



**Hem Securities**  
Building your wealth through values

# ANTI MONEY LAUNDERING POLICY

Adopted By

**HEM SECURITIES LIMITED (HSL)**

MEMBER: BSE LIMITED (BOMBAY STOCK EXCHANGE)

**HEM FINLEASE PRIVATE LIMITED (HFPL)**

MEMBER: NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

**HEM MULTI COMMODITIES PRIVATE LIMITED  
(HMCPL)**

MEMBER: MULTI COMMODITY EXCHANGE OF INDIA LIMITED (MCX)

MEMBER: NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED  
(NCDEX)

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**INDEX**

<b>SR. NO.</b>	<b>PARTICULARS</b>	<b>PAGE NO.</b>
1.	PREFACE	1
2.	OBJECTIVES OF THE POLICY	2
3.	WHAT IS MONEY LAUNDERING	2
4.	PREVENTION OF MONEY LAUNDERING ACT, 2002	2
5.	FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA	2
6.	PREVENTION OF MONEY LAUNDERING POLICY OF HSL/ HFPL/ HMCPL	3
7.	CUSTOMER DUE DILIGENCE MEASURES	3
8.	CUSTOMER ACCEPTANCE POLICY/ POLICY FOR ACCEPTANCE OF CLIENTS	4
9.	CUSTOMER IDENTIFICATION POLICY AND PROCEDURES (FOR NEW CLIENTS)	5
10.	RISK PROFILING OF THE CLIENT (RISK BASED APPROACH)	9
11.	CLIENTS OF SPECIAL CATEGORY (CSC)	9
12.	RISK ASSESSMENT	10
13.	MONITORING AND REPORTING OF SUSPICIOUS TRANSACTIONS	10
14.	REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA	13
15.	PRINCIPAL OFFICER: DESIGNATION AND DUTIES	13
16.	APPOINTMENT OF DESIGNATED DIRECTOR	14
17.	RECORD KEEPING	14
18.	INFORMATION TO BE MAINTAINED	15
19.	RETENTION OF RECORDS	15
20.	MONITORING OF TRANSACTIONS	16
21.	LIST OF DESIGNATED INDIVIDUALS/ ENTITIES	16
22.	PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES	17
23.	EMPLOYEES' HIRING/ EMPLOYEE'S TRAINING/ INVESTOR EDUCATION	17
24.	REVIEW OF POLICY	18



## 1. PREFACE

This Policy has been prepared in accordance with Prevention of Money Laundering Act, 2002 (PMLA Act). This policy also takes into account the recommendations made by the Financial Action Task Force on Anti- Money Laundering Standards, SEBI Guidelines on Anti Money Laundering Standards issued vide their Notification No. ISD/CIR/RR/AML/1/06 dated 18<sup>th</sup> January, 2006, vide letter No. ISD/CIR/RR/AML/2/06 dated 20<sup>th</sup> March, 2006, vide letter No. ISD/AML/CIR-1/2008 dated 19<sup>th</sup> December, 2008, vide Circular No. ISD/AML/CIR-1/2009 dated 01<sup>st</sup> September, 2009, vide Circular No. ISD/AML/CIR-2/2009 dated 23<sup>rd</sup> October, 2009, vide Circular No. ISD/AML/CIR-1/2010 dated 12<sup>th</sup> February 2010, vide Circular No. CIR/ISD/AML/2/2010 dated 14<sup>th</sup> June, 2010 vide Circular No. CIR/ISD/AML/3/2010 dated 31<sup>st</sup> December, 2010 and vide Circular No. CIR/MIRSD/1/2014 dated 12<sup>th</sup> March, 2014 and other Circulars as issued by the Regulatory Authorities from time to time w.r.t. the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

The earlier policy of the Company framed and reviewed on September 09, 2016 has been reviewed in accordance with SEBI Circulars. In pursuance of above said circular and the provisions of the Prevention of Money Laundering Act, 2002 (PMLA) the policy of the company is to prohibit and actively prevent money laundering and any activity that facilitates money laundering or terrorist financing.



## **2. OBJECTIVES OF THE POLICY**

1. To protect the Company from being used for Money Laundering.
2. To follow thorough "Know Your Customer" (KYC) policies and procedures in the day-to-day business.
3. To take appropriate action, once suspicious activities is detected, and make report to designated authorities in accordance with applicable law/ laid down procedures.
4. To comply with applicable laws as well as norms adopted internationally with reference to Money Laundering.
5. To take adequate and appropriate measures to follow the spirit of the PMLA.

## **3. WHAT IS MONEY LAUNDERING.**

Money Laundering can be defined as engaging in financial transactions that involve income derived from criminal activity, transactions designed to conceal the true origin of criminally derived proceeds and appears to have been received through legitimate sources/ origins.

## **4. PREVENTION OF MONEY LAUNDERING ACT, 2002**

**4.1** Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.

**4.2** The PMLA 2002 and Rules notified there under impose an obligation on intermediaries (including stock brokers and sub-brokers) to **verify identity of clients, maintain records and furnish information to the Financial Intelligence Unit (FIU)- INDIA.**

## **5. FINANCIAL INTELLIGENCE UNIT (FIU) – INDIA**

**5.1** The Government of India set up Financial Intelligence Unit- India (FIU- IND) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

**5.2** FIU- IND has been established as the central national agency responsible for receiving, processing, analyzing and disseminating information relating to suspect financial transactions. 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.



## 6. PREVENTION OF MONEY LAUNDERING POLICY OF HSL/ HFPL/ HMCPL

HSL/ HFPL/ HMCPL has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a frame- work to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002.

HSL/ HFPL/ HMCPL will 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 the PML Rules, for a period of five years from the date of the termination of an account or business relationship between the client and intermediary.

This Policy represents the basic standards of Prevention of Money Laundering and Combating Terrorism Financing procedures within HSL/ HFPL/ HMCPL. The purpose of this policy is to set out the prevention of money laundering commitments and obligations.

This policy is based on the provision of the "**Prevention of Money Laundering Act, 2002** and circulars issued by SEBI and exchanges thereof. This internal policy sets out and establishes governing principles, broad guidelines and standards to be adopted by the Companies in order to protect the Companies from being used by any person to launder money.

## 7. CUSTOMER DUE DILIGENCE MEASURES

7.1 The main aspect of this policy is the **Customer Due Diligence Process** which includes:

- Obtaining sufficient information from the client in order to identify who is the actual beneficial owner of the securities or on whose behalf transaction is conducted.
- Verify the customer's identity using reliable, independent source, document, data or information.
- Understand the ownership and control structure of the Client.
- Conduct on-going due diligence and scrutiny of the accounts/ clients to ensure that the transaction conducted are consistent with our knowledge of the clients, their activities and risk profile.
- Periodically updation of the all documents, data or information of all Clients and beneficial owners collected under CDD Process.



**7.2 Customer Due Diligence Process includes following specific parameters:**

- Policy for Acceptance of Clients
- Client Identification Procedure
- Risk Profiling of Clients (Risk Based approach)
- Clients of Special Category (CSC)
- Risk Assessment

**8. CUSTOMER ACCEPTANCE POLICY/ POLICY FOR ACCEPTANCE OF CLIENTS**

**In person verification of each client:** We accept clients, with whom we are able to meet personally. The client should visit our office/ branch or concerned official may visit the client at their residence/ office premises to get the necessary documents filled in and get it signed. We prefer that the new client is introduced by an existing client or Sub Broker/ AP/ Remisier. A Client who opts for Online Portal facility to open their Account is verified through Web-Cam.

**Acceptance of Clients on whom we are able to apply appropriate KYC procedures:** We use to obtain complete information from the client. It is ensured that the initial forms taken by the client are filled in completely and signed by the Client itself and not by the POA holder. All photocopies submitted by the client are checked against original documents without any exemption. We ensure that 'Know Your Client' guidelines are followed without any exception. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified.

**Non- Acceptance of Clients with identity matching persons known to have criminal background:** We use to check whether the client's identify matches 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/ regulatory agency worldwide.

**Our Team Members check following websites before admitting any person as Client:**

- [www.sebi.gov.in](http://www.sebi.gov.in) for prosecution database and vanishing Companies Database.
- <http://www.fatf-gafi.org>

**Be careful while accepting Clients of Special Category:** We take care while accepting clients of special category like NRIs, HNIs, Trust, Charities, NGOs, Politically Exposed Persons (PEP), persons of foreign origin, companies having closed share holding/ ownership, companies dealing in foreign currency, shell companies, overseas entities, clients in high risk countries, non face to face clients, clients with dubious reputation, Current/ Former senior high profile politician, etc.



**Non acceptance of Client Registration forms which are suspected to be fictitious:** We ensure that no account is being opened in a fictitious/ benami name or on an anonymous basis.

**Do not compromise on submission of mandatory information/ documents:** We ensure that Client's account is opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines. We do not open the accounts where the client refuses to provide information/ documents and we have sufficient reason to reject the client towards this reluctance.

All documents, data or information of all clients and beneficial owners collected under the CDD process are updated on annual basis.

## **9. CUSTOMER IDENTIFICATION POLICY AND PROCEDURES (FOR NEW CLIENTS)**

**Objective:** To have a mechanism in place to establish identity of the client along with proof of address to prevent opening of any account which is fictitious/ benami/ anonymous in nature.

Identity of the client is verified by using reliable, independent source documents, data or information such as SEBI penalty list, [www.watchoutinvestors.com](http://www.watchoutinvestors.com), List of persons provided by CDSL, SEBI from time to time as suspicious persons by their circulars, List provided by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions (UNSCRs) available at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>, <http://www.un.org/sc/committees/1988/list.shtml>, face to face meeting.

Copies of the following documents are obtained as a part of customer identification procedure for new clients:

### **9.1 In case of Individuals:**

**Copy of the PAN card:** PAN card is mandatory and is most reliable document as only one card is issued to an individual and we can independently check its genuineness through IT website.

**Copy of Identity Proof:** PAN Card itself can serve as proof of identity. However, in case PAN card carries an old photograph of the holder, which does not match current facial features of the client, we take other identity proof viz. Voter's Identity card, UID (Aadhaar Card), Driving License, Passport, Ration Card or any Government/ PSU/ Bank issued photo identity card.

**Address Proof:** For valid address proof we can rely on Voter's Identity Card, Passport, Bank Statement, Ration card Driving License and latest Electricity/ telephone bill in the name of the client.

**Bank Proof:** Copy of cancelled cheque with name printed on it OR if the name is not printed on cheque then copy of bank pass book or latest statement is to be taken.

**Demat Proof:** Copy of DP Client Master or latest DP holding statement.



### **9.2 In case of HUF:**

- Four recent passport size photographs of KARTA of HUF.
- PAN Card of HUF
- PAN Card of Karta
- PAN Card of any one member of HUF
- Address Proof of HUF in the name of HUF (Non Individual)- Certified Copy of Bank Statement/ Bank Passbook of latest 2 months
- Address Proof of Karta (Individual )
- HUF Declaration
- Proof of Bank Account in the name HUF

### **9.2 In case of Corporate:**

- Copy of the Registration/ Incorporation Certificate
- Copy of the Memorandum & Articles of the Association
- Copy of the PAN Card of Company
- Copy of the latest audited Annual Statements
- Latest Net worth Certificate
- Latest Income Tax Return filed
- Board Resolution for appointment of the Authorized Person who will operate the account.
- PAN Card and Proof of address of Directors
- PAN Card and Proof of Address of Authorized Person.
- Bank Proof
- Demat Proof

### **9.3 In case of Partnership Firm:**

- Registration certificate
- Partnership Deed
- PAN card of partners
- Authorization letter for the person authorized to open and operate the account





- Proof of identity and address of the authorized person
- Annual statement/ returns of the partnership firm
- Bank Proof
- Demat Proof

#### **9.4 In case of a Trust:**

- Certificate of Registration
- Four recent passport size Photographs of all Trustees
- PAN card of Trust
- PAN Card of all Trustees
- Address Proof of the Trust
- Address Proof of Trustees
- Proof of Bank Account of the Trust
- DP Proof of the Trust
- Copy of Balance Sheets for last 2 financial years (to be submitted every year)
- Copy of Income Tax Return (ITR) of last Two Years.
- List of Authorized Signatories along with their Photos & Signature on Letter head of the Trust
- List of Authorized Signatories along with their Photos & Signature on Letter head of the Trust
- List of Trustees along with their Signatures on letter head of the trust
- Copy of Trust Deed

#### **9.5 In case of NRI account-** Following documents are required for Repatriable/ Non-Repatriable NRI Account:

- Copy of the PIS permission issued by the bank
- Copy of the Passport
- Copy of PAN Card
- Copy of UID (Aadhaar Card)



- Proof of Overseas address and Indian address
- Proof of Bank Account- **Portfolio Investment Scheme (PIS) / NRE/ NRO Account**
- Copy of the Demat Statement
- A declaration duly signed by the NRI that he/ she has complied with, and will continue to comply with, FEMA regulations and other applicable laws.
- Applicant's undertaking that whenever there is a change in the residential address, the Beneficial Owner will inform accordingly.

If the account is handled through a mandate holder, copy of the valid POA/ mandate.

**9.6** We also rely on a third party for the purpose of identification and verification of the identity of a client and 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. We ensure that such third party is regulated, supervised or monitored for and have measures in place for compliance with CDD & record keeping requirements in line with the obligations under PML Act/ SEBI Act.

We ensure the compliance with the following requirements while putting in place a Client identification Procedure (**CIP**):

- A) We determine whether the client is a politically exposed person or not.
- B) We seek the relevant information from the client, referring to publicly available information.
- C) Approval of Senior Management is obtained before establishing business relationship with PEPSs. Where a client has been accepted and that client or beneficial owner subsequently found to be or becomes PEP, we obtain senior management approval to continue the business relationship.
- D) We take reasonable measures to verify the sources of funds as well as the wealth of the clients and beneficial owners identified as PEP.
- E) We also obtain adequate information to satisfactorily establish the identity of each new client and the purpose of the intended nature of relationships.

There shall be no minimum investment threshold/ category-wise exemption available for carrying out CDD measures by us.



## **10. RISK PROFILING OF THE CLIENT (RISK BASED APPROACH)**

**10.1** Classification of the clients is done on the basis of the risk they are likely to pose. The aim is to identify the clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we classify the clients as **LOW RISK, MEDIUM RISK AND HIGH RISK CLIENTS**. By classifying the clients, we will be in a better position to apply appropriate customer due diligence process i.e. for high risk client we have to apply higher degree of due diligence. The factors of risk perception depend on client's location, nature of business activity, turnover, nature of transaction, manner of payment etc.

**10.2** In order to achieve this objective, all clients of the branch should be classified in the following category:

- **Category A- Low Risk**
- **Category B– Medium Risk**
- **Category C– High Risk**

**10.2.1 Category A** clients are those who pose low or nil risk. They are clients who have respectable social and financial standing. These are the clients who make payment on time and take delivery of shares.

**10.2.2 Category B** clients are those who are intra-day trading clients or speculative clients.

**10.2.3 Category C** clients are clients other than above two category clients and includes Clients of Special Category (CSC) such as NRI, Trust, Charities, Non- Governmental Organization (NGOs) and organization receiving donations, Politically exposed Persons (PEP), Companies offering foreign exchange offerings, Clients of High Risk Countries, Non face to face clients, clients with dubious reputation as per public information available, Countries published by the FATF on its website ([www.fatf-gafi.org](http://www.fatf-gafi.org))

**10.3** We take special care while monitoring the transactions of B and C category clients.

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

## **11. CLIENTS OF SPECIAL CATEGORY (CSC)**

The following types of clients are classified as CSCs:

- (i) Non- Resident Clients
- (ii) High Net- Worth Clients,



- (iii) Trust, Charities, Non-Governmental Organizations (NGOs) and organizations receiving donations
- (iv) Companies having close family shareholdings or beneficial ownership.
- (v) Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/ judicial/ military officers, senior executives of state-owned corporations, important political party officials, etc.
- (vi) Companies offering foreign exchange offerings
- (vii) 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.
- (viii) Non face to face clients
- (ix) Clients with dubious reputation as per public information available etc.

The accounts of special category clients will be opened after taking approval of senior management persons. As and when the category of any client will change such as if a client becomes PEP, we will ensure the proper monitoring of such clients which shall subject to the approval of senior management or any designated person appointed by management.

## **12. RISK ASSESSMENT**

We also carry out risk assessment to identify, assess and take effective measures to mitigate the money laundering and terrorist financing risk with respect to our clients, countries or geographical areas, nature and volume of transactions, payment methods used by the clients etc. We also take 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 individuals and entities who are subjected to sanction measures as required under the various united nations security council Resolutions.

## **13. MONITORING AND REPORTING OF SUSPICIOUS TRANSACTIONS**

We analyze and furnish the details of suspicious transactions, whether or not made in cash. It ensures that there is no undue delay in analysis and arriving at a conclusion.



### 13.1. What is a Suspicious Transaction?

Suspicious transaction means a transaction whether or not 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 circumstance of unusual or unjustified complexity; or
- Appears to have no economic rationale or bona fide purpose

### 13.2 Reasons for Suspicious:

#### ➤ Identity of client:

- False identification documents
- Identification documents which could not be verified
- Non-face to face client
- Clients in high-risk jurisdiction
- Doubt over the real beneficiary of the account
- Receipt of welcome kit undelivered at the address given by the client

#### ➤ Suspicious Background:

**Suspicious background or links with criminals.**

#### ➤ Multiple Accounts:

Large number of accounts having common parameters such as common partners/ directors/ promoters/ address/ email address/ telephone numbers/ introducer or authorized signatory/ Unexplained transfers between such multiple accounts.

#### ➤ Activity In Accounts

- Unusual activity compared to past transactions.
- Use of different accounts by client alternatively.
- Sudden activity in dormant accounts.
- Activity inconsistent with what would be expected from declared business.
- Account used for circular trading.



➤ **Nature of Transactions:**

- Unusual or unjustified complexity.
- No economic rationale or bonafide purpose.
- Sources of funds are doubtful.
- Appears to be case of insider trading.
- Purchases made on own account transferred to a third party through an off market transactions through DP account.
- Transactions reflect likely market manipulations.
- Suspicious off market transactions.

➤ **Value of Transactions:**

- Value just under the reporting threshold amount in an apparent attempt to avoid reporting.
- Large sums being transferred from overseas for making payments.
- Inconsistent with the clients apparent financial standing.
- Inconsistency in the payment pattern by client.
- Large deal which is not at market price or prices appear to be artificially inflated/ deflated.

**13.3 What to Report?**

- The nature of the transactions.
- The amount of the transaction.
- The date on which the transaction was conducted.
- The parties to the transaction.
- The reason of suspicion.

**13.4 Whom to Report:**

- Senior Management persons
- Principal Officer
- Designated Director
- **Director, FIU- IND,  
Financial Intelligence Unit- India,  
6<sup>th</sup> Floor, Hotel Samrat,  
Chanakyapuri, New Delhi- 110021**

The notification is done in the form of detailed report with specific reference to the clients, transactions and the nature/ reason of suspicion. However, it is ensured that there is continuity in dealing with the client as normal until told otherwise and the client shall not be told of the report/ suspicion.



#### 14. REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA

In terms of the PMLA Rules, Company is required to report Information Relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) at the following address:

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

We ensure that:

- The cash transaction report (CTR) (wherever applicable) for each month is submitted to FIU-IND by 15<sup>th</sup> of the succeeding month.
- The Suspicious Transaction Report (STR) is submitted 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 records its reasons for treating any transaction or a series of transactions as suspicious. It is ensured that there is no undue delay in arriving at such a conclusion.
- The Principal Officer is responsible for timely submission of CTR and STR to FIU-IND.
- Utmost confidentiality is maintained in filing of CTR and STR to FIU-IND. The reports are transmitted by speed/ registered post/ fax at the notified address.
- No Nil reporting is made to FIU-IND in case there are no cash/ suspicious transactions to be reported.

We ensure that no restrictions are put on operations in the accounts where an STR has been made. No directors, officers and employees (permanent and temporary) of the Company will disclose the fact that a STR or related information is being reported or provided to the FIU-IND.

#### 15. PRINCIPAL OFFICER: DESIGNATION AND DUTIES

The company has designated **Mr. Saurabh Kasliwal, Sr. Manager**, as the Principal Officer for due compliance of its Anti-Money Laundering Policies. He will 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. The duties of the Principal Officer will include monitoring the company's compliance with AML obligations and



overseeing maintenance of AML records, communication and training for employees. He will ensure timely submission of necessary reports of Suspicious Transactions to Financial Intelligence Unit (FIU– IND). He is authorized to issue additional circulars and advisories, to and seek information from the concerned officials for due compliance of AML policies.

The company has provided the FIU with contact information of the Principal Officer and will promptly notify FIU of any change in this information.

**The Principal Officer may be contacted:**

Name: **Mr. Saurabh Kasliwal**

Office Address: **203, Jaipur Tower, M.I. Road, Jaipur- 302004**

Phone No(s): 0141-4051000

E-mail address: @hemsecurities.com

### **16. APPOINTMENT OF DESIGNATED DIRECTOR**

In terms of Rule 2 (ba) of the PML Rules, the company has designated following person as the Designated Director to ensure overall compliance with the obligations imposed under chapter IV of the Act and Rules. They will ensure filing of necessary reports with the Financial Intelligence Unit (FIU– IND).

<b>Sr. No.</b>	<b>Name of Company</b>	<b>Designated Director</b>
1.	Hem Securities Limited	1. Mr. Prateek Jain 2. Mr. Gaurav Jain
2.	Hem Finlease Private Limited	1. Mr. Hem Chand Jain 2. Mr. Gaurav Jain
3.	Hem Multi Commodities Private Limited	1. Mr. Prateek Jain 2. Mr. Anil Bhargava

### **17. RECORD KEEPING**

We ensure compliance with the record keeping requirements contained in the SEBI Act, 1992, Rules and Regulations made there under, PMLA as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars.

We shall maintain such records 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 behavior.





A system has been developed for maintaining proper record of transactions prescribed under Rule 3 of PML Rules:

- (i) All cash transactions of the value of more than Rupees Ten lakh or its equivalent in foreign currency.
- (ii) 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.
- (iii) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place.
- (iv) All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

## **18. INFORMATION TO BE MAINTAINED**

We maintain and preserve the following information in respect of transactions referred to in Rule 3 of PML Rules:

- I. The nature of transactions;
- II. The amount of the transaction and the currency in which it is denominated
- III. The date on which the transactions was conducted; and
- IV. The parties to the transaction.

## **19. RETENTION OF RECORDS**

**19.1** We have an internal mechanism for proper maintenance and preservation of such records and information in a manner that allows easy and quick retrieval of data as and when requested by the competent authorities. Further the records mentioned in rule 3 of PML rules are maintained and reserved for a period of Five years (earlier it was Ten years) from the date of transactions between the client and us.

The records mentioned in Rule 9 of the PML Rules and such other additional requirements that we consider appropriate are maintained and preserved for a period of Five years (earlier it was Ten years) from the date of cessation of transactions between the client and intermediary, i.e., the date of termination of an account or business relationship between the client and intermediary.

**19.2** The records evidencing the identity of clients and beneficial owners as well as account files and business correspondence are maintained and preserved for a period of five years after the date of termination of an account or business relationship between the client and intermediary.



**19.3** We also 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 Rule 7 & 8 of the PML rules, for a period of five years from the date of transaction between the client and us.

## **20. MONITORING OF TRANSACTIONS**

Regular monitoring of transactions is carried put to ensure effectiveness of the AML procedures. Company pays a special attention towards all complex, unusually large transactions/ patterns which appear to have no economic purpose. We have specified internal threshold limits for each class of client and pay special attention to transactions which exceed these limits. All documents/ records pertaining to such transactions are preserved for a period of five years from the date of transaction between clients and us.

## **21. LIST OF DESIGNATED INDIVIDUALS/ ENTITIES**

We also ensure that accounts are not opened in the name of anyone whose name appears in 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) available at its website at <http://www.un.org/sc/committees/1267/consolist.shtml>, <http://www.un.org/sc/committees/1988/list.shtml>).



## **22. PROCEDURE FOR FREEZING OF FUNDS, FINANCIAL ASSETS OR ECONOMIC RESOURCES OR RELATED SERVICES**

Under Section 51A, of the Unlawful Activities (Prevention) Act, 1967 (UAPA), 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.

## **23. EMPLOYEES' HIRING/ EMPLOYEE'S TRAINING/ INVESTOR EDUCATION**

Company has adequate screening procedures in place to ensure High standards when hiring employees. We have identify the key positions within our organization structure having regard to the Risk of money laundering and terrorist financing and the size of Business and we ensure that employees taking up such key positions are Suitable and competent to perform their duties.

Our company provide proper anti money laundering and anti-terrorist financing Training to the staff members including frontline staff, back office staff, compliance staff, risk management staff and staff dealing with new clients to adequately train in AML and CFT procedures.

Company organizes one to one talk of our employees with our clients, educate investors regarding rules and regulations as prescribed by various authorities by conducting seminars and training programs and communicate investors about any important information by affixing the notices and circular information on notice board and to sensitize our clients about the requirements as the ones emanating from AML and CFT framework.

Staffs who deal directly with the public are the first point of contact with Potential money launderers. Their efforts are therefore vital to the reporting system for such transactions. Staff are abreast of the practices to identify suspicious transactions and on the procedure to be adopted when a transaction is deemed to be suspicious. In short, employees familiarize themselves with their customers' normal trading activities and usual market practices in order to recognize anomalous behavior. Suspicions concerning the source of assets or the nature of a transaction may not be ignored. It is the active responsibility of every person at the company to seek to ensure that the firm's facilities are not being misused.

We ensure that our Staff members should also not disclose to the customer concerned nor to other third persons that their transaction is deemed suspicious or if information may be transmitted to the authorities.



#### **24. REVIEW OF POLICY**

The aforesaid AML policy is reviewed on yearly basis or as and when any new circulars issued by the SEBI or respective exchanges, within one month of the same with regard to testing its adequacy to meet the compliance requirements of PMLA 2002. The Principal Officer is the authority to give directions to undertake additions, changes, modifications etc. as directed by SEBI/ FIU-IND.