



Policy For Prevention of Money Laundering

Goldmine Stocks Pvt Limited.

“Goldmine House”, Near Shreyas Railway Crossing, Ahmedabad-380 007.

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.

Every possible measure 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 any money laundering or terrorist financing activities.

Anti- Money Laundering Program:

The objective of having an AML program is to have in place adequate policies and procedures that help to prevent money- laundering activities. This policy aims to cover trading as well as demat account operations of Goldmine Stocks Pvt Ltd.

The thrust for the implementation of Anti Money Laundering Policy is on following key aspects:

- Designation of sufficiently senior person as 'principal officer' & Designated Director as required under the PMLA as amended from time to time.
- Customer Due Diligence/KYC Standards
- Monitoring of transactions for detecting suspicious transactions
- Reporting suspicious transactions
- Maintenance of records
- Employees Hiring and Training
- Updating of Policy

Principal Officer & Director Designed for AML Purpose:

Mr. Samir Gandhi is appointed as a “Principal Officer and Mr. Kirit Vassa is appointed as a Designated Director” under the provision of PMLA.

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 the Board of Directors. Name, designations and addresses (including email addresses) of “Principal Officer’ including any changes therein shall also be intimated to the office of the Director- FIU.

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The Customer Due Diligence Process includes three specific parameters:

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions Identification, Monitoring & Reporting

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 or client must visit in person for opening account with us.
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. In-person Verification of Client by our Staff Members to ensure identity of proposed Client.
4. 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.

5. Client's occupation, sources of income to be obtained.
6. To check whether the client is having any criminal background, whether he/she has been at any point of time been associated in any civil or criminal proceedings anywhere.
7. 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.
8. Do not accept the client registration forms which are suspected to be fictitious/benami.
9. Obtain sufficient information related to ultimate persons who are beneficial owner or who controls the securities.
10. Checking whether at any point of time the proposed Client has been banned from trading in the stock market.
11. No account should be opened up where the identity of the customer is not established.
12. Proper check 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.

For existing clients processes could include

- a) Review of KYC details of all the existing active clients in context to the PMLA 2002 requirements.
- b) Classification of clients into high, medium or low risk categories based on KYC details, trading activity etc for Closer monitoring of high risk categories etc.
- c) Obtaining of annual financial statements from clients, particularly those in high-risk categories.
- d) In case of non-individuals additional information about the directors, partners, dominant promoters, major shareholders to be obtained.

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

Member 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.

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

Client Identification Procedure:

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.

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.

Proof of Identity

- Passport
- Voters ID card
- Driving license
- Unique Identification Number (UID) (Aadhar Card)

Proof of Address

- Passport
- Voter ID card
- Driving license
- Latest Bank passbook / Bank Statement
- Unique Identification Number (UID) (Aadhar Card)
- 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
- Identity Card/document with address, issued by, Central/State Government and its Departments, b) Statutory/Regulatory Authorities, c) Public Sector Undertakings etc.

Goldmine shall obtain sufficient information in order to identify persons who beneficially own or control the trading & demat account

As per guidance provided by SEBI/BSE /NSE/NSDL/CDSL, Goldmine obtains sufficient information from the clients in order to identify person who beneficially owns and controls accounts.

As per SEBI circular **CIR/MIRSD/2/2013**, dated 24.01.2013, the beneficial owner has been defined as follows: the natural person or persons, who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement.

-Where the client is a company, partnership or unincorporated association/body of individuals, Goldmine verify the identity of such persons, through the following information

-The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Controlling ownership interest means ownership of/entitlement to:

- i. more than 25% of shares or capital or profits of the juridical person, where the juridical person is a company;
- ii. more than 15% of the capital or profits of the juridical person, where the juridical person is a partnership; or
- iii. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.

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

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

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.

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.

As per SEBI circular CIR/MIRSD/66/2016 dated on July 21, 2016 the registered intermediaries shall upload the KYC data with CKYCR, in respect of all individual accounts opened on or after August 1, 2016 wherever KYC is required to be carried out as per the circulars issued by SEBI from time and accordingly, shall take steps to prepare their systems for uploading the KYC data. We being a Depository participant & Stock Broker follow/shall do the same as per SEBI guidelines.

Risk based approach:

Classify both the new and existing clients into high, medium or low risk category depending on parameters such as the customer's background, type of business relationship, transactions etc. Members should apply each of the customers due diligence measures on a risk sensitive basis and adopt an enhanced customer due diligence process for high-risk categories of customers and vice-versa.

Clients should broadly be classified in the following categories:

RISK	PARTICULARS
C-High Risk	Clients which are likely to pose a high risk to Goldmine may be categorized as high risk. -Clients who have defaulted in the past, -Clients who have a suspicious background - HNIs whose identity and source of wealth are difficult to identify -Politically exposed persons , -Clients of Special Category - Clients having significant off market transactions in demat account
B-Medium	Clients which are likely to pose a medium risk to Goldmine may be categorized as medium risk. They can be the following:

Risk	-Where the client profile of the person opening the account is doubtful or dubious. -Where the trading and settlement pattern of the client is suspicious - Clients having very large Intraday/speculative volume
A-Low Risk	Clients who pose low or nil risk. -They are corporate/HNIs who have a respectable social and financial standing. -Clients who fulfil obligations on time. - Major portion of client who indulges in delivery based trading. - Client is under a low risk when he/she neither in (B) nor in (C)

Clients of special category (CSC)

- a) Such clients include the following
- b) Non-resident clients
- c) High net worth clients,
- d) Trust, Charities, NGOs and organizations receiving donations
- e) Companies having close family shareholdings or beneficial ownership
- f) Politically exposed persons (PEP) of foreign origin
- g) 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)
- h) Companies offering foreign exchange offerings
- i) 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 centers, tax havens, countries where fraud is highly prevalent.
- j) Non face to face clients
- k) Clients with dubious reputation as per public information available etc.

TREATMENT OF ACCOUNTS OF CLIENTS OF HIGH RISK & SPECIAL CATEGORY

1. Client poses high risk to the company shall be identified and applied a close eye on their trading activities, continuous profit/losses, understanding their financial strength as compared to their delivery based volume, their pay-in pay-out of funds and securities, third party receipt of funds and securities etc. needs to be taken care off.
2. NRI: - While opening NRI account utmost care should be exercised. Collect the following documents
 - PAN Card Copy
 - Pass Port Copy with date of arrival in case personal visit
 - Indian & foreign Address Proof
 - Cancelled cheque copy of NRE A/c, along with PIS permission issued from RBI & Bank statement copy ,Client Master copy for demat account, FEMA declaration
3. High Net worth Clients:- High Net worth clients could be classified as such if at the account opening stage or during the course of the relationship, it is realized that the client's investments or the appropriate for investment is very high.

4. Trust, Charity and NGOs: -Public as well as private, registered as well as unregistered trust will have to be classified in the special category.
5. Politically Exposed Person: - In case of PEPs, the account should be opened only after consent of the senior management and principal officer & 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.

Risk Assessment:-

Risk assessment has been done to identify, assess, and take effective measures to mitigate money laundering and terrorist financing risk with respect to clients, countries or geographical areas, nature and volume of transactions, payment method used by clients, etc. It also include any country specific information circulated by Government of India, SEBI etc. from time to time and updated list of individuals and entities who are subjected to sanction measures as required under United Nation's Security Council Resolutions. (these can be accessed at <http://www.un.org/sc/committees/1988/list.shtml> and http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)

List of Designated Individuals/Entities

Before client opens an account Goldmine will verify the name & PAN of clients with names in any of the following lists:

1. An updated list of individuals & entities as approved by the Security Council Committee pursuant to various UN Security Council Resolutions at the time of account opening and also scans the said data base on continuous basis for all registered clients.
2. Clients Debarred by Regulatory authorities like SEBI, Exchanges, Depositories etc.

Monitoring of Transactions:

1. Regular monitoring of transactions is required for ensuring effectiveness of the AntiMoney 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.
6. Alerts received from NSDL,CDSL and from exchange(s) are reviewed periodically.

Suspicious Transaction Monitoring :

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. Suspicious off market transactions
8. Large deals at prices away from the market
9. Unusual transactions by "Client of Special Category (CSC)
10. Transactions with no apparent economic or business rationale
11. 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

FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES

As per the Section 51A in The Unlawful Activities (Prevention) Act, 1967 and Order issued by the Central Government on 27.08.2009 thereunder, Central Government has power to

[\(a\)](#) 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;

[\(b\)](#) 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;

[\(c\)](#) prevent the entry into or the transit through India of individuals listed in the Schedule to the Order or any other person engaged in or suspected to be engaged in terrorism.

This obligations is on Goldmine to ensure the effective and expeditious implementation of said Order.

Reporting of Suspicious Transactions :

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 not be allowed.

The Government of India set up Financial Intelligence Unit- India (FIU-IND) as an Independent body to report directly to the Economics Intelligence Council (EIC) headed by Finance Minister.

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 modify by the SEBI/Exchange from time to time:

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

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

Due date for Reporting

Cash Transaction Report : 15th Day of the the Succeeding month

Suspicious Transaction Report : 7th Day of the Succeeding month

The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion.

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.

Maintenance and Preservation of Records :

PMLA, 2002 mainly targets intermediaries to take appropriate steps to evolve an internal mechanism for proper maintenance & preservation of such records & information in a manner that allows easy & quick retrieval of data as & when requested by the competent authorities.

In terms of rules made under the PMLA Act, Goldmine shall maintain and preserve a record of:

- (a) All suspicious transactions whether or not made in cash for a period of Five years;
- (b) 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, account files, business correspondence and all other details as per PMLA guide line for a period of Five years after the business relationship between client and intermediary has ended or the account has been closed whichever is later .
- (c) Suspicious records along with the records of the identity of clients shall be maintained and preserved for a period of Five years or as may be in force from time to time from the date of cessation of the transaction between the Client and intermediaries.

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, 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 keep regular employee training program for PMLA at our end and also 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.

Updating the Policy

The Anti-Money Laundering policy has been approved by the board and is subject to reviewed/revised on an annual basis by the management to make it in line with the latest SEBI, Exchanges and Depositories Circulars & Guidelines.

Reviewed on : 27.04.2017

Revised on : 02.05.2017

