

ANTI MONEY LAUNDERING POLICY

FOR

RIDDISIDDHI BULLIONS LIMITED

RiddiSiddhi Bullions Ltd. (RSBL) had designed this policy of PMLA and effective AML program to prohibit and actively prevent the money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities or flow of illegal money, to discourage and identify any Money laundering or terrorist financing Activities. Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the unlawful proceeds appear to have derived from legitimate origins or constitute legitimate assets. Maintenance of records of the Nature and Value of Transactions. To protect the interests of investors in Commodity and to promote the development of and to regulate the Commodities Market.

This policy provides a detailed Account of the procedures and obligations to be followed to ensure compliance with issues related to **KNOW YOUR CLIENT (KYC) Norms, ANTI MONEY LAUNDERING (AML), CLIENT DUE DILIGENCE (CDD) and COMBATING FINANCING OF TERRORISM (CFT).**

1. Background

Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, FMC had issued the Guidelines on Anti Money Laundering Standards vide their notification FMC/4/2013/C/0163 dated 18th December 2013. As per these FMC 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 FMC.

2. What is Money Laundering?

- a) 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.
- b) This is done in three phases - Placement Phase, Layering Phase & Integration Phase.

3. Prevention of Money Laundering Act, 2002

- a) 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.
- b) 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

4. Financial Intelligence Unit (FIU) - INDIA

- a) 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.
- b) 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. Policy of RiddiSiddhi Bullions Limited

RiddiSiddhi Bullions Limited (RSBL) has resolved that it would, as an internal policy, take adequate measures to prevent money laundering and shall put in place a framework to report cash and suspicious transactions to FIU as per the guidelines of PMLA Rules, 2002

6. Implementation of this Policy

- a) Mr. Mahendra Bafna, Vice President - will be the Principal Officer who will be responsible for
 - compliance of the provisions of the PMLA and AML Guidelines
 - act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions
 - Ensure that RSBL discharges its legal obligation to report suspicious transactions to the concerned authorities.
- b) The main aspect of this policy is the Customer Due Diligence Process (CDD) which means:
 - Obtaining sufficient information about to 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.
 - a) The PAN Card details should be verified with the name(s) appearing on the website of the Income Tax Department, <https://incometaxindiaefiling.gov.in/portal/knowpan.do> In case the name(s) do

not match or the PAN Card details are not present in the PAN Card database, RSBL should seek necessary clarification from the applicant(s) and activate the account only when the discrepancy is resolved.

- b) RSBL should be verified details of client or potential clients from UN Site (<http://www.un.org/sc/committees/1267/consolist.shtml>) before registered as client.
 - c) RSBL shall maintain list of the person who have been debarred by FMC and shall update the list on the regular basis and ensure that no client's application is accepted if the name of such client falls in the list of debarred person maintained by RSBL.
 - d) Precaution shall be taken as far as possible before opening an account so as to ensure that the identity of the client does not match 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 agency worldwide provided appropriate information is available to identify a person based on PAN number/address/any other appropriate information is available to RSBL from websites generally known for such purpose/information provided by FMC.
 - e) As per guidance provided by FMC, RSBL shall put in place necessary procedures to determine whether their existing/potential client is a politically exposed person (PEP) of foreign origin. Such procedures would include seeking additional information from clients, accessing publicly available information etc. as per guidance provided by FMC
- Conduct on-going due diligence and scrutiny of the account/client to ensure that the transaction conducted are consistent with the client's background/financial status, its activities and risk profile.
- RSBL shall take reasonable measures to verify the sources of funds as well as wealth of the clients and ensure that they are routed through proper banking channels. RSBL shall reasonable steps to ensure that funds are received from a client through his bank account registered with RSBL and payment to the client will be made through 'Account Payee' cheque and/ or direct credit to the client bank account registered with RSBL. RSBL is neither accepting cash from its clients nor giving cash to its clients.
- Freezing of Assets under Section 51A of Unlawful Activities (Prevention) Act, 1967
- i) The Unlawful Activities (Prevention) Act, 1967 (UAPA) has been amended by the Unlawful Activities (Prevention) Amendment Act, 2008. Government has issued an Order dated August 27, 2009 detailing the procedure for implementation of Section 51A of the Unlawful Activities (Prevention) Act, 1967 relating to the purposes of prevention of, and for coping with terrorist activities. In terms of Section 51A, 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 and 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.

ii) RSBL shall ensure that the procedure laid down in the UAPA Order dated August 27, 2009 and Circular dated October 23, 2009 are strictly followed and shall ensure meticulous compliance to the Order issued by the Government.

iii) On receipt of the list of individuals and entities subject to UN sanctions from Exchanges, RSBL shall ensure expeditious and effective implementation of the procedure prescribed under Section 51A of UAPA in regard to freezing/unfreezing of financial assets of the designated individuals/entities enlisted in the UNSCRs and especially, in regard to funds, financial assets or economic resources or related services held in the form of accounts.

c) The Customer Due Diligence Process includes three specific parameters :

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting

RSBL may appoint and rely on third party for the purpose of (a) identification and verification of the identity of a client and (b) 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. Such third party shall be regulated, supervised or monitored for, and have measures in place for compliance with Customer Due Diligence Process (CDD) and record-keeping requirements.

Such third party may follow all the rule and regulation for circulars/ guidelines issued by Exchange from time to time. RSBL should also monitored all the data provided by third party and if required do self Customer Due Diligence Process (CDD)

7. Risk Assessment

RSBL has taken risk assessment for it client through place of resident, countries or geographical areas, nature and volume of transactions, payment methods used by its client. Risk assessment obtain from the following website offered by Government of India and SEBI/FMC 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

http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml and
<http://www.un.org/sc/committees/1988/list.shtml>).

Such risk assessment are carried out depend upon client volume, transaction; payment term etc. and preservation are determined for overall risk. Such risk assessment are well documented and updated

8. Customer Acceptance Policy

- ***Each client should be met in person:*** Accept client whom we are able to meet personally. 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.

- ***Accepts clients on whom we are able to apply appropriate KYC procedures:*** Obtain Complete information from the client. It should be ensured that the initial forms taken by the clients 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. All supporting documents as specified by Securities and Exchange Board of India (SEBI) and Exchanges are obtained and verified

- ***Do not accept clients with identity matching 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

- ***Be careful while accepting Clients of Special category:*** We should be careful 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 background. Current/Former Head of State, Current/Former senior high profile politician, Companies offering foreign exchange, etc.) or clients from high-risk countries (like Libya, Pakistan, Afghanistan, etc.) or clients belonging to countries where corruption/fraud level is high (like Nigeria, Burma,etc). Scrutinize minutely the records / documents pertaining to clients belonging to aforesaid category

- ***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.

Beneficial Ownership and control:

The "**Beneficial Owner**" is the natural person or persons 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. After completing registration process, client account should be verified by independent employee to check the actual beneficial ownership and control of the particular

account. We need to obtain the details with respect to Shareholders, Promoters from the client and it has to be verified independently. In this process we should find out who is authorized to operate the client's account and who is ultimately controlling the account. Also verify the sources of funds for funding the transaction. We also have to take care at the time of settlement regarding nature of transaction, movement / source of transaction, etc. Periodically ask for client's financial details to determine the genuineness of transaction.

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. RSBL should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. RSBL should verify the identify of the person and seek information about the sources of funds before accepting the PEP as a customer. RSBL should seek prior approval of their concerned Heads for opening an account in the name of PEP.

Customer Identification Procedure (FOR NEW CLIENTS)

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

In case a new client is Politically Exposed Person (PEP) or a new client is a relative of PEP then such client activation must be done only after getting prior approval of Compliance Officer. Compliance Officer's approval will also be taken when a existing client become PEP at later stage.

Documents which can be relied upon:

- **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.
- **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 should take other identity proof in form of Voter's Identity card, 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 and latest Electricity/telephone bill in the name of the client.

Documents to be obtained as part of customer identification procedure for new clients:

a. In case of individuals, one copy of the following documents have to be obtained:

- As PAN is mandatory, verify its genuineness with IT website and cross verify the PAN card copy with the original. [Please put "verified with original" stamp as proof of verification]
- Other proofs for identity are Voter's Identity card, Passport, Ration Card or any

Government/PSU/Bank issued photo identity card or any other document prescribed by the regulatory authorities.

➤ Address proof in the form of Voter's Identity Card, Passport, Bank Statement, Ration card and latest Electricity/telephone bill in the name of the client or any other document prescribed by the regulatory authorities.

b. In case of corporates, certified copy of the following documents must be obtained:

- Copy of the Registration/Incorporation Certificate
- Copy of the Memorandum & Articles of the Association
- Copy of the PAN card and the Director Index No. (DIN)
- Copy of the latest audited Annual Statements of the corporate client
- Latest Net worth Certificate
- Latest Income Tax return filed.
- Board Resolution for appointment of the Authorized Person who will operate the account.
- Proof of address and identity of Authorized Person

c. In case of partnership firm certified copy of the following must be obtained:

- 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

d. In case of a Trust, certified copy of the following must be obtained:

- Registration certificate
- Trust Deed
- PAN card
- Authorization letter for the entity authorized to act on their behalf
- Officially valid documents like PAN card, voters ID, passport, etc of person(s) authorized to transact on behalf of the Trust.

e. In case of unincorporated association or a body of individuals, one certified copy of the following must be obtained:

- Resolution of the managing body of such association or body of individuals
- PoA in favour of person authorized to transact
- Officially valid documents like PAN card, voters ID, passport, etc of the person(s) authorized to transact
- Any document required by RSBL to establish the legal existence of such an association or body of individuals.

f. In case of an NRI account - Repatriable/non-repatriable, the following documents are required:

- Copy of the PIS permission issued by the bank
- Copy of the passport
- Copy of PAN card

- Proof of overseas address and Indian address ➤ Copy of the bank statement
- Copy of the demat statement
- If the account is handled through a mandate holder, copy of the valid PoA/mandate

8. Risk Profiling of the Client

a) We should accept the clients based on the risk they are likely to pose. The aim is to identify clients who are likely to pose a higher than average risk of money laundering or terrorist financing. For this purpose, we need to 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. That is, 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.

b) 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

a) Category A clients are those pose low or nil risk. They are good corporate/HNIs who have a respectable social and financial standing. These are the clients who make payment on time.

b) Category B clients are those who are intra-day clients or speculative clients. These are the clients who maintain running account with RSBL.

c) Category C clients are those who have defaulted in the past, have suspicious background, do not have any financial status, etc.

We have to be careful while monitoring the transactions of B and C category clients.

- Apart from this we need to exercise extra caution while monitoring the transactions of NRI/NRE/PIO and foreign clients, especially when the payment is being made in foreign currency.
- 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.

9. Record Keeping:

For the purpose of the record keeping provision, we should ensure compliance with the record keeping requirements contained in the Rules and Regulations made there-under, PLM act, 2002 as well as other relevant legislation, Rules, Regulations, Exchange Bye-laws and Circulars. Records to be maintained should be sufficient to permit reconstruction of individual transactions (including the amounts and type of currencies involved, if any) so as to provide, if necessary, evidence for prosecution of criminal behavior. Should there be any suspected drug

related or other laundered money or terrorist property, the competent investigating authorities would need to trace through the audit trail for reconstructing financial profile of the suspect's account. To enable this reconstruction, Organization should retain the following information for the accounts of their customers in order to maintain a satisfactory audit trail.

- a. The beneficial owner of the account;
- b. The volume of the funds flowing through the account; and
- c. For selected transactions.
- d. The origin of the funds;
- e. The form in which the funds were offered or withdrawn, e.g. cash, cheques, etc;
- f. The identity of the person undertaking the transaction;
- g. The destination of the funds;
- h. The form of instruction and authority.

Organization should ensure that all client and transaction records and information are made available on a timely basis to the competent investigating authorities.

Retention of Records:

The following document retention terms should be observed:

- 1.** All necessary records on transactions, both domestic and international, should be maintained and preserved at least for the minimum period of Ten years (10) from the date of cessation of the transaction or the account has been closed, whichever is later.
- 2.** Records on customer identification (e.g. copies or records of official identification documents like passports, identity cards, driving licenses or similar documents), account files and business correspondence should also be kept for the Ten years (10) from the date of cessation of the transaction or the account has been closed, whichever is later.
- 3.** Records shall be maintained in hard and soft copies.

In situations where the records relate to on-going investigation or transactions, which have been the subject of a suspicious transaction reporting, they should be retained for a period of Ten years (10) from the date of transaction between client and us.

10. Suspicious Transactions

All are requested to analyze and furnish details of suspicious transactions, whether or not made in cash. It should be ensured that there is no undue delay in analysis and arriving at a conclusion.

- a. 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

Reasons for Suspicious:

- Identity of client
 - 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
- Suspicious Background
 - Suspicious background or links with criminals
- Multiple Accounts
 - 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.
- 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 s
 - Account used for circular trading
- Nature Of Transactions
 - Unusual or unjustified complexity
 - No economic rationale or bonafied purpose
 - Source 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
 - Block deal which is not at market price or prices appear to be artificially

inflated/deflated

b) What to Report

- The nature of the transactions
- The amount of the transaction and the currency in which it was denominated
- The date on which the transaction was conducted: and
- The parties to the transaction.
- The reason of suspicion.

Any suspicion transaction needs to be notified immediately to the “**Designated Principal Officer**”. The notification may be done in the form of a detailed report with specific reference to the client's transactions and the nature / reason of suspicion.

The Principal Officer shall analyze and examine such data and then decide if any transaction listed therein warrants a closer inspection or not. He shall maintain the records of all such data received from authority and record the action taken against any client for suspicious transactions.

However, it should be ensured that there is continuity in dealing with the client as normal until told other wise and the client should not be told of the report /suspicion. In exceptional circumstances, consent may not be given to continue to operate the account, and transactions may be suspended, in one or more jurisdictions concerned in the transaction, or other action taken.

In case the Principal Officer comes across any transaction that appear to be of suspicious nature, he shall also submit the report of such transactions directly to The Director, FIU-IND in the prescribed format, within seven working days of establishment of suspicion.

In accordance with “Designated Principal Officer” for Compliance with the provisions of “Prevention of Money Laundering Act, 2002 (PMLA):”

Hiring of Employees:

We shall have adequate screening procedures in place to ensure high standards when hiring employees, having regard to the risk of money laundering and terrorist financing and the size of the business, we ensure that all the employees taking up such key positions are suitable and competent to perform their duties.

Employees’ Training:

We have an ongoing employee training program conducted by our Officer and Senior Management, Participation of all the Key Employees in the Seminars conducted by various Regulatory bodies from time to time, so that the members of the staff are adequately trained in AML and CFT procedures.

All the Circulars issued by various Regulatory bodies including that of PMLA, are circulated to all the staff Members and the same are also being discussed in length, in the Training Program'. Training program shall have special emphasis on frontline staff, back office staff, risk management staff and staff dealing with clients. It is crucial that all those concerned fully understand the rationale behind these directives, obligations and requirements, implement them consistently and are sensitive to the risks of their systems being misused by unscrupulous elements.

Designated Director

We have appointed designated director and inform the FIU IND for the same:

Mr. Mukesh Kothari

Director

Bullion House, 115, Tambakatta,

Opp. Dagina Bazar, Pydhonie,

Mumbai- 400003.

Email : info@rsbl.co.in

Telephone : **+91-22-61245555**

Designated Principal Officer

In case any further information /clarification is required in this regard, the 'Principal Officer' may be contacted.

Mr. Mahendra Bafna

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