



Capital Pride Investment Advisor

Anti-Money Laundering Policy

INTRODUCTION

According to Prevention of Money Laundering Act, 2002 and Rules framed there under, **Capital Pride Investment Advisor**, has developed and implemented the Anti-money laundering program designated to achieve and monitor the compliance with the requirement. For compliance with requirements and provisions of the PMLA Act, Capital Pride Investment Advisories maintaining a record of such transactions the nature and value of which has been prescribed in the Rules under the Act.

Such transactions include:

All cash transactions of the value of more than Rs.10 lacs or its equivalent in foreign currency.

All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency where such series of transactions take place within one calendar month.

All suspicious transactions whether 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.

It may, however, be clarified that for suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' are also considered.

Capital Pride Investment Advisor' existing policies and procedures for its various business functions form the basis for its overall money laundering prevention program. This assures that anti-money laundering compliance reach all aspects of our firm's business.

Moreover, anti-money laundering procedures set out by **Capital Pride Investment Advisor**, are reviewed regularly and updated as necessary based on any legal/regulatory or business/operational changes, such as additions or amendments to existing anti-money laundering rules & regulations or business expansion.

APPOINTMENT OF PRINCIPAL OFFICER AND HIS/HER DUTIES

Mr. Neeraj Kumar Jain appointed as Principal Officer, to discourage and identify any money laundering or terrorist financing activities as required under the Prevention of Money Laundering Act. Further Principal Officer is responsible for all Anti- Money Laundering related activities inside the organization.

The designated Principal Officer is the central point of contact for communicating with regarding issues related to the firm's anti-money laundering program.

The basic functions that are carried out by the Principal Officer to curb money laundering are enumerated as follows:

- Communication of group policies relating to prevention of money laundering and terrorist financing to all management and relevant staff that handle account information, Operations, Dealing, securities transactions, money transaction and customer records etc. whether in branches, departments or subsidiaries;
- Define customer acceptance policy and customer due diligence measures, including requirements for proper identification;
- Maintenance of records;
- Compliance with relevant statutory and regulatory requirements;
- Co-operation with the relevant law enforcement authorities, including the timely disclosure of information; and
- Carrying on internal audits or compliance functions to ensure compliance with policies, procedures, and controls relating to prevention of money laundering and terrorist financing, including the testing of the system for detecting suspected money laundering transactions, evaluating and checking the adequacy of exception reports/alerts generated on large and/or irregular transactions, the quality of reporting of suspicious transactions and the level of awareness of front line staff of their responsibilities in this regard.

CLIENT DUE DILIGENCE

Capital Pride Investment Advisor has adopted certain procedures to implement the Anti-Money Laundering provisions as envisaged under the Anti-Money Laundering Act, 2002. Such procedures inter alia include, but not limited to, the following three specific parameters which are related to the overall 'Client Due Diligence Process':

- Policy for acceptance of clients
- Procedure for identifying the clients
- Transaction monitoring
- Reporting of Suspicious Transactions Reporting (STR)

POLICY FOR ACCEPTANCE OF CLIENTS

Capital Pride Investment Advisor has further developed customer acceptance policies and procedures that aim to identify the types of customers that are likely to pose a higher than the average risk of money laundering or terrorist financing. By establishing such policies and

procedures, we will be in a better position to apply customer due diligence on a risk sensitive basis depending on the type of customer business relationship or transaction. In a nutshell, the following safeguards are followed while accepting the clients:

- No account is opened in a fictitious / Benami name or on an anonymous basis.
- Factors of risk perception of the client are clearly defined having regard to clients' location, nature of business activity, trading turnover etc. and manner of making payment for transactions undertaken. The parameters enable classification of clients into low, medium and high risk. Clients of special category (as given below) may, if necessary, be classified even higher. Such clients require higher degree of due diligence and regular update of KYC profile.
- Documentation requirement and other information are collected in respect of different classes of clients depending on perceived risk and having regard to the requirement to the Prevention of Money Laundering Act 2002, guidelines issued by RBI and SEBI from time to time.
- Ensure that an account is not opened where we are unable to apply appropriate client's due diligence measures / KYC policies. This may be applicable in cases where it is not possible to ascertain the identity of the client, information provided to the intermediary is suspected to be non-genuine, perceived non-cooperation of the client in providing full and complete information. It is ensured that we do not continue business with such a person.
- The circumstances under which the client is permitted to act on behalf of another person / entity are clearly laid down. It is specified in what manner the account should be operated, transaction limits for the operation, additional authority required for transactions exceeding a specified quantity / value and other appropriate details. Further the rights and responsibilities of both the persons (i.e. the agent- client registered with Capital Pride Investment Advisor as well as the person on whose behalf the agent is acting is clearly laid down. Adequate verification of a person's authority to act on behalf the customer is also carried out.
- Necessary checks and balance are put into place before opening an account to ensure that the identity of the client does not match with any person having known criminal background or is not banned in any other manner, whether in terms of criminal or civil proceedings by any enforcement agency worldwide.
- If a customer attempts to open account with forged KYC documents with us, on revelation at any point of time subsequently, the attempt of the customer shall be construed as fiduciary/suspicious.

PROCEDURE FOR IDENTIFYING THE CLIENTS

- The 'Know your Client' (KYC) procedures clearly spells out the client identification process that is carried out at different stages. **Capital Pride Investment Advisor** has framed its own internal guidelines and legal requirements as per the established practices detailing the list of documents required during account opening process. The underlying principle is to follow the principles enshrined in the PML Act, 2002 as well as the SEBI Act, 1992 in addition to various circulars/notices issued by the regulators.
- Conduct in-person verification (IPV) by personally visiting the client's residential/office premises or to our office to identify client through discreet enquiry about the client's background, financial status, and location etc. Do not open accounts of clients who are not approachable or who do not produce the necessary documents in support of the details provided by the client. No account should be opened without a valid PAN number/Identity documents, which is verified with IT Dept. website or such similar places.

- Each original document is seen prior to acceptance of a copy.
- Obtain enough information to identify persons who beneficially own or control 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 is 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 person on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
- Verify customer's identity using reliable, independent source documents, data or information; f. Identify beneficial ownership and control, i.e. determine which individual(s) ultimately own(s) or control(s) the customer and/or the person on whose behalf a transaction is being conducted;
- 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 customer, its business and risk profile, considering, where necessary, the customer's source of funds. Risk Based Approach- It is generally recognized that certain customers may be of a higher or lower risk category depending on circumstances such as the customer's background, type of business, past history, Associations, relationship or transaction etc. Every month clients are classified based on following parameters,
 - High Risk
 - Medium Risk
 - Low Risk

The parameter defining is internal and will be known to surveillance employees and management. Capital Pride Investment Advisor follows stringent customer due diligence measures on all risk categories of clients. Further, carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries and geographical areas, nature and volume of transaction, payment method used by clients, etc. The risk assessment also takes into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individual and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions.
- Clients of Special Category (CSC) are classified as 'High Risk' clients as defined by SEBI. Additionally, we shall be exercising independent judgment to ascertain whether new clients should be classified as CSC or not.
- Failure by prospective client to provide satisfactory evidence for identification is noted and reported to the higher authority within Pentad.
- Do not accept cash from the clients

TRANSACTION MONITORING

Regular monitoring of transactions is vital for ensuring effectiveness of the Anti-Money Laundering procedures. Following internal processes to be followed while monitoring the transactions.

REPORTING OF SUSPICIOUS TRANSACTIONS REPORTING (STR)

Suspicious transaction means a transaction whether made in cash which, to a person acting in good faith –

- gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
- appears to be made in circumstances of unusual or unjustified complexity; or
- appears to have no economic rationale or bona-fide purpose; or
- gives rise to a reasonable ground of suspicion that it may involve financing of the activities relating to terrorism;

Suspicious activity can occur either at the outset of the client relationship or long after the relationship has been initiated.

Any transactions that are related to unlawful activities such as fraud and market manipulation is equivalent to a suspicion that they are related to money laundering and must be strictly reported.

Although by no means exhaustive, the following is a list of potential indicators of suspicious activity which, if unexplained, may evidence money laundering activity.

Principal Officer ensures to take appropriate steps to enable suspicious transactions to be recognized and have appropriate procedures for reporting suspicious transactions. A list of circumstances which are in the nature of suspicious transactions is given below. This list is only illustrative and whether a particular transaction is suspicious or not will depend upon the background, details of the transactions and other facts and circumstances:

- Clients whose identity verification seems difficult or clients appears not to cooperate;
- Asset management services for clients where the source of the funds is not clear or not keeping up with client's apparent standing /business activity;
- Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- Substantial increases in business without apparent cause;
- Unusually large transactions made by an individual or business;
- Transfer of investment proceeds to apparently unrelated third parties.

Record and report STR of all suspicious transactions post assessment as per the prescribed format.

HR POLICY

Capital Pride Investment Advisor is having adequate screening procedures in place to ensure high standards when hiring employees. The key position is identified having regard to the risk of money laundering and terrorist financing. Capital Pride Investment Advisor further ensures that the employees taking up such key positions are suitable and competent to perform their duties.

RECORD KEEPING

Principal Officer ensures that we are in 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. It is ensured to maintain and preserve the records evidencing the identity of its clients and beneficial owners as well as account files and business correspondence for a period as defined in PMLA act after the business relationship between a client and intermediary has ended or the account has been closed, whichever is later.

The Principal Officer ensures that all customer transaction records and information are available on a timely basis to the competent investigating authorities. Further ensured to maintain and preserve the record of information related to transactions, whether attempted or executed, which are reported to the Director, FIU-IND, as required under Rules 7 & 8 of PML Rules, for a period of ten years from the date of transaction between the client and the intermediary.

*** * * * ***