

Anti-Money Laundering Policy

Introduction:

Money Laundering refers to the conversion of illegally acquired money to make it appear as if it originated from a legitimate source. It has become one of the major concerns of the financial community. It is also involvement in any transaction or series of transactions that seek to conceal or disguise the nature or source of proceeds derived from illegal activities, including drug trafficking, terrorism, organized crime, fraud, and many other crimes.

Objective:

- The objective is to " have in place adequate policies, practices, and procedures that promote high ethical and professional standards and prevent the Company from being used, intentionally or unintentionally, by criminal elements ".
- KYC Standards and AML Measures would enable the Company to know/ understand its customers, the beneficial owners in case of non-individual entities, the principals behind customers who are acting as agents, and their financial dealings better which in turn will help the Company to manage its risks prudently.

Customer Identification Procedure:

According to SEBI, The KYC policy shall clearly spell out the client identification procedure to be carried out at different stages i.e., while establishing the intermediary-client relationship, while carrying out transactions for the client, or when the intermediary has doubts regarding the veracity or the adequacy of previously obtained client identification data.

- Basic KYC includes PAN/Form 60, an officially valid document along with the photograph attested by an authorized person of the company.
- As per PMLA (Maintenance of Records) Rules, the following documents can be collected as an officially valid document (OVD) at the new business and servicing stage for the purpose of identity and address proof for fulfilling the Know your customer (KYC) norms:
 - i. Passport
 - ii. Masked Aadhaar card copy (First 8 digits to be masked and with the informed consent of customers)
 - iii. Driving License
 - iv. Voter ID card issued by Election Commission of India v. Job card issued by NREGA duly signed by an officer of the State Government
 - v. Letter issued by the National Population Register containing details of name, address or any other document as notified by the Central Government in consultation with the Regulator
- Kindly note that a copy of the Aadhaar can be accepted as an officially valid document only if given voluntarily and subject to the informed consent of the customers and mandatory masking of the first 8 digits of the Aadhaar number therein.

Customer acceptance Policy:

- a. No account shall be opened in anonymous or fictitious/ benami name(s)
- b. No transaction or account-based relationship is undertaken without following the CDD procedure.
- c. The mandatory information to be sought for KYC purpose while opening an account and during the periodic update is specified.
- d. 'Optional'/additional information, is obtained with the explicit consent of the customer after the account is opened. The Company shall apply the CDD procedure at the Unique Customer Identification Code ("UCIC") level. Thus, if an existing KYC compliant customer of the Company or with any other entity in the Group desires to open another account with the Company, there shall be no need for a fresh CDD exercise.
- e. CDD Procedure is followed for all the joint account holders, while opening a joint account.
- f. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- g. Suitable checks to ensure that the identity of the customer does not match with any person or entity, whose name appears in the "sanctions" lists circulated by Reserve Bank of India.
- h. The Company shall not open an account or close an existing account where the Company is unable to apply appropriate customer due diligence measures i.e., the Company is unable to verify the identity and /or

obtain documents required as per the risk categorisation due to non-cooperation of the customer or non-reliability of the data/information furnished to the Company. It shall be necessary to have suitable built-in safeguards to avoid harassment of the customer. For example, decision to close an account shall be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision.

- i. Circumstances, in which a customer is permitted to act on behalf of another person/entity, shall be clearly spelt out in conformity with the established law and practice of banking as there shall be occasions when an account is operated by a mandate holder or where an account shall be opened by an intermediary in the fiduciary capacity and necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.
- j. The customer profile shall be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes.
- k. The Company shall prepare a profile for each new customer during the credit appraisal based on risk categorization as mentioned in this policy. The customer profile shall contain the information relating to the customer's identity, social/financial status, nature of business activity, information about his clients' business and their location, etc. At the time of credit appraisal of the applicant the details are recorded along with his profile based on meeting with the applicant (by the NBFC representative) apart from collection of applicable documents, this will be as per the Credit/ products norms as may be in practice. However, while preparing customer profile, the Company shall seek only such information from the customer which is relevant to the risk category and is not intrusive. Any other information from the customer should be sought separately with his/her consent and after opening the account.
- l. The Company shall ensure that the Customer Acceptance Policy shall not result in denial of financial facility to genuine customers and members of the general public, especially those, who are financially or socially disadvantaged without any proper grounds. The Company shall 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 the 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

Risk Management:

- The overall responsibility/implementation and adherence of this AML policy shall lie with the Compliance & Surveillance Unit of PRP.
- The Internal Auditors shall specifically check and verify the application of AML procedures and comment on the lapses observed in this regard.

Monitoring and reporting of suspicious transactions to FIU-India:

- a. The Company shall furnish information pertaining to cash and suspicious transaction to FIU-India as per PMLA, 2002 at the following address in the format suggested under the Act:

To the Director,
Financial Intelligence Unit-India,
6th Floor, Hotel Samrat,
New Delhi 110021.

- b. The Company shall not put any restrictions on operations in the accounts where an STR has been made. Further, it shall be ensured that there is no tipping off to the customer at any level.
- c. For determining integrally connected cash transactions, the Company shall take into account all individual cash transactions in an account during a calendar month, where either debit or credit summation, computed separately, exceeds Rupees ten lakh during the month.
- d. It should be further ensured that all cash transactions, where forged or counterfeit Indian currency notes have been used as genuine shall be reported by the Principal Officer to FIU-IND immediately.
- e. These cash transactions shall also include transactions where forgery of valuable security or documents has taken place and may be reported to FIU-IND in plain text form.
- f. The Company shall pay special attention to all complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose.

- g. It is further clarified that the background including all documents/office records/memorandums pertaining to such transactions and purpose thereof shall, as far as possible, be examined and the findings at branch as well as Principal Officer level shall be properly recorded.
- h. These records are required to be preserved for five years as is required under amended PMLA Act, 2002. Such records and related documents shall be made available to help auditors in their work relating to scrutiny of transactions and also to Reserve Bank/other relevant authorities.
- i. It is likely that in some cases transactions are abandoned/aborted by customers on being asked to give some details or to provide documents.
- j. The Company shall report all such attempted transactions in STRs, even if not completed by customers, irrespective of the amount of the transaction.
- k. The Company shall make STRs if they have reasonable ground to believe that the transaction involves proceeds of crime generally irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of PMLA, 2002

Maintenance of Record:

It should be ensured that the records related to Suspicious Transactions are preserved and maintained, for a period of 10 (ten) years, from the date of transaction/reporting whichever is earlier.

- a. The information that also needs to be maintained is:
- b. nature of the transactions
- c. amount of the transaction.
- d. date on which the transaction was conducted
- e. parties to the transaction
- f. all suspicious transactions, whether or not made in cash.
- g. all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions
- h. All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency or the transaction the value of which is determined by FIU/AMFI from time to time.
- i. All series of cash transactions integrally connected to each other which have been valued below rupees ten lakhs or of any limit specified by FIU/AMFI from time to time 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 the threshold limits fixed by FIU/AMFI from time to time.

Retention of Records:

- a. The records mentioned in Rule 3 of PMLA Rules including the corresponding or relevant records have to be maintained and preserved for a period of ten years from the date of cessation of the transactions between the client/investor and the intermediary.
- b. Records on customer identification (e.g., copies or records of official identification documents like passports, identity cards including PAN Cards, driving licenses or similar documents), account files and business correspondence should also be kept for the same period.
- c. In situations where the records relate to on-going investigations or transactions which have been the subject of a suspicious transaction reporting, they should be retained until it is confirmed that the case is closed/decided/adjudicated

Review/ Revision of Policy:

The Principal Officer along with the Internal Audit Head or any other authority responsible for over-all monitoring of the level of compliance activities by PRP Edge Wealth Private Limited and/or its group Companies shall review this policy as and when any changes/amendments take place either in the AML Act and/or the regulations issued by SEBI.