

VT CAPITAL MARKET PRIVATE LIMITED

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PREVENTION OF MONEY LAUNDERING (PMLA) ANTI MONEY LAUNDERING (AML)

INDEX

SL NO.	TOPIC	PG NO.
1	Objective	2
2	Scope	2
3	Types of Client	2
4	Due Diligence	4
5	Risk Analysis	4
6	Client Acceptance Policy	5
7	Documentary Evidences to be obtained	5
8	Detailed Documentary Evidence- Under PMLA 2002- SEBI for DP Segment- SEBI for Trading Segment	6 - 9
9	Procedure for Change of Address	9
10	Procedure for Change of Signature/ Signatories	10
12	Nature of Business	11
13	Financial Status of the Client	11
14	Operation of Account by Third Party	12
15	Continuous verification of Identity of the Client	12
16	Record Keeping	13
17	Suspicious Transactions Monitoring & Reporting	14
18	Retention of Records	15
19	Submission of Reports/Documents	16
20	Audit Function	16
21	Changes & Modification of Programme	16



Objective

Clients are the most important assets of the organisation. However, it is essential to have Client's Identity on the record of the organisation and to have regular updation of such records. With the given level of sensitivity in economic and non- economic terms, it is most important for the survival of the company to have clients with proven identity and ensuring that risk associated thereto is at acceptable level. Various Statutory bodies have prescribed different documents to be obtained to substantiate the identity of client and continuous identity verification through out the transactions entered by the Client. The Company is also under obligation to submit various reports to different statutory bodies containing details and particulars of certain type of transactions and is required to maintain the record thereof. This programme has been formulated to set down the policies and procedures adopted by the Management in this regard.

Scope

The Client Identification Programme gains its scope out of business necessity and compliance requirement of various statutory bodies. This programme is designed to formulate policies, procedures, checks, controls and records that the organization intends to follow or maintain in respect of :

- a) Due diligence.
- b) Client identification.
- c) Customer acceptance.
- d) Risk analysis
- e) Documentary requirement
- f) Submission of report to statutory authorities.
- g) Retention of records etc.

Various type of Client

The Company operates in segments:

- a) Share Broking.

The activities are well regulated by different statutory bodies like SEBI, NSE, BSE and MCX etc. These statutory bodies have inter-alia laid down norms in respect of opening of Client Accounts – trading account for Share Broking Segment

The Company may have following types of client:

- i) Individual.
- ii) Partnership Firm
- iii) Minor
- iv) Hindu Undivided Family
- v) Body Corporate's.
 - a) Pvt Ltd. Company
 - b) Public Ltd. Company
- vi) Trust / Society



- vii) Non-Resident Indians.
- viii) Non-Resident / Foreign Nationals
- ix) Domestic Financial Institutions (Other than Banks & Insurance)
- x) Bank
- xi) Insurance
- xii) Statutory Bodies
- xiii) Foreign Institutional Investors.
- xiv) OCB

Other Types for Clients include :

- i) Individual.
- ii) Deceased Clients
- iii) Joint Holding.

Clients of Special Category

Such Clients Include the following-

- a. Non-resident clients
- b. High networth clients
- c. Trust, Charities, NGOs and organizations receiving donations
- d. Companies having close family shareholdings or beneficial ownership
- e. Politically Exposed Persons (PEP) of foreign origin
- f. 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)
- g. Companies offering foreign exchange offerings
- h. 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
- i. Non-face to face clients
- j. Clients with dubious reputation as per public information available etc.

Different Statutory bodies prescribing therein limitations or restrictions for opening maintenance of accounts have formulated guidelines.

Hence at the time of opening of any new client account, such limitations or restrictions are to be adhered to and any query in this regard may be forwarded to Compliance Office Mr Rohit Agarwal.



Due Diligence of Client

The relation of the Company with the client or better to say proposed client comes into existence from the moment the client seeks opening of account with the Company. This is the most important part of client identification programme and before opening the account of the client it is of utmost importance to conduct due diligence. Whereas for DP Segment it is necessary to have an introducer, for trading segment, through KYC or better known as Client Registration Form has column9s) for introducer, it is not mandatory to have an introducer. In either of the case, antecedents of the client should be verified and checked to the extent possible. Whereas the primary source of checking and verification is through obtaining documents, but wherever required, the company may even hire outside agencies to verify the antecedents of client or correctness of documents/details furnished by the client or proposed client. Wherever, another client or an officer or an employee of the company introduces a client, the introducer should be clearly communicated about roles and responsibilities caste him in respect of clients(s) so introduced by him. SEBI has made MAPIN IN mandatory for certain type/class of investors and also obtaining PAN No. or otherwise a declaration thereto.

The due diligence process is not restricted to opening of account but is continuous process and all of the clients account will be subjected to due diligence on continuous basis. The Company adopts following due diligence measures:

- a) Obtaining sufficient information in order 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 should be identified using client identification and verification procedures. The beneficial owner is the natural person who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted. It also incorporates those persons who exercise ultimate effective control over a legal person or arrangement.
- b) Verify the customer's identity using reliable, independent source documents, data or information;
- c) 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;
- d) Verify the identity of the beneficial owner of the customer and/or the person on whose behalf a transaction is being conducted, corroborating the information provided in relation to (c); and
- e) 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 transaction being conducted are consistent with the company's knowledge of the customer, its business and risk profile, taking into account, where necessary, the customer's source of funds.

Risk Analysis

Based on the output of due diligence procedure, the Company shall analyse the risk posed by the client. Apart from regular financial and business risk, the company shall also consider following risks:

- a) Clients with dubious reputation as per public information available etc.
- b) Client's not visiting office for opening of accounts.
- c) Clients in whose case mails are returned undelivered.
- d) Clients willing to pay in cash.



