists, it shall rely primarily on the United Nations list which is available at <http://www.un.org/sc/committees/1267/consolist.shtml>. The compliance team shall be responsible to ensure that the said lists are updated on a daily basis through various sources.

Process wherein the name of the client (new or existing) matches with the negative list –

Type of client	What matches with negative list	What is to be done
New	PAN	Reject account
	Name	<ol style="list-style-type: none"> 1. Check the address or any other detail in the SEBI order. 2. If anything is closely resembling the client in question – Escalate case to compliance officer before opening 3. Compliance team to speak to the client over a recorded line. 4. Take a declaration from the client that he is not the same person. 5. If the client is not cooperating – Not to open the account. 6. If the client provides the documents, onboard the client and place in high risk.
Existing	PAN	Proceed for closure
	Name / Address / Other details	<ol style="list-style-type: none"> 1. Escalate to compliance officer 2. Review past transactions. 3. If the past transactions have shown any similarity to SEBI order or any alert – Close the account 4. If not – ask the client to provide declaration he is not the same person. 5. If the client is not cooperating – Not to open the Account 6. If the client provides the documents, onboard the client and place in high risk

4.5 SARAVANA STOCK PVT LTD shall not open an account or shall close an existing account where SARAVANA STOCK PVT LTD is unable to apply appropriate customer due diligence measures i.e. SARAVANA STOCK PVT LTD is unable to verify the identity and / or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of the data / information furnished to SARAVANA STOCK PVT LTD. .

4.6 SARAVANA STOCK PVT LTD shall apply higher levels of due diligence when an account is operated by a mandate holder or where an account is opened by an intermediary in fiduciary capacity. KYC documents will be taken for both the mandate holder/intermediary in fiduciary capacity and the account holder.

5. Customer Identification Procedure

5.1 Customer identification procedure means verifying the identity of the customer by using reliable, independent source documents, data or information. SARAVANA STOCK PVT LTD needs to obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of relationship. SARAVANA STOCK PVT LTD must also be able to satisfy the regulators that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

5.2 SARAVANA STOCK PVT LTD shall have in place a comprehensive Customer Identification Procedure which details the various documents that SARAVANA STOCK PVT LTD can take as Identity, Address proof for various types of customers (refer **Annexure 2**). This Customer Identification Procedure document shall be updated with approvals from Compliance, and Business groups, with subsequent ratification by the Board of Directors. However, merely obtaining identification documents for identity, address and signature proof from the customer does not mean that the KYC is complete. KYC means actually knowing the customer, nature of his business and the purposes for which SARAVANA STOCK PVT LTD account will be used.

5.3 SARAVANA STOCK PVT LTD may ask for periodical updation of customer identification and other data after the account is opened.

7. Monitoring of Transactions

7.1 Ongoing monitoring is an essential element of effective KYC procedures. SARAVANA STOCK PVT LTD can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

SARAVANA STOCK PVT LTD shall have in place a comprehensive transaction monitoring process from a KYC/AML perspective. SARAVANA STOCK PVT LTD shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering. An indicative list of such alerts is provided with this policy. (Annexure 3) SARAVANA STOCK PVT LTD AML monitoring team shall endeavour to update the list based on current understanding of the market scenario and trading patterns followed by clients. In addition to the alerts from internal sources, the Surveillance team shall also monitor the alerts provided by the exchanges per their circular NSE/INVG/22908 dated March 7, 2013. Details relating to the compliance with respect to the said circular are elaborated in Annexure 3.

On the basis of criticality of the breach, observation of account behaviour, repetitive breaches, the AML Monitoring Team shall send a query to the concerned Business. Responses would be expected within 7 working days. If the alerts still persist or the AML Monitoring Team is not satisfied with the responses, then the AML query team shall send the query to the Compliance Head for resolution.

SARAVANA STOCK PVT LTD shall put in place a system of periodical review of risk categorization of accounts. Such review of risk categorisation of customers shall be carried out at a periodicity of not less than once in six months. SARAVANA STOCK PVT LTD shall be undertaking a review of all accounts existing as on June 30th and December 31st every year, but which were opened at least six months prior to these two review dates – thus giving a vintage of at least six months to each of the accounts being reviewed. The review shall be done on the following basis:

All High Risk clients are considering as Special Category Clients.

Category of Accounts	No of accounts as on June 30th/Dec 31st	Current Risk Categorization	Observation	Recommendation for new Risk Categorization
Non Resident Savings Accounts		High	Account in existence for more than 1 year; no AML queries raised	Medium
Non individual accounts – 1. Trusts		High	Existence for more than two (2) years, and no AML	
2. CIS 3. Partnership firms			queries have been raised / AML queries raised	

Category of Accounts	No of accounts as on June 30th/Dec 31st	Current Risk Categorization	Observation	Recommendation for new Risk Categorization
4. Companies where the shareholding structure is complex			have been satisfactorily resolved	
Non individual accounts – 1. HUF 2. Companies other than above		High / Medium	Existence for more than one (1) year, and no AML queries have been raised / AML queries raised have been satisfactorily resolved	Reduce Risk Categorization by one level (ie High to Medium / Medium to Low)
Individual accounts – 1. Housewives 2. Clients operating in F&O segment		High / Medium	Existence for more than one (1) year, and no AML queries have been raised / AML queries raised have been satisfactorily resolved	Reduce Risk Categorization by one level (ie High to Medium / Medium to Low)
Others		High / Medium / Low	-	Either retain or increase the existing Risk Categorization

In case of any account wherein alerts are observed on a regular basis, the risk categorization would be increased based on the consensus of the AML monitoring team and the compliance officer. Such a review would be done at least once every month.

Special attention is required for all complex, unusually large transactions / patterns which appear to have no economic purpose. The background including all documents, office records and clarifications pertaining to such transactions and their purpose will be-examined carefully and findings will be recorded. Such findings, records and related documents would 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 to be preserved for ten years as required under PMLA 2002

It would be ensured that record of transaction is preserved and maintained in terms of section 12 of the PMLA 2002 and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the appropriate law authority.

8. Risk Management

8.1 The overall responsibility/implementation and adherence of this KYC/AML policy shall lie with the Compliance & Surveillance Unit of SARAVANA STOCK PVT LTD.

8.2 The Concurrent / Internal Auditors shall specifically check and verify the application of KYC/AML procedures and comment on the lapses observed in this regard. The reports and compliance in this regard shall also put up before the Audit & Compliance Committee of the Board atleast at quarterly intervals.

9. Combating Financing of Terrorism (CFT)

9.1 SARAVANA STOCK PVT LTD shall have a heightened awareness in the system to check for transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism.

10. Maintenance of records of transactions / Information to be preserved / Maintenance and preservation

of records / Cash and Suspicious transactions reporting to Financial Intelligence Unit-India (FIU-IND)

10.1 Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the PMLA Act (refer **Annexure 4**). In terms of the Rules (refer **Annexure 5**), the provisions of PMLA Act, 2002 came into effect from July 1, 2005. Section 12 of the PMLA, 2002 casts certain obligations on financial institutions in regard to preservation and reporting of customer account information.

10.2 Maintenance of records of transactions

SARAVANA STOCK PVT LTD shall have a system of maintaining proper record of all transactions including records of all transactions prescribed under Rule 3 of the Rules, as mentioned below:

- (a) all cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency;
- (b) 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;
- (ba) all transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency;

10.3 Information to be preserved

SARAVANA STOCK PVT LTD shall maintain the following information in respect of transactions referred to in Rule 3 of the Rules including all necessary information specified by the regulator to permit reconstruction of individual transactions in respect of transactions referred to in Rule 3 of the Rules:

- (a) the nature of the 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.

10.4 Maintenance and Preservation of records

10.4.1 SARAVANA STOCK PVT LTD shall maintain the records of all transactions including the records containing information in respect of transactions referred to in Rule 3 above. SARAVANA STOCK PVT LTD shall take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, SARAVANA STOCK PVT LTD shall maintain for at least ten years from the date of transaction between SARAVANA STOCK PVT LTD and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

10.4.2 SARAVANA STOCK PVT LTD shall ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, card, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years after the business relationship is ended. The identification records and transaction data should be made available to the competent authorities upon request.

10.5 Reporting to Financial Intelligence Unit-India

10.5.1 In terms of the Rules, SARAVANA STOCK PVT LTD shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address:

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

10.5.2 Suspicious Transaction Reports (STR)

(i) The Suspicious Transaction Report (STR) shall be furnished within 7 days of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such report shall be made available to the competent authorities on request.

(ii) While determining suspicious transactions, SARAVANA STOCK PVT LTD shall be guided by definition of suspicious transaction contained in the Rules as amended from time to time.

(iii) An indicative list of suspicious activities contained is provided along with this policy.

(iv) While ensuring that there is no tipping off to the customer at any level, SARAVANA STOCK PVT LTD may put restrictions on operations in the accounts where an STR has been made.

11. Principal Officer

11.1 Presently the compliance officer shall be appointed as the principal officer of the Company.

12. Customer Education / Employee's Training / Employee's Hiring

12.1 Customer Education

Implementation of KYC procedures requires SARAVANA STOCK PVT LTD to demand certain information from customer which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Relationship Managers of SARAVANA STOCK PVT LTD shall be trained to explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the customer.

12.2 Employees' Training

SARAVANA STOCK PVT LTD shall have an ongoing employee training programme so that the members of the staff are adequately trained in KYC/AML procedures and fully understand the rationale behind the KYC/AML policies and implement them consistently.

12.3 Hiring of Employees

KYC norms / AML standards / CFT measures have been prescribed to ensure that criminals are not allowed to misuse SARAVANA STOCK PVT LTD infrastructure. It should therefore, be necessary that adequate screening mechanism is put in place by SARAVANA STOCK PVT LTD as an integral part of their recruitment / hiring process of personnel.

The Human Resources department of SARAVANA STOCK PVT LTD confirms the previous employment details given by the employee with prior employer. Further, SARAVANA STOCK PVT LTD account of the employee is compulsorily required to be opened with SARAVANA STOCK PVT LTD, which is subject to the KYC requirements of SARAVANA STOCK PVT LTD.

Record generation, maintenance and retention –

For the purpose of the record keeping provision, we should ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there-under, PML Act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

Records to be maintained as are sufficient to permit reconstruction of individual transactions (including the amounts and types of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Should there be any suspected drug related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing a financial profile of the suspect account. To enable this reconstruction, Organisation should retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail:

- a. the beneficial owner of the account;
 - b. the volume of the funds flowing through the account; and
 - c. for selected transactions:
 - the origin of the funds;
 - the form in which the funds were offered or withdrawn, e.g. cash, cheques,
- etc.;
- the identity of the person undertaking the transaction;
 - the destination of the funds;
 - the form of instruction and authority.

Organization should ensure that all client and transaction records and information are made available on a timely basis to the competent investigating authorities.

Retention of Records:

The following document retention terms should be observed:

- a. All necessary records on transactions, both domestic and international, should be maintained at least for the minimum period of ten years (10) from the date of cessation of the transaction.
- b. Records on customer identification (e.g. copies or records of official identification documents like PAN card, passports, identity cards, driving licenses or Voter Identity Card or similar documents), account files and business correspondence should also be kept for the ten years (10) from the date of cessation of the transaction.
- c. Records of the all trading details of the client needs to be stored for Ten years
- d. Records shall be maintained in hard & soft copies.

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.

13. Procedure for freezing of funds, financial assets or economic resources or related services

Saravana Stocks Pvt Ltd is aware that Under section 51A of Unlawful Activities (Prevention) Act, 1967, 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.

14. List of Designated Individuals/Entities

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 at <http://www.un.org/sc/committees/1267/consolist.shtml>. Saravana Stocks Pvt Ltd has directed to ensure that

accounts are not opened in the name of anyone whose name appears in said list and it 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 have to be immediately be intimated to SEBI and FIU-IND

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

- i. Saravana Stocks Pvt Ltd 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.
- 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 Saravana Stocks Pvt Ltd shall be ultimately responsible for CDD and undertaking enhanced due diligence measures, as applicable. 6. Record Keeping 6.1 Saravana Stocks Pvt Ltd shall ensure compliance with

16. Designation of an officer for reporting of suspicious transactions

16.1 To ensure that Saravana Stocks Pvt Ltd properly discharge their legal obligations to report suspicious transactions to the authorities, the Principal Officer 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. Mrs R Sudha, has been appointed as the principal officer of the Company towards PMLA Compliance

16.2 Appointment of a Designated Director

i. In addition to the existing requirement of designation of a Principal Officer, Saravana Stocks Pvt Ltd also designated Sri D Sathyamoorthi, Managing Director of the Company as 'Designated Director', in terms of Rule 2 (ba) of the PML Rules, the definition of a Designated Director reads as under:

“Designated Director means a person designated by the reporting entity to ensure overall compliance with the obligations imposed under chapter IV of the Act and the Rules and includes —

- (i) the Managing Director or a Whole-time Director duly authorized by the Board of Directors if the reporting entity is a company,
- (ii) the managing partner if the reporting entity is a partnership firm,
- (iii) the proprietor if the reporting entity is a proprietorship concern,
- (iv) the managing trustee if the reporting entity is a trust,
- (v) a person or individual, as the case may be, who controls and manages the affairs of the reporting entity if the reporting entity is an unincorporated association or a body of individuals, and
- (vi) such other person or class of persons as may be notified by the Government if the reporting entity does not fall in any of the categories above.”

ii. 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