

KNOW YOUR CUSTOMER (KYC) & ANTI-MONEY LAUNDERING (AML) POLICY

ASNANI STOCK BROKER PRIVATE LIMITED

Member: BSE, NSE, MCX, NCDEX, CDSL

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1. Preface

This KYC & AML Policy of **ASNANI STOCK BROKER PRIVATE LIMITED (ASBPL)** is formulated in compliance with:

- **Prevention of Money Laundering Act, 2002 (PMLA) & Rules**
- **SEBI Circulars including:**
 - SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2024/78 dated 06 June 2024
 - SEBI Circulars on KYC/AML up to January 2026
- **CDSL Circulars:** CDSL/OPS/DP/POLCY/2024/337 (19 June 2024), Communiqué 542 (25 Oct 2019)
- **FIU-IND Reporting Requirements**
- **Unlawful Activities (Prevention) Act, 1967 (UAPA)**
- **Weapons of Mass Destruction & Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act)**

The Policy is applicable to all business segments of ASBPL:

1. **Equity Cash / Delivery**
2. **Equity Derivatives**
3. **DP Services – CDSL**
4. **IPO / Primary Market**

The objective is to prevent ASBPL from being used for **money laundering (ML) or terrorist financing (FT)** and to ensure **full regulatory compliance**.

2. ASBPL Initiatives & Philosophy

- ASBPL views **AML & KYC compliance** as part of its **overall risk management strategy**, not merely regulatory compliance.
- Objectives:
 1. Implement robust **Customer Due Diligence (CDD)** before account opening.
 2. Monitor and maintain records of **all cash and non-cash transactions** as required under PMLA.
 3. Identify **Suspicious Transactions (STR)** and report to FIU-IND.
 4. Conduct ongoing monitoring of **high-risk clients**, including PEPs.
 5. Ensure **staff awareness and training** on AML/CFT obligations.

3. What is Money Laundering?

Money laundering is the act of **concealing the origin of funds derived from criminal activities**, so they appear to come from **legitimate sources**.

- **PMLA Definition:** Any act which assists in **projection of proceeds of crime as untainted property**.
- Money laundering activities include:
 - Structuring deposits to avoid reporting thresholds
 - Using complex transactions to obscure source of funds
 - Transactions with no apparent economic rationale

4. Principal Officer – Designation and Duties

- **Mr. Vinod Asnani** is designated as **Principal Officer (PO)**.
- **Responsibilities:**
 1. Central point for **AML/CFT compliance**.
 2. Reporting **STR/CTR to FIU-IND**.
 3. Monitoring client accounts and identifying suspicious activities.
 4. Advising staff on AML procedures and updates.
 5. Liaising with **exchanges, regulators, FIU-IND**.

5. Designated Director – Designation and Duties

- **Mr. Kamal Asnani** is the **Designated Director**, responsible for:
 - Overall compliance under **Chapter IV of PMLA**.
 - Ensuring adherence to AML/CFT framework, **risk management**, and reporting obligations.

6. Know Your Customer (KYC)

- Understanding **customer profile** is central to AML compliance.
- **Objectives:**
 1. Verify **true identity** of all customers.
 2. Assess **money laundering risk** associated with the customer.
 3. Prevent onboarding of **anonymous, fictitious, or high-risk clients**.

7. Customer Acceptance Policy

- No accounts opened in **anonymous or benami names**. PAN is **mandatory**.
- Risk categorization at account opening:

Risk Level	Criteria	Examples
Low Risk	Identity & source of wealth easily verified	Salaried employees, govt. departments
Medium Risk	Some ambiguity in source of funds, larger transactions	HNI clients, occasional traders
High Risk	Unclear source of funds, PEPs, high-risk jurisdictions	Clients from high-risk countries, politically exposed persons

- **Accounts are opened only after:**
 - Complete **KYC documentation**
 - Verification of **original documents**
 - Approval by **Principal Officer / Senior Management** for high-risk clients

8. Customer Due Diligence (CDD)

CDD is **mandatory for all clients**, including occasional or high-value transactions:

- Identify **beneficial owner(s)**.
- Verify identity using **independent, reliable documents**.
- Understand **ownership and control structure**.
- Apply **enhanced due diligence (EDD)** for high-risk clients (PEPs, trusts, NGOs, foreign clients).
- **Ongoing monitoring** of transactions to ensure they match customer profile.
- **Annual review** of client information and documentation.

9. Customer Identification Procedures (CIP)

- Verify **identity, address, financial status, and purpose of account**.
- Special attention to:
 - **Politically Exposed Persons (PEPs)**
 - Non-face-to-face accounts
 - High-risk jurisdictions
- Maintain a **record of verification** for regulatory inspections.
- **Exemption:** None – all clients must provide minimum PMLA-required documents.

10. Monitoring of Transactions

- **Real-time and periodic monitoring** of all accounts.
- Identify **suspicious transactions** using alerts, unusual patterns, large or complex transactions.
- Escalate unresolved queries to **Compliance Officer**.
- Review **risk categorization** monthly based on transaction behavior.

11. Risk Management

- **Compliance, RMS & Surveillance Unit** oversees AML adherence.
- **Internal and concurrent audits** review KYC/AML processes quarterly.
- Reports submitted to **Audit & Compliance Committee of the Board**.

12. Combating Financing of Terrorism (CFT)

- Conduct regular checks under:
 - **UAPA 1967**
 - **WMD Act 2005 / Section 12A**
 - **UN Sanctions / UNSC lists**
- Freeze accounts/assets if match found. Notify **Nodal Officer & SEBI UAPA Nodal Officer** immediately.
- Maintain detailed **records of freezing actions**.

13. Maintenance & Retention of Records

- **Transaction Records:** All cash > ₹10 lakh, integrally connected transactions, suspicious transactions.
- **Client Records:** KYC documents, account files, correspondence.
- **Retention:** Minimum **5 years** from transaction date or until case closure.
- Records must allow **reconstruction of transactions** for investigation purposes.

14. Reporting to FIU-IND

- **Cash Transaction Reports (CTR)** for transactions \geq ₹10 lakh.
- **Suspicious Transaction Reports (STR)** for any transaction with ML/FT suspicion.
- **Reporting Channels:** Speed post, registered post, email/fax to FIU-IND.
- Maintain **confidentiality**, no “tipping off” to client.

15. Employee Hiring / Training / Investor Education

- **Hiring:** Background checks for all employees.
- **Training:** Regular AML/CFT training for staff based on role (frontline, back office, compliance, risk).
- **Investor Education:** Pamphlets, online communication, awareness campaigns to educate clients about AML/CFT obligations.
- **Employee Account Monitoring:** Employee accounts monitored like customer accounts.

16. Periodic Review & Communication

- **Board of Directors** reviews policy at least annually or as required.
- **Principal Officer** ensures communication to all staff, directors, department heads.
- Policy available to **investors on company website**.

(Policy updated/reviewed on 14.07.2025)