



## **Know Your Customer, Anti-Money Laundering & Surveillance Policy**



*KYC/AML Policy*

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## **PREFACE**

This Know Your Customer (KYC) and Anti-Money Laundering (AML) Policy (the Policy) has been prepared in accordance with the Prevention of Money Laundering Act, 2002 (PMLA Act). This Policy also takes into account the provisions of the PMLA Act and other Rules laid down by SEBI, FMC and FIU.

As per PMLA, every banking company, financial institution (which includes chit fund company, a co operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under section 12 of the Securities and Exchange Board of India Act, 1992) shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules notified under the PMLA. For the purpose of PMLA, transactions include:

1. All cash transactions of the value of more than Rs 10 lakhs or its equivalent in foreign currency.
2. All series of cash transactions integrally connected to each other which have been valued below Rs 10 lakhs or its equivalent in foreign currency, such series of transactions within one calendar month.
3. All suspicious transactions whether or not made in cash and including, inter-alia, credits or debits into from any non monetary account such as Demat account, security account maintained by the registered intermediary.

For the purpose of suspicious transactions reporting, apart from 'transactions integrally connected', 'transactions remotely connected or related' need to be considered.

"Suspicious transactions" means a transaction whether or not made in cash which to a person acting in good faith –

1. gives rise to a reasonable ground of suspicion that it may involve the proceeds of crime; or
2. appears to be made in circumstances of unusual or unjustified complexity or
3. appears to have no economic rationale or bonafide purpose.

This Policy only supplements the existing SEBI / FIU guidelines relating to KYC/AML and any subsequent guidelines from the date of the Policy on KYC/AML will be implemented immediately, with subsequent ratification by the Board. Extant regulations will at any point in time override this Policy.

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## **1. KYC/AML philosophy of TRANSTRUCK**

1.1 The KYC / AML philosophy of TRANSTRUCK is to prevent TRANSTRUCK from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The objective of this policy is also to enable TRANSTRUCK to know / understand its customers and their financial dealings better which in turn will help TRANSTRUCK to manage its risks prudently.

1.2 It is important that TRANSTRUCK's management views "money-laundering prevention" and "knowing your customer" as part of the risk management strategies and not simply as stand alone requirements that are being imposed by legislation/regulators'.

Hence the objective of the policy is to –

1. To have a proper Customer Due Diligence (CDD) process before registering clients.
2. To monitor/maintain records of all cash transactions of the value of more than Rs.10 lacs.
3. To maintain records of all series of integrally connected cash transactions within one calendar month.
4. To monitor and report suspicious transactions.
5. To discourage and identify money laundering or terrorist financing activities. 6. To take adequate and appropriate measures to follow the spirit of the PMLA.

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

2.1 Money laundering is the criminal practice of putting ill-gotten gains or dirty money through a series of transactions, so that the funds are cleaned to look like proceeds from legal activities. It is driven by criminal activities and conceals the true source, ownership, or use of funds. In simple terms money laundering is most often described as the "turning of dirty or black money into clean or white money". If undertaken successfully, money laundering allows criminals to legitimize "dirty" money by mingling it with "clean" money, ultimately providing a legitimate cover for the source of their income.

Section 3 of the PMLA Act defines money laundering in following words:

“Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering”.

### **3. Why “Know Your Customer”?**

3.1 One of the best methods of preventing and deterring money laundering is a sound knowledge of a customer’s business and pattern of financial transactions. The adoption of procedures by which financial institutions “know their customer” is not only a principle of good business but is also an essential tool to avoid involvement in money laundering.

3.2 TRANSTRUCK shall adopt appropriate KYC procedures and internal controls measures to:

- (i) Determine and document the true identity of the customers who establish relationships, open accounts or conduct significant business transactions and obtain basic background information on customers;
- (ii) Assess the money laundering risk posed by customers’ expected use of TRANSTRUCK’s products and services;
- (iii) Protect TRANSTRUCK from the risks of doing business with any individual or entity whose identity cannot be determined or who refuses to provide information, or who have provided information that contains significant inconsistencies which cannot be resolved after due investigation.

### **4. Customer Acceptance Policy**

4.1 No account shall be opened in anonymous or fictitious / benami name(s). PAN shall be mandatory for each account. Each client shall have one account only.

4.2 The parameters of risk perception in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc shall be captured at the account opening stage to enable categorization of customers into low, medium and high risk.

TRANSTRUCK has indicative categories of customers which would fall into low, medium and high risk categories (refer Annexure 1). The list shall be updated with approvals from Compliance, and Business groups. For the purpose of risk categorization, individuals/entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, shall be categorized as low risk. Illustrative examples of low risk customers are as follows:

- salaried employees whose salary structures are well defined;
- Government Departments and Government owned companies;
- regulators and statutory bodies; etc.

Customers that are likely to pose a higher than average risk to TRANSTRUCK shall be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. TRANSTRUCK shall apply Customer Due Diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear.

4.3 While the profile of the customer is captured in the account opening form, an Customer Due Diligence (CDD) sheet is also prepared at the account opening stage for all accounts (individual / non individual). The CDD sheet is an addendum to the account opening form and captures in further detail the profile of the customer, especially the expected transaction pattern of the account. The CDD sheet is prepared by the sales team based on their discussions and understanding of the customer, but is not required to be signed off by the customer.

- In person verification is to be carried out as per the requirements of the regulators. Further check would be done for actual beneficial ownership and control of the particular account. We need to obtain the details with respect to Shareholders, promoters from the non individual clients and wherever possible it has to be verified independently. Also verify the sources of funds for funding the transaction. We shall also take care at the time of settlement regarding the nature of transaction, movement/source of transaction, etc. Periodically to ask for clients financial details to determine the genuineness of the transaction. Special care would be taken in case of non individual accounts such as corporate, partnership firms etc, where the ownership structure is opaque. In all such cases the accounts would be activated only post approval from the compliance department.

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- For this purpose, “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.
- In case, under the extant regulations, a KYC carried out by a third party is allowed to be accepted as a valid KYC for onboarding a client the same shall be accepted provided due process in relation to the same under the regulations are followed.
- For onboarding of NRI / FII / FPI clients, in case there is any connection with any country which has been observed by the FATF to be non compliant with its requirements, the account shall be rejected. which shall mean the following – Person has provided a residential / correspondence address of such country o Directions for the operating of the account are received from the said country o The POA holder of the account is connected in the above manner what that country
- Ongoing due diligence and scrutiny – We shall to conduct periodic due diligence and scrutiny of client’s transaction and accounts to ensure that transactions are being conducted in knowledge, to find out the risk profile, source of funds, etc. At regular interval, ongoing due diligence and scrutiny needs to be conducted i.e. perform ongoing scrutiny of the transactions and account throughout the course of the business relationship to ensure that the transactions being conducted are consistent with the Organization’s knowledge of the client, its business and risk profile, taking into account, where necessary, the customer’s source of funds.
- For all clients applying for trading rights in the futures and options segments, further details as regards their proof of income and source of funds would be required.

4.4 Necessary checks shall be conducted 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. For conducting such reviews, while TRANSTRUCK shall check the lists provided by SEBI/FMC/Exchanges/internally maintained lists, it shall rely primarily on the United Nations list which is available at <http://www.un.org/sc/committees/1267/consolist.shtml>.

The list of FATF countries is also updated on an ongoing basis to ensure that clients covered under the high risk

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countries as per the FATF list are not allowed to open accounts through TRANSTRUCK. The compliance team shall be responsible to ensure that the said lists are updated on a daily basis through various sources.

Process wherein the name of the client (new or existing) matches with the negative list –

Type of client	What matches with negative list	What is to be done
New	PAN	Reject account
	Name	<ol style="list-style-type: none"> <li>1. Check the address or any other detail in the SEBI/FMC order.</li> <li>2. If anything is closely resembling the client in question – Escalate case to compliance officer before opening</li> <li>3. Compliance team to speak to the client over a recorded line.</li> <li>4. Take a declaration from the client that he is not the same person.</li> <li>5. If the client is not cooperating – Not to open the account.</li> <li>6. If the client provides the documents, onboard the client and place in high risk.</li> </ol>
Existing	PAN	Proceed for closure
	Name / Address / Other details	<ol style="list-style-type: none"> <li>1. Escalate to compliance officer</li> <li>2. Review past transactions.</li> <li>3. If the past transactions have shown any similarity to SEBI/FMC order or any alert – Close the account.</li> <li>4. If not – ask the client to provide a declaration he is not the same person.</li> <li>5. If the client is not cooperating – Not to open the account</li> <li>6. If the client provides the documents, onboard the client and place in high risk</li> </ol>



4.5 TRANSTRUCK shall not open an account or shall close an existing account where TRANSTRUCK is unable to apply appropriate customer due diligence measures i.e. TRANSTRUCK is unable to verify the identity and / or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of the data / information furnished to TRANSTRUCK. .

4.6 TRANSTRUCK shall apply higher levels of due diligence when an account is operated by a mandate holder or where an account is opened by an intermediary in fiduciary capacity. KYC documents will be taken for both the mandate holder/intermediary in fiduciary capacity and the account holder.

## **5. Customer Identification Procedure**

5.1 Customer identification procedure means verifying the identity of the customer by using reliable, independent source documents, data or information. TRANSTRUCK needs to obtain sufficient information necessary to establish, to its satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of relationship. TRANSTRUCK must also be able to satisfy the regulators that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

5.2 TRANSTRUCK shall have in place a comprehensive Customer Identification Procedure which details the various documents that TRANSTRUCK can take as Identity, Address proof for various types of customers (refer **Annexure 2**). This Customer Identification Procedure document shall be updated with approvals from Compliance, and Business groups, with subsequent ratification by the Board of Directors.

However, merely obtaining identification documents for identity, address and signature proof from the customer does not mean that the KYC is complete. KYC means actually knowing the customer, nature of his business and the purposes for which TRANSTRUCK account will be used.

5.3 TRANSTRUCK may ask for periodical updation of customer identification and other data after the account is opened.

## **7. Monitoring of Transactions**

7.1 Ongoing monitoring is an essential element of effective KYC procedures. TRANSTRUCK can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity.

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TRANSTRUCK shall have in place a comprehensive transaction monitoring process from a KYC/AML perspective. TRANSTRUCK shall put in place strong transaction alerts which will provide proactive signals on suspicious transactions and possible money laundering. An indicative list of such alerts is provided with this policy. (Annexure 3) TRANSTRUCK AML monitoring team shall endeavour to update the list based on current understanding of the market scenario and trading patterns followed by clients. In addition to the alerts from internal sources, the Surveillance team shall also monitor the alerts provided by the exchanges per their circular NSE/INVG/22908 dated March 7, 2013. Details relating to the compliance with respect to the said circular are elaborated in Annexure 3.

On the basis of criticality of the breach, observation of account behaviour, repetitive breaches, the AML Monitoring Team shall send a query to the concerned Business. Responses would be expected within 7 working days. If the alerts still persist or the AML Monitoring Team is not satisfied with the responses, then the AML query team shall send the query to the Compliance Head for resolution.

TRANSTRUCK shall put in place a system of periodical review of risk categorization of accounts. Such review of risk categorisation of customers shall be carried out at a periodicity of not less than once in six months. TRANSTRUCK shall be undertaking a review of all accounts existing as on June 30th and December 31st every year, but which were opened at least six months prior to these two review dates, thus giving a vintage of at least six months to each of the accounts being reviewed.

In case of any account wherein alerts are observed on a regular basis, the risk categorization would be increased based on the consensus of the AML monitoring team and the compliance officer. Such a review would be done at least once every month.

Special attention is required for all complex, unusually large transactions / patterns which appear to have no economic purpose. The background including all documents, office records and clarifications pertaining to such transactions and their purpose will be examined carefully and findings will be recorded. Such findings, records and related documents would be made available to auditors and also to SEBI/FMC/Stock Exchanges/FIU-IND/Other relevant authorities, during audit, inspection or as and when required. These records to be preserved for such period of time as required under PMLA 2002 or any rules made thereafter.

It would ensure that record of transaction is preserved and maintained in terms of section 12 of the PMLA 2002 and / or rules made thereunder and that transaction of suspicious nature or any other transaction notified under section 12 of the act is reported to the appropriate law authority.

Further the accounts or financial assets shall be frozen for any particular client in case so required by any regulatory authority upon receiving a notice for the same.

## **8. Risk Management**

8.1 The overall responsibility/implementation and adherence of this KYC/AML policy shall lie with the Compliance & Surveillance Unit of TRANSTRUCK.

8.2 The Concurrent / Internal Auditors shall specifically check and verify the application of KYC/AML procedures and comment on the lapses observed in this regard. The reports and compliance in this regard shall also put up before the Audit & Compliance Committee of the Board at least at quarterly intervals.

## **9. Combating Financing of Terrorism (CFT)**

9.1 TRANSTRUCK shall have a heightened awareness in the system to check for transactions which give rise to a reasonable ground of suspicion that these may involve financing of the activities relating to terrorism.

## **10. Maintenance of records of transactions / Information to be preserved / Maintenance and preservation of records / Cash and Suspicious transactions reporting to Financial Intelligence Unit-India (FIU-IND)**

10.1 Government of India, Ministry of Finance, Department of Revenue, vide its notification dated July 1, 2005 in the Gazette of India, has notified the Rules under the PMLA Act (refer **Annexure 4**). In terms of the Rules (refer **Annexure 5**), the provisions of PMLA Act, 2002 came into effect from July 1, 2005. Section 12 of the PMLA, 2002 casts certain obligations on financial institutions in regard to preservation and reporting of customer account information.

## 10.2 Maintenance of records of transactions

TRANSTRUCK shall have a system of maintaining proper record of all transactions including records of all transactions prescribed under Rule 3 of the Rules, as mentioned below:

- (a) all cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency;
- (b) all series of cash transactions integrally connected to each other which have been valued below Rupees Ten Lakh 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 Rupees Ten Lakh;
- (ba) all transactions involving receipts by non-profit organisations of value more than rupees ten lakh, or its equivalent in foreign currency;

## 10.3 Information to be preserved

TRANSTRUCK shall maintain the following information in respect of transactions referred to in Rule 3 of the Rules including all necessary information specified by the regulator to permit reconstruction of individual transactions in respect of transactions referred to in Rule 3 of the Rules:

- (a) the nature of the transactions;
- (b) the amount of the transaction and the currency in which it was denominated; (c) the date on which the transaction was conducted; and
- (d) the parties to the transaction.

## 10.4 Maintenance and Preservation of records

10.4.1 TRANSTRUCK shall maintain the records of all transactions including the records containing information in respect of transactions referred to in Rule 3 above. TRANSTRUCK shall take appropriate steps to evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, TRANSTRUCK shall maintain for such number of years as would be required under the PMLA 20002 and rules made thereunder from the date of transaction between TRANSTRUCK and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

10.4.2 TRANSTRUCK shall ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN, card, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for such

number of years as would be required under the PMLA 20002 and rules made thereunder after the business relationship is ended. The identification records and transaction data should be made available to the competent authorities upon request.

#### **10.5 Reporting to Financial Intelligence Unit-India**

10.5.1 In terms of the Rules, TRANSTRUCK shall report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3.

#### **10.5.2 Suspicious Transaction Reports (STR)**

(i) The Suspicious Transaction Report (STR) shall be furnished 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 Principal Officer shall record his reasons for treating any transaction or a series of transactions as suspicious. It shall be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such a report shall be made available to the competent authorities on request.

(ii) While determining suspicious transactions, TRANSTRUCK shall be guided by the definition of suspicious transaction contained in the Rules as amended from time to time.

(iii) An indicative list of suspicious activities contained is provided along with this policy. (iv) While ensuring that there is no tipping off to the customer at any level, TRANSTRUCK may put restrictions on operations in the accounts where an STR has been made.

#### **11. Principal Officer**

11.1 Presently the compliance officer shall be appointed as the principal officer of the Company.

#### **12. Designated Director**

or in charge of Operations shall be appointed as the designated officer of the Company and details thereof be intimated to FIU consequent to SEBI Circular CIR/MIRSD/112014 dated March 12, 2014.

### **12.1 Customer Education / Employee's Training / Employee's Hiring**

#### **12.2 Customer Education**

Implementation of KYC procedures requires TRANSTRUCK to demand certain information from customers which may be of personal nature or which has hitherto never been called for. This sometimes leads to a lot of questioning by the customer as to the motive and purpose of collecting such information. The Relationship Managers of TRANSTRUCK shall be trained to explain to the customers the regulatory requirements and benefits of adhering to the KYC guidelines and seek cooperation of the customer.

#### **12.3 Employees' Training**

TRANSTRUCK shall have an ongoing employee training programme so that the members of the staff are adequately trained in KYC/AML procedures and fully understand the rationale behind the KYC/AML policies and implement them consistently.

#### **12.3 Hiring of Employees**

KYC norms / AML standards / CFT measures have been prescribed to ensure that criminals are not allowed to misuse TRANSTRUCK infrastructure. It should therefore be necessary that an adequate screening mechanism is put in place by TRANSTRUCK as an integral part of their recruitment / hiring process of personnel.

## ANNEXURE 1

### Risk Categorisation

#### RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF INDIVIDUALS

Type	Recommended Risk Categorisation	Risk Perception
Salaried	Low risk	Source on income is fixed and patterns of entries in the account can be correlated with known sources of income/ expenditure.
Senior citizens	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
House-wife	Medium / High Risk	Source of income for trading related purposes not known clearly. May be operated by third parties. Will be considered high risk in case operating in F&O
Self Employed Professionals/ Businessmen	Low risk (except professionals associated with the film industry who will be categorized as "Medium" risk).	Accounts maintained by Chartered Accountants, Architects, Doctors, Lawyers, Sportsmen, etc.
Non Resident Individuals	Low / Medium risk	Transactions are regulated through AD and the accounts are opened only after IPV. In case an IPV is not performed and we have relied on documentation submitted by the client, the account would be categorised as medium risk.

Politically Exposed Persons resident outside India	High Risk	Politically exposed persons 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. Branches 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. Front end staff should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. Such accounts should be subjected to enhanced monitoring on an ongoing basis. The above norms should also be applied to the accounts of the family members and close relatives of PEPs.
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**NOTE:** If any of the above accounts are operated by Power of Attorney (POA) holder/mandate holder, then the account will be categorized as “High Risk”.

**RISK CATEGORISATION FOR ACCOUNTS IN THE NAME OF NON-INDIVIDUALS**

Risk categorization of Non Individual customers can be done basis:

**A.** Type of Entity **B.** Industry; **C.** Country of Domicile

**A. Type of Entity**

Type	Recommended Risk Categorisation	Risk Perception
Private Ltd/Public Ltd Companies	Low / Medium / High risk	Depending on the clarity of the shareholding structure and the nature of operations, such companies would be classified. Such classifications shall be decided post the review of the compliance officer
Local Authorities or Public Bodies	Low Risk	They are constituted under Special Acts. Operations are governed by such Acts / Rules



Public Sector Undertakings, Government Departments/ Undertakings, Statutory Corporations	Low Risk	These types of entities are governed by specific Acts, Notifications etc framed by the Government of India or the State Govt and are controlled and run by the Govt.
Mutual Funds/Scheduled Commercial Banks/Insurance Companies/Financial Institutions	Low Risk	These entities are strictly regulated by their respective regulators.
Partnership Firm	Low / Medium / High risk	Depending on the clarity of the shareholding structure and the nature of operations, such entities would be classified. Such classifications shall be decided post the review of the compliance officer

Trusts – Public Charitable Trust	Medium / High Risk	Depending on the clarity of the beneficial ownership and the nature of operations, such entities would be classified. Such classifications shall be decided post the review of the compliance officer
Hindu Undivided Family (HUF)	Medium Risk	These are unregistered bodies and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
Societies / Associations / Clubs	High Risk (except 'Housing Societies' which will be categorized as "Low" risk).	These are not highly regulated entities and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
Trusts – Private Trust	High Risk	These may be unregistered trusts and the pattern of entries in the account may not be correlated with known sources of income/ expenditure.
Co-operative Banks	High Risk	These are not highly regulated entities.

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**B & C. Basis Industry and Country of Domicile**

Risk Category	Industry	Country of Domicile
<b>High</b>	<p><b>The Risk categorisation is dependent on industries which are inherently High Risk or may exhibit high cash intensity, as below:</b></p> <ul style="list-style-type: none"> <li>Arms Dealer</li> <li>Money Changer</li> <li>Exchange Houses</li> <li>Gems / Jewellery / Precious metals / Bullion dealers (including sub-dealers)</li> <li>Real Estate Agents</li> <li>Construction</li> <li>Offshore Corporation</li> <li>Art/antique dealers</li> <li>Restaurant/Bar/casino/night club</li> <li>Import/Export agents (traders; goods not used for own manufacturing/retailing)</li> <li>Share &amp; Stock broker</li> <li>Finance Companies (NBFC)</li> <li>Transport Operators</li> <li>Auto dealers (used/ reconditioned vehicles/motorcycles)</li> <li>Scrap metal dealers</li> <li>Liquor distributorship</li> <li>Commodities middlemen</li> <li>Co-operative Banks</li> <li>Car/Boat/Plane dealerships/brokers</li> <li>Multi Level Marketing (MLM) Firms</li> </ul>	
<b>Medium</b>	None	NA
<b>Low</b>	All other industries	NA

## **ANNEXURE 2**

### **CUSTOMER IDENTIFICATION PROCEDURE FOR ACCOUNT OPENING**

Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. Based on risk perception, type / entity of customer, segment of customer following features shall be verified with supporting documents obtained from the customers –

### **INSTRUCTIONS/CHECKLIST FOR FILLING KYC FORM**

#### **A. IMPORTANT POINTS:**

1. Self attested copy of the PAN card is mandatory for all clients, including Promoters/Partners/Karta/Trustees and whole time directors and persons authorized to deal in securities on behalf of company/firm/others.
2. Copies of all the documents submitted by the applicant should be self-attested and accompanied by originals for verification. In case the original of any document is not produced for verification, then the copies should be properly attested by entities authorized for attesting the documents, as per the below mentioned list.
3. If any proof of identity or address is in a foreign language, then translation into English is required.
4. Name & address of the applicant mentioned on the KYC form, should match with the documentary proof submitted.
5. If correspondence & permanent address are different, then proofs for both have to be submitted.
6. Sole proprietor must make the application in his individual name & capacity.
7. For non-residents and foreign nationals, (allowed to trade subject to RBI and FEMA guidelines), copy of passport/PIO Card/OCI Card and overseas address proof is mandatory.

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8. For foreign entities, CIN is optional; and in the absence of DIN no. for the directors, their passport copy should be given.

9. In case of Merchant Navy NRI's, Mariner's declaration or certified copy of CDC (Continuous Discharge Certificate) is to be submitted.

10. For opening an account with a Depository participant or Mutual Fund, for a minor, photocopy of the School Leaving Certificate/Mark sheet issued by Higher Secondary Board/Passport of Minor/Birth Certificate must be provided.

11. Politically Exposed Persons (PEP) are defined as 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.

**B. Proof of Identity (POI):** - List of documents admissible as Proof of Identity:

1. Unique Identification Number (UID) (Aadhaar)/ Passport/ Voter ID card/ Driving license.

2. PAN card with photograph.

3. Identity card/ document with applicant's Photo, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities, Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members; and Credit cards/Debit cards issued by Banks.

**C. Proof of Address (POA):** - List of documents admissible as Proof of Address:

(\*Documents having an expiry date should be valid on the date of submission.)

1. Passport/ Voters Identity Card/ Ration Card/ Registered Lease or Sale Agreement of Residence/ Driving License/ Flat Maintenance bill/ Insurance Copy.
2. Utility bills like Telephone Bill (only land line), Electricity bill or Gas bill - Not more than 3 months old.
3. Bank Account Statement/Passbook -- Not more than 3 months old.
4. Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts.
5. Proof of address issued by any of the following: Bank Managers of Scheduled Commercial Banks/Scheduled Co-Operative Bank/Multinational Foreign Banks/Gazetted Officer/Notary public/Elected representatives to the Legislative Assembly/Parliament/Documents issued by any Govt. or Statutory Authority.
6. Identity card/document with address, issued by any of the following: Central/State Government and its Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, Public Financial Institutions, Colleges affiliated to Universities and Professional Bodies such as ICAI, ICWAI, ICSI, Bar Council etc., to their Members.
7. For FII/sub account, Power of Attorney given by FII/sub-account to the Custodians (which are duly notarized and/or apostilled or consularized) that gives the registered address should be taken.
8. The proof of address in the name of the spouse may be accepted.

#### **D. Exemptions/clarifications to PAN**

(\*Sufficient documentary evidence in support of such claims is to be collected.)

1. In case of transactions undertaken on behalf of Central Government and/or State Government and by officials appointed by Courts e.g. Official liquidator, Court receiver etc.
2. Investors residing in the state of Sikkim.
3. UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India.
4. SIP of Mutual Funds upto Rs 50, 000/- p.a.
5. In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

#### **E. List of people authorized to attest the documents:**

1. Notary Public, Gazetted Officer, Manager of a Scheduled Commercial/ Co-operative Bank or Multinational Foreign Banks (Name, Designation & Seal should be affixed on the copy).
2. In case of NRIs, authorized officials of overseas branches of Scheduled Commercial Banks registered in India, Notary Public, Court Magistrate, Judge, Indian Embassy /Consulate General in the country where the client resides are permitted to attest the documents.

**F. In case of Non-Individuals, additional documents to be obtained from non-individuals, over & above the POI & POA, as mentioned below:**

<b>Types of entity</b>	<b>Documentary requirements</b>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Copy of latest share holding pattern including list of all those holding control, either directly or indirectly, in the company in terms of SEBI takeover Regulations, duly certified by the company secretary/Whole time director/MD (to be submitted every year).</li> <li>• Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations.</li> <li>• Photograph, POI, POA, PAN of individual promoters holding control - either directly or indirectly.</li> <li>• Copies of the Memorandum and Articles of Association and certificate of incorporation.</li> <li>• Copy of the Board Resolution for investment in securities market.</li> <li>• Authorised signatories list with specimen signatures.</li> </ul>
<b>Partnership firm</b>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered partnership firms only).</li> <li>• Copy of partnership deed.</li> <li>• Authorised signatories list with specimen signatures.</li> <li>• Photograph, POI, POA, PAN of Partners.</li> </ul>

<p><b>Trust</b></p>	<ul style="list-style-type: none"> <li>• Copy of the balance sheets for the last 2 financial years (to be submitted every year).</li> <li>• Certificate of registration (for registered trust only).</li> <li>• Copy of Trust deed.</li> <li>• List of trustees certified by managing trustees/CA.</li> <li>• Photograph, POI, POA, PAN of Trustees.</li> </ul>
<p><b>HUF</b></p>	<ul style="list-style-type: none"> <li>• PAN of HUF.</li> <li>• Deed of declaration of HUF/ List of coparceners.</li> <li>• Bank pass-book/bank statement in the name of HUF.</li> <li>• Photograph, POI, POA, PAN of Karta.</li> </ul>
<p><b>Unincorporated association or a body of individuals</b></p>	<ul style="list-style-type: none"> <li>• Proof of Existence/Constitution document.</li> <li>• Resolution of the managing body &amp; Power of Attorney granted to transact business on its behalf.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<p><b>Banks/Institutional Investors</b></p>	<ul style="list-style-type: none"> <li>• Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<p><b>Foreign Institutional Investors (FII)</b></p>	<ul style="list-style-type: none"> <li>• Copy of SEBI registration certificate.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>



<p><b>Army/ Government Bodies</b></p>	<ul style="list-style-type: none"> <li>• Self-certification on letterhead.</li> <li>• Authorized signatories list with specimen signatures.</li> </ul>
<p><b>Registered Society</b></p>	<ul style="list-style-type: none"> <li>• Copy of Registration Certificate under Societies Registration Act.</li> <li>• List of Managing Committee members. • Committee resolution for persons authorised to act as authorised signatories with specimen signatures.</li> <li>• True copy of Society Rules and Bye Laws certified by the Chairman/Secretary.</li> </ul>

## **ANNEXURE 3**

### **AN INDICATIVE LIST OF SUSPICIOUS ACTIVITIES**

Whether a particular transaction is suspicious or not will depend upon the background details of the client, details of the transactions and other facts and circumstances. Followings are the circumstance, which may be in the nature of suspicious transactions: -

- a. Clients whose identity verification seems difficult or clients appear not to cooperate; b. Asset management services for clients where the source of the funds is not clear or not in keeping with clients apparent standing /business activity;
- c. Clients in high-risk jurisdictions or clients introduced by banks or affiliates or other clients based in high risk jurisdictions;
- d. Substantial increases in business volume without apparent cause;
- e. Unusually large cash deposits made by an individual or business;
- f. Clients transferring large sums of money to or from overseas locations with instructions for payment in cash;
- g. Transfer of investment proceeds to apparently unrelated third parties;
- h. Off market transactions in the DP account of the clients;
- i. High trading activity in the relatively illiquid scrips;
- j. Major trading activity in the Z and TtoT category scrips;
- k. Options trading / trading in illiquid scrips wherein the client has booked unusual profit or loss which does not commensurate with the changes in the prices of underlying security in the cash segment.
- l. High exposures taken by clients as compared to income levels informed by clients. m. Unusual transactions by "High risk status" and businesses undertaken by shell corporations offshore banks /financial services, businesses reported to be in the nature of export-import of small items.

NSE has issued a circular NSE/INVG/22908 dated March 7, 2013. The circular lays down the guidelines to be followed to monitor surveillance related alerts provided by the NSE from time to time. In this regard process to be followed is provided below –

1. All exchange alerts shall be reviewed by the surveillance team.
2. In case of any suspicious activity observed –
  - a. Client would be required to provide explanation
  - b. We may ask clients to provide KYC related information
  - c. Further documentary evidence such as bank and depository account statements may be called for
  - d. Post analyzing the documentation the results for the same would be recorded and in case of adverse remarks the same would be informed to the exchanges within 45 days from the alert date, unless suitable extension is taken from the exchange.
3. Quarterly MIS of the number of alerts received, reviewed, pending and escalated would be reported to the Board in the Board Meeting. Reason for pendency beyond the closure date would be explained.
4. The Internal Audit team would be responsible for independent oversight of the compliance with these requirements.

**Declaration**

I/We hereby declare that we have gone through the KYC, AML, ... policies of the Transtruck Technologies Private Limited and I/We hereby declare that we will adhere to these policies in its true spirit in all possible ways.

Sign:

Name:

Company:

*KYC/AML Policy*