

## **ANTI - MONEY LAUNDERING POLICY**

### **1. Background**

RBI has issued certain guidelines on Know Your Customer (KYC) standards and Anti-Money Laundering (AML). These guidelines are issued under Sections 45K and 45L of the RBI Act, 1934 and any contravention of the same or non-compliance will attract penalties under the relevant provisions of the Act. The Department of Banking Operations and Development of Reserve Bank has issued detailed guidelines to the banks based on the Recommendations of the Financial Action Task Force. Compliance with these standards by NBFC in the country has become imperative. These Guidelines lay down the minimum requirements / disclosures to be made with respect to clients.

The policy framework incorporates salient aspects of the measures and obligations of the Company under the Prevention of Money Laundering Act, 2002 (PMLA).

### **2. Objective**

The objective of this policy framework is to:

- Create awareness and provide clarity on KYC standards and AML measures.
- Outline the obligations under PMLA.
- Provide a framework for systems and procedures

### **3. What is Money Laundering?**

“Money laundering” is the process by which criminals attempt to hide and disguise the true origin and ownership of the proceeds of their criminal activities, thereby avoiding prosecution, conviction and confiscation of the criminal funds. The term “Money Laundering” is also used when the funds are used for terrorist financing though the origin of the funds may be legitimate.

The money laundering process involves three stages:

- Placement—the physical disposal of cash proceeds derived from illegal activity.
- Layering—separating illicit proceeds from their source by creating complex layers of financial transactions designed to hamper the audit trail, disguise the origin of such funds and provide anonymity to their owners.
- Integration—placing the laundered proceeds back into the economy in such a way that they re-enter the financial system appearing to be legitimate business funds.

Having identified these stages of the money laundering process, financial institutions are required to adopt procedures to guard against and report suspicious transactions that occur at any stage.

The ability to launder the proceeds of criminal activity through the financial systems of the world is vital to the success of criminal operations. Consequently India, as one of the world's emerging financial markets, has a vital role to play in combating money laundering. Banks, Financial Institutions including NBFCs, Mutual Funds, Brokers, Depositories, Portfolio Managers and Intermediaries becoming involved in money laundering offences could face prosecution under PMLA leading to reputation and other risks.

#### **4. Financial Intelligence Unit (FIU)**

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.

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.

#### **5. Basic Principles and Objectives of Money Laundering Prevention**

To assist in compliance with Indian Legislation, Rules and Regulations, the following are some of the basic principles & objectives of the guidelines:

- a) Policies, procedures and controls should be established and maintained which aim to deter criminals from using the products and services of the Company for laundering the proceeds of crime
- b) In developing its policies, procedures, and controls, the Company should be aware of the various risk levels.
- c) Satisfactory "Know Your Customer" procedures must be formulated to identify the customers, the principal beneficial owners and the source of the funds obtained from the customer. It also includes knowing the nature of the business that the customer normally expects to conduct, and being alert to transactions that are abnormal within the relationship.
- d) Principal Officer of sufficient seniority, competence and independence, must be appointed to act as the focal point for all activity relating to money laundering, to monitor compliance and to make regular compliance reports to the Board or Senior

Management of the Company.

- e) The Principal Officer must be appointed as the central point of contact with the law enforcement agencies. He may take assistance/guidance from other departments.
- f) Sources of funds / funds pay-in from the customer suspected of being linked to criminal conduct should be reported to the Principal Officer who should then determine whether a report should be made to the appropriate authority.
- g) The background including all documents / office records / clarifications sought pertaining to such transactions & purpose thereof shall also be examined carefully & finding shall be recorded in writing. Documents & records should be made available to RBI / FIU-IND etc. These records are required to be preserved for the period as specified by the regulatory authority from time to time from the date of cessation of transaction between the Client and the Company. "Date of Cessation" of transaction shall mean "date of termination/closure of an account or business relationship".
- g) Reporting lines should be clear and unambiguous. All reports should reach the Principal Officer without delay.
- h) All staff should have access to information about their statutory responsibilities and relevant staff should be made aware of the anti-money laundering policies and procedures. Relevant staff should be provided with Anti Money Laundering training that helps them to understand the money laundering risks involved in business. Records must be kept regarding persons trained.
- i) Records confirming the identity of customers should be retained for the period as specified by the regulatory authority from time to time following the cessation of business relationship. The records referred in Rule 3 of Prevention of Money Laundering Rules, 2005 shall be maintained for the period as specified by the regulatory authority from time to time from the date of cessation of the transactions between the client and the Company.

## 6. Customer Acceptance Policy

- ***Each client should be met in person:***

Company would accept client/s whom we are able to meet personally except the NRIs. Either, the client should visit the office/branch or concerned official may visit the client at his residence / office address to get the necessary documents filled in and signed.

- Preferably accept clients who live within the jurisdiction of the branch.

As far as possible, ensure that the new client is introduced by an existing client or employee.

In case of accounts opened in the name(s) of NRIs or FNs. (If the Company cannot personally verify the NRI/FN client), the Company/KYC Team shall ensure that photocopies of all the KYC documents/proofs and PAN card are attested

by Indian Embassy or Consulate General in the Country where the NRI or FN resides. The attesting authority should affix a "verified with originals" stamp on the said documents. The photocopies of the KYC documents and PAN card should be signed by NRI/FN. If the NRI or FN comes in person to open the account, the above attestation requirement may be waived

- ***Accepts client on whom Company is able to apply appropriate KYC procedures:*** Obtain complete information from the client. It should be ensured that the initial forms taken by the client are filled in completely.

All photocopies submitted by the client are checked against original documents without any exception. Ensure that the 'Know Your Client' guidelines are followed without any exception.

***Client shall sign wherever correction is made on KYC from.***

- ***Do not accept clients whose identity matches with persons known to have criminal background:*** 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

KYC team shall check following sites before admitting any person as client:

- a) [www.watchoutinvestors.com](http://www.watchoutinvestors.com)
- b) [www.sebi.gov.in](http://www.sebi.gov.in) : For prosecution database and vanishing companies database
- c) [www.cibil.com](http://www.cibil.com)
- d) [www.fatf-gafi.org](http://www.fatf-gafi.org) and
- e) <http://www.un.org/sc/committees/1267/consolist.shtml>.

- ***Be careful while accepting Clients of Special category:*** We should be careful while accepting clients of following special category:

- i. NRIs,
- ii. HNIs,
- iii. Trust,
- iv. Charities,
- v. NGOs,
- vi. Politically Exposed Persons (PEP), [Approval of senior management / Board is required for opening of account of PEP]
- vii. persons of foreign origin,
- viii. companies having closed share Holding/ownership,
- ix. companies dealing in foreign currency,
- x. shell companies,
- xi. overseas entities,

- xii. clients in high risk countries,
- xiii. non face to face clients,
- xiv. clients with dubious background
- xv. Current/Former Head of State,
- xvi. Current/Former senior high profile politician,
- xvii. Companies offering foreign exchange, etc.) or
- xviii. Clients from high-risk countries / countries where corruption/fraud level is high (like Iran,Turkey, Libya, Pakistan, Afghanistan, etc. as may be specified by FATF or FIU from time to time).

Scrutinize minutely the records /documents pertaining to clients belonging to aforesaid category.

**General precautions:**

- Do not accept client registration forms which are suspected to be fictitious
- 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
- Client's account should be opened only on receipt of mandatory information along with authentic supporting documents as per the regulatory guidelines.
- Do not open the accounts where the client refuses to provide information/documents and we should have sufficient reason to reject the client towards this reluctance.
- Client of Special Category should be categorized as high risk client

**7. Money Laundering risk assessments**

Risk assessment on money laundering is dependent on the kind of customers the Company deals with. Typically, risks are increased if the money launderer can hide behind corporate structures such as limited companies, offshore trusts, special purpose vehicles, etc.

The Risk Assessment is required in order to assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, payment methods used by clients etc.

The risk assessment shall also take into account any country specific information that is circulated by the government of India and RBI 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 Resolutions these can be accessed at [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml) and <http://www.un.org/sc/committees/1988/list.shtml>

## **8. Risk classification**

The level of Money Laundering (ML) risks that the Company is exposed to by an investor relationship depends on:

- Type of the customer and nature of business;
- Country where the Customer is domiciled; and
- Proposed value of loan advanced to the client.

Based on the above criteria, the customers may be classified into three Money laundering Risk levels. Customers may be classified in the following risk categories-

### **(i) High Risk**

In addition to client defined in special category following clients are classified as high risk.

- a) Non resident clients
- b) High Net-worth clients
- c) Trust, Charities, NGOs and organizations receiving donations
- d) Unlisted companies
- e) Companies having close family shareholding and beneficial ownership
- f) Politically exposed persons (PEP): Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country e.g.: Senior politicians, Heads of States of Governments , senior government/judicial/military officials.
- g) Clients who have defaulted in the past, have suspicious background and do not have any financial status.
- h) Companies offering foreign exchange
- i) Clients in high risk countries: (where existence / effectiveness of money laundering controls is suspect or which do not or insufficiently apply FATF standards, where there is unusual banking secrecy, countries active in narcotics production countries where corruption (as per transparency international corruption 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 centres, tax havens, Countries where fraud is highly prevalent.
- j) Clients with dubious reputation as per public information available etc.
- k) Non face to face Client

l) Value of of loan proposed to advance to the client is 10 lakhs or above

It should be to determined whether existing / potential customer is a PEP. Such procedures would include seeking additional information from clients. Further approval of senior management /Board is required for establishing business relationships with PEP & to continue the business relationship with PEP.

**(ii) Medium Risk**

Those do not fall on above mentioned category. They are usually resident Individuals/ Partnership firm/ HUF/ HNIs, etc. Further, the client may be categorized as a medium risk client if value of loan proposed to advance to the client is 5 lakhs or above but below 10 lakhs.

**(iii) Low Risk :**

Clients those pose Nil or low risk. The client may be categorized as a low risk client if value of loan proposed to advance to the client is below 5 lakhs.

The low risk provisions should not apply when there are suspicions of Money Laundering/Financing Terrorism (ML/FT) or when other factor give rise to a belief that the customer does not in fact pose a low risk. The company are required to review of risk categorisation of customers at a periodicity of not less than once in six months. The company are required to periodically update customer identification data (including photograph/s) after the account is opened. The periodicity of such updation should for the period as specified by the regulatory authority from time to time.

**9. Know Your Customer and Identification**

Having sufficient information about the customer and making use of that information is the most effective tool used to counter the efforts of laundering the proceeds of crime. In addition to minimizing the risk of being used for illicit activities, adequate KYC information provides protection against fraud, and enables suspicious activity to be recognized, consequently protecting the Company from reputation and financial risks.

Where the investor is a new investor, an account must be opened only after ensuring that pre account opening KYC documentation and procedures are conducted. However, registered intermediary will be ultimately responsible for CDD and undertaking enhanced due diligence

A risk-based approach will need to be adopted towards client identification in respect of any additional information that might be required in specific cases.

The Company shall periodically update all documents, data or information of all Clients collected under the Client Disclosure Document (CDD) process.

The CDD process should necessarily be revisited when there are suspicions of money laundering or financing of terrorism (ML/FT).

Provisions with respect to the determination of beneficial ownership is annexed as Annexure-1, same needs to be followed while opening account and subsequently for identifying beneficial owner by KYC department.

- 10. Documents required for accepting Clients:** KYC team are required to collect all the relevant documents which are required to open an account with the Company which are prescribed by RBI from time to time. No waiver for submission of mandatory document may be granted to the client.

**11. Application of Commercial Judgment**

The Company shall adopt a risk-based approach to the KYC requirements. Consequently, there will be circumstances when it will be both necessary and permissible to apply commercial judgment to the extent of the initial identification requirements. Decisions will need to be taken on the number of verification parameters within a relationship, the identification evidence required, and when additional checks are necessary.

**12. Establishing Identity**

What is Identity?

Identity generally means a set of attributes which together uniquely identify a natural or legal person. For example, an individual's identity comprises his/her name including all other names used, the residential address at which he/she can be located and his/her photograph.

Date of birth is also important as an identifier in support of the name and is essential to law enforcement agencies in an investigation.

Whose Identity Should Be Verified?

Identification evidence should usually be verified for:

- the named account holder(s)/the person in whose name loan is proposed to be advanced;
- principal beneficial owner of the account holder(s).



e.g. no account should be opened by X for the benefit of Y. Account in the name of wife/kids for the benefit of husband/father may or may not be operated by later.

The failure or refusal by an applicant to provide satisfactory identification evidence within a reasonable time scale and without adequate explanation may lead to a suspicion that the depositor or investor is engaged in money laundering. The company should not allow opening and/or holding of an account on behalf of a client/s by professional intermediaries, like Lawyers and Chartered Accountants, etc., who are unable to disclose true identity of the owner of the account/funds due to any professional obligation of customer confidentiality.

Further, any professional intermediary who is under any obligation that inhibits company's ability to know and verify the true identity of the client on whose behalf the account is held or beneficial ownership of the account or understand true nature and purpose of transaction/s, should not be allowed to open an account on behalf of a client.

**13. Possible indication of Suspicion (indicative list):**

- False identification documents
- Identification documents which could not be verified within reasonable time
- Non face to face client
- Clients in high risk jurisdiction
- Doubt over the real beneficiary of the account
- Accounts opened with names very close to other established business entities
- Receipt back of well come kit undelivered at the address given by the client
- Bounced communication
- Frequent change of name, address, and bank account details.
- coerces/induces or attempts to coerce/induce a NBFC employee not to file any reports or any other forms
- An account where there are several cash transactions below a specified threshold level to avoid filing of reports that may be necessary in case of transactions above the threshold level, as the customer intentionally splits the transaction into smaller amounts for the purpose of avoiding the threshold limit
- Suspicious background or links with criminals
- Large number of accounts having a common parameters such as common partners/directors/promoters/address/email address/telephone numbers, introducer or authorized signatory

- Unexplained transfers between such multiple accounts.
- A customer who has no record of past or present employment but makes frequent large transactions and same funds being moved repeatedly among several accounts
- A customer/company who is reluctant to reveal details about its activities or to provide financial statements
- A customer/company who is reluctant to provide complete information regarding the purpose of the business, prior business relationships, officers or directors, or its locations.
- Funds coming from the countries/centers which are known for money laundering
- Source of funds are doubtful

#### **14. Identification Procedures: General Principles**

The Company shall establish to its satisfaction that they are dealing with an individual or an entity and obtain identification evidence sufficient to establish that the applicant is that individual or entity.

##### ***Certification and Copying Identification Documents***

A risk-based approach will be adopted towards certification of Documents. For low risk clients, reliance will be placed on a self-certified copy of the documents required to prove identity and address.

For high-risk and medium risk clients, the Company may adopt higher levels of verification procedures (such as requesting notarized copies or verification with originals etc.) to ensure validity of the documents submitted.

#### **15. Customer Identification Procedure**

Based on materiality and risk, verification of beneficial owners or directors may not be taken for significant and well established entities, companies listed on recognized investment/stock exchanges, government departments or their agencies, government linked companies.

All responsible officers of the company including Principal Officer shall have access to identification data and other relevant Customer Disclosure Document (CDD) information, transaction records. Etc

The Customer Disclosure Document (CDD) process should necessarily be revisited when there is suspicion of money laundering or financing of terrorism

(ML/FT)”

## 16. Recognizing and Reporting Suspicious Transaction/Activity

What is meant by “suspicion?”

Suspicion includes below but not limited to which-

- 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.

Suspicion is personal and subjective and falls far short of proof based on firm evidence. Suspicion may be defined as being beyond mere speculation and based on some foundation i.e. “A degree of satisfaction and not necessarily amounting to belief but at least extending beyond speculation as to whether an event has occurred or not”; and “Although the creation of suspicion requires a lesser factual basis than the creation of a belief, it must nonetheless be built upon some foundation.”

The relevant company’s officials and Principal Officer shall have timely access to customer identification data & other CDD information & other relevant information

Any suspicion should be immediately notified to any designated officer within the Company- i.e. to the Principal Officer.

A ‘Client of Special Category’ (CSC), being the client from a country where effectiveness of Money Laundering controls is suspect or which insufficiently apply Financial Action Task Force (FATF) standards. Company shall ensure that such clients should also be subject to appropriate counter measures. These measures may include a further enhanced systematic reporting of financial transactions & applying enhanced due diligence while expanding business relationships with the identified person

The background including all documents/office records /memorandums/ clarifications sought pertaining to all transactions and purpose thereof shall also be examined carefully and findings shall be recorded in writing. Such findings shall be made available to auditors, RBI/FIU-IND/other relevant authorities for inspection and whenever requested. These records shall be preserved for the period as specified by the regulatory authority from time to

time.

## **17. Internal Reporting of Suspicious Transactions**

There is a statutory obligation on all staff to report to the Principal Officer, suspicion where they have knowledge, suspicion, or reasonable grounds for knowledge or suspicion of money laundering.

- (1) any member of staff who handles or is responsible for handling transactions which may involve money laundering, makes a report promptly to the Principal Officer (PO) if he knows or suspects or has reasonable grounds to know or suspect that a client, or the person on whose behalf the client is acting, is engaged in money laundering.
- (2) Disciplinary proceedings may be initiated on any member of staff who fails, without adequate reason, to make a report of the kind envisaged in this section.

It is desirable that any member of the staff should consult their immediate superior before sending a report to the Principal Officer. Where it is considered necessary for a report to be passed first to a supervisor or manager, there is a clear reporting chain under which those suspicions will be passed promptly, without delay, to the Principal Officer. Once an employee has reported his/her suspicion to the Principal Officer s/he has satisfied the obligation.

## **18. No Tipping off**

An important element to the success of the AML process is that the customers should not be informed (i.e. tipped off) that his/her accounts are being monitored for suspicious activities and/or that a disclosure has been made to the designated authority namely Financial Intelligence Unit, India.(FIU-IND).

The Company can however make normal enquiries to learn more about the activities or instruction to determine whether the activities of the customer arouse suspicion.

Where it is known or suspected that a suspicion report has already been made internally or externally, and it then becomes necessary to make further enquiries, care must be taken to ensure that the suspicion is not disclosed either to the client or to any other third party. Such enquiries shall normally be made as directed by the Principal Officer.

“Tipping off” provision extends not only to the filing of the STR and/or related information but even before, during and after the submission of STR.

## **19. The Role of the Principal Officer (PO)**

Mr. Anil Bapardekar is the Principal Officer of the Dealmoney Commodities

Pvt. Ltd. Email: anil.bapardekar@dealmoney.in

The PO is responsible for:

- (1) Receiving internal suspicious activity reports
- (2) Taking reasonable steps to access any relevant KYC information on concerned parties
- (3) Making external reports as required
- (4) Obtaining and using national and international findings concerning countries with inadequacies in their approach to money laundering prevention
- (5) Taking reasonable steps to establish and maintain adequate arrangements for awareness creation and staff training

The Principal Officer, or any person to whom the Principal Officer's duties have been delegated, shall have access to information of the customer.

The Principle Officer shall have access to and be able to report to senior management above his/her next reporting level or the Board of Directors

## **20. Appointment of Designated Director**

As per RBI notification ref. no. RBI/2013-14/518 dated March 13, 2014; we have appointed Mr. Anil Bapardekar as a designated director of Dealmoney Commodities Private Limited.

## **21. Reporting Procedures under PMLA**

The Principal Officer has been entrusted with the responsibility of collating and reporting suspicious activities prescribed under the Rules notified. All internal reports of suspicious activities shall be considered by the Principal Officer, and these shall be reported externally if the Principal Officer has reasonable grounds to suspect, as specified in the Rules notified.

In reaching a decision concerning a suspicion report, the Principal Officer, or in his/her absence a duly authorised delegate shall take reasonable steps to consider all relevant KYC information available within the Company concerning the person or business to which the initial report relates.

If, after completing this review, he/she decides that there are grounds for knowledge, suspicion or reasonable grounds to suspect money laundering, then he/she must disclose the information as soon as practicable after the disclosure was received in order to avoid committing an offence of failure to disclose. Nevertheless, care should be taken to guard against a report being submitted as a matter of routine without undertaking reasonable internal enquiries to determine that all available information has been taken into account. The officer will be expected to act honestly and reasonably and to make his/her decisions in good faith. The decision whether or not to report must not be subject to the consent or approval of any person other than the Principal Officer.

Accounts where suspicious transactions have been reported to the FIU-IND may be reclassified as High Risk / monitored closely. The Principal Officer may, after a period of time, based on further developments in the account, remove such accounts from a high-risk classification.

## **22. Reporting to Financial Intelligence Unit-India (FIU-IND)**

- The Principle Officer will be responsible for timely submission of CTR & STR to FIU-IND.
- The cash transaction report (CTR) for each month should be submitted to FIU-IND BY 15<sup>th</sup> succeeding month. While filing CTR, individual transactions below rupees fifty thousand may not be included.
- STR should be 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 Principle Officer should record his reasons for treating any transaction or a series of transactions as suspicious.

The 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**

It is clarified that the registered intermediaries, irrespective of the amount of transaction & / or the threshold limit envisaged for predicate offences specified in

part B of Schedule of PMLA 2002, should file STR if they have reasonable grounds to believe that the transactions involve proceeds of crime.

Extreme confidentiality should be maintained in filing of CTR & STR to FIU-IND.

No nil reporting needs to be made to FIU-IND in case there are no cash or suspicious transactions/activities to be reported.

Company & its directors, officers & employees (permanent & temporary) are prohibited from disclosing the fact that the STR / related information is being reported / provided to the FIU-IND.

### **23. PMLA POLICY WITH RESPECT TO EMPLOYEES' HIRING/TRAINING & INVESTOR EDUCATION**

#### **Policy on Hiring of Key Employees:**

At the time of screening key employees in the Company, the HR personnel should make sure that the key employees must be made aware about the AML / CFT requirement at the time of joining the organization and on such other time as they deem fit to ensure that *key employees\** shall perform & discharge their duties efficiently and effectively to combat risk of money laundering which is considered to be a prominent area / aspect in an industry in which the Company operates.

*\* Key employees are employees as per the list maintained by HR personnel from time to time.*

#### **Policy on Employee's training:**

The Company should have an ongoing employee training programme in terms of following:

- circulating information from time to time to the concerned employees pursuant to the PMLA requirement wherein all the employees are made aware about requirement of PMLA viz. procedures to be followed while dealing with potential clients, ongoing due diligence in terms of risk profile, clients' transactions, etc.
- Conducting presentations from time to time to create awareness amongst the concerned employees.

#### **Policy on Investor Education:**

With a view to discharge our responsibility in the view of PMLA requirement, the Company should endeavor to do the following:

- Provide literature to potential clients which make them aware about the AML/CFT requirement.

- Disseminating / spreading the information amongst the investors / clients via different modes.

**Annexure-1**

<b>Annexure forming part of KYC policy &amp; Prevention of Money Laundering Policy</b>		
<b>Sr. No.</b>	<b>Nature of Client</b>	<b>BO Identification Criteria</b>
1.	<b>person other than an individual or trust, viz., company, partnership or unincorporated association/body of individuals</b>	(a) 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**
		b) In cases where there exists doubt under clause (a) above as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means. <b>Explanation:</b> Control through other means can be exercised through voting rights, agreement, arrangements or in any other manner.
		(c) Where no natural person is identified under clauses (a) or (b) above, the identity of the relevant natural person who holds the position of senior managing official.
2.	<b>For client which is a trust:</b>	Where the client is a trust, the Company shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with <b>15% or more interest in the trust</b> and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
3.	<b>Exemption in case of listed companies:</b> 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.	
4.	<b>Applicability for foreign investors:</b> Intermediaries dealing with foreign investors' viz., Foreign Institutional Investors, Sub Accounts and Qualified Foreign Investors, may be guided by the clarifications issued vide SEBI circular CIR/MIRSD/11/2012 dated September 5, 2012, for the purpose of identification of beneficial ownership of the client.	

The provisions of this circular shall come into force with immediate effect.

\*\* Explanation: 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.