



Policy For Prevention of Money Laundering

Goldmine Stocks Pvt Limited.

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CIN : U65910GJ1994PTC023523

Goldmine Stocks Pvt Ltd has designed this Policy of PMLA and effective AML program to prohibit and actively prevent the money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities or flow of illegal money or hiding money to avoid paying taxes. To discourage and identify any Money Laundering or Terrorist financing Activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Maintenance of records of the Nature and Value of Transactions. To protect the interests of investors in securities and to promote the development of and to regulate the Securities Market.

This policy provides a detailed Account of the procedures and obligations to be followed to ensure compliance with issues related to **KNOW YOUR CLIENT (KYC) Norms, ANTI MONEY LAUNDERING (AML), CLIENT DUE DILIGENCE (CDD) and COMBATING FINANCING OF TERRORISM (CFT)**. This policy is applicable to both Branch and Head office Operations and are reviewed from time to time , as and when as per the amendments in the procedure.

Every possible measures are taken for the effective implementation of the Policy. The measures taken are adequate, appropriate and abide by the spirit of such measures and requirements as enshrined in the PMLA to the best of our satisfaction.

Financial Intelligent Unit (FIU):

The government of India set up Financial Intelligent Unit -India (FIU) on 18th November 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 transaction. 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.

The Prevention of Money Laundering Act, 2002 (PMLA):

The Prevention of Money Laundering Act, 2002 (PMLA) has been brought into force with effect from 1st July, 2005. Necessary Notifications / Rules under the said Act have been published in the Gazette of India on 1st July 2005 by the Department of Revenue, Ministry of Finance, and Government of India. As per PMLA, 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 Depository Participants, 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 –

- (a) Gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- (b) Appears to be made in circumstances of unusual or unjustified complexity; or
- (c) Appears to have no economic rationale or bonafide purpose.

4. The Anti-Money Laundering Guidelines provides a general background on the subjects of money laundering and terrorist financing in India and provides guidance on the practical implications of the PMLA. The PMLA Guidelines sets out the steps that a registered intermediary and any of its representatives, need to implement to discourage and identify

The Principal Officer is appointed under provision of PMLA and to ensure that all suspicious transaction(s) are being reported to The Director-FIU.

Name of Principal Officer : Mr. Samir Gandhi

Contact No : 079-30088213

Email Id : samir@goldmine.net.in

Appointment of Designated Director:

As per SEBI Circular No. CIR/MIRSD/1/2014 dated March 12,2014 , Mr. Kirit Vassa have been apointed as a designated director of Goldmine Stocks Private Limited and same have been informed to FIU

Policy for Acceptance of Clients:

1. An employee of the company whether from head office or branch should meet the client personally either at any of the offices of the company near the client's place or at client's office/residence.
2. Obtain all information pertaining to the client as required under KYC guidelines. Collect the photocopies of all required documents as per KYC guidelines and verify with originals. Ensure that the KYC form is completely filled in.
3. Client's occupation, sources of income to be obtained.
4. Do not accept the client having any criminal background.
5. Be very careful while accepting the client of special category (CSC) which includes NRI, HNI, Trusts, Charities, NGOs and organizations receiving donations, Companies having close family shareholding, Politically Exposed Persons (PEP) or his family members/close relatives, Companies offering foreign exchange, clients from high risk countries, non face to face clients, clients with dubious reputation as per public information available etc. Do scrutinize the records, information provided by the client and documents submitted by the client minutely who belongs to aforesaid category.
6. Do not accept the client registration forms which are suspected to be fictitious/benami.

Client/Customer Due Diligence(CDD) :

The company applies due diligence process while registering the new client. It comprise

1. Obtain sufficient information related to ultimate persons who are beneficial owner or who controls the securities.
2. Obtain customer identification by personal interactions, visit to client place and/or client is called for visit to the company premises, documents related to identity of the client etc.

3. Perform ongoing scrutiny of the transactions carried out by the customer whether they are in consistency with his business, risk profile and are within the capacity of the client.
4. No account is being opened up in fictitious/Benami name.
5. KYC profiles with financial details are updated periodically.
6. No account should be opened up where the identity of the customer is not established.
7. The account of the customer is frozen/suspended if the client denies in providing the required details asked by the company in its due diligence process and/or updating of records.
8. Proper checks are put in place and extra care is taken in case of registering the client from high risk nations, countries active in narcotic production and countries known as tax heavens. However company has never dealt with such customers.
9. Proper checks are put in place and extra care is taken in case of registering the client who is high profile politician. However company has never dealt with such customers.

Risk profile of the client:

We should make classification of the clients as low risk, medium risk and high risk clients. By making such classification we will be in a better position to apply customer due diligence process. For high risk clients we will have to apply higher degree of due diligence. The categorization should be made as follow.

Category- A : Low Risk

Category B : Medium Risk

Category C : High Risk Client

Client Identification Procedure:

To follow the Client Identification procedure we need to follow the following factors:

A] The 'Know Your Client' (KYC) policy should be strictly observed with respect to the client identification procedures which need to be carried out at different states i.e. while establishing the DP / Broker – Client Relationship, while carrying out transactions for the

client or when have any doubts regarding the veracity or the adequacy of previously obtained client identification data.

B] The client should be identified by using reliable sources including documents / information. Obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of the relationship.

C] The information should be adequate enough to satisfy competent authorities (regulatory / enforcement authorities) in future that due diligence was observed in

compliance with the Guidelines. Each original document should be seen prior to acceptance of a copy and it is verified and duly attested.

D] Failure by prospective client to provide satisfactory evidence of identity should be noted and reported to the higher authority within the organization.

E] SEBI has prescribed the minimum requirements relating to KYC for certain class of the registered intermediaries from time to time. Taking into account the basic principles enshrined in the KYC norms, internal guidelines should be followed in dealing with clients and legal requirements as per the established practices. Also maintain continuous familiarity and follow-up where it notices inconsistencies in the information provided by the client. The principles enshrined in the PML Act, 2002 as well as the SEBI Act, 1992 should be followed, so that Company is aware of the clients on whose behalf it is dealing.

Monitoring of Transactions:

1. Regular monitoring of transactions is required for ensuring effectiveness of the Anti Money Laundering procedures.

2. Special attention required to all complex, unusually large transactions / patterns which appear to have no economic purpose.

3. Internal threshold limits to specify for each class of client's accounts and pay special attention to the transaction, which exceeds these limits.

4. Should ensure that the records of transaction is preserved and maintained in terms 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 authority.

5. Suspicious transactions should also be regularly reported to the higher authorities / head of the department

Suspicious Transaction Monitoring & Reporting:

Whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances. Followings are the circumstances, which may be in the nature of suspicious transactions:-

1. False identification documents submitted by the client(S)
2. Suspicious background or link with criminals
3. Found having multiple accounts in large number
4. Unusual activity compared to past transactions
5. Use of multiple demat and/or bank accounts in large numbers which does not justify the reason to keep such large number of accounts
6. Source of fund is doubtful
7. Unusual off market transactions
8. Unusual transactions by "Client of Special Category (CSC)
9. All cash transactions or series of transactions of the value of more than Rs 10 lacs are to be checked. However the company does not deal in cash at all.
10. All the suspicious transactions amounting more than Rs 10 lacs and which are not a normal course of transactions are to be checked. If found suspicion, the same to be reported to FIU.
11. All complex and unusual transactions are to be paid special attention and if found suspicious, to be reported to FIU.

Submission of Suspicious Transactions Reports :

Suspicious transaction(s) reporting shall be made within prescribed time limit as specified by SEBI/FIU and by any relevant authority from the date of occurrence of the transaction(s) and STR should be filed within the time limit of establishment of suspicious at the level of principal Officer.

Any suspicion transaction needs to be notified immediately to the "Designated Principal Officer". The notification may be done in the form of a detailed report with specific reference to the client's transactions and the nature or reason of suspicion. However, it

should be ensured that there is continuity in dealing with the client as normal until told other wise and the client should not be told of the report or suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and further transactions may be not be allowed.

Review of Policy:

Managing Director/Designated Director or Chief Executive Officer or any other authorized official shall be the authority to give directions for review of the policy and to undertake additions, changes, modifications etc., as directed by SEBI / FIU-IND and all the changes shall be deemed to be incorporated in this policy from their effective date.

Reporting to FIU:

As per our observations if any, transaction of suspicious nature is identified it must be brought to the notice of the Principal Officer who will submit report to the FIU if required.

Employee Hiring, Employee Training and Investor Education:

Hiring of Employee:

We shall have adequate screening procedures in place to ensure high standards when hiring employees, having regard to the risk of money laundering and terrorist financing and the size of the business, we ensure that all the employees taking up such key positions are suitable and competent to perform their duties. The Company HR is instructed to cross check all the references and should take adequate safeguards to establish the authenticity and genuineness of the persons before recruiting. The department should obtain the following documents:

- A. Photographs
- B. Proof of address
- C. Identity proof
- D. Proof of Educational Qualification

Employees' Training:

We have an ongoing employee training program conducted by our Principal Officer/Compliance Officer and Senior Management, Participation of all the Key Employees in the Seminars conducted by various Regulatory bodies from time to time, so that the members of the staff are adequately trained in AML and CFT procedures.

All the Circulars issued by various Regulatory bodies including that of PMLA, may be circulated to all the staff Members and the same are also being discussed in length, in the Training Program". Training program shall have special emphasis on frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

Investors Education:

As the implementation of AML/CFT measures being sensitive subject and requires us to demand and collect certain information from investors which may be of personal in nature or has hitherto never been called for, which information include documents evidencing

source of funds / income tax returns / bank records etc. and can sometimes lead to raising of questions by the client with regard to the motive and purpose of collecting such information. There is, therefore, a need for us to sensitize the clients about these requirements, as the ones emanating from AML and CFT framework. We may circulate the PMLA Circulars and other specific literature/ pamphlets etc. so as to educate the client of the objectives of the AML/CFT program. The importance of the same is also made known to them at the time of opening the Account.

Reporting of STRs:

All STRs will be reported quarterly to the Board of Directors, with a clear reminder of the need to maintain the confidentiality of the STRs.

Disciplinary Action:

A violation of standards, procedures or guidelines established pursuant to this policy shall be presented to Compliance Officer for appropriate action and could result in disciplinary action, including expulsion, dismissal, and/or legal prosecution.

Date of Review :- 02 March, 2015.